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Greg Newman

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# 2

# SAP ERP HCM Employee Administration

In today's rapidly globalizing marketplace, companies around the world grow, expand, acquire, and merge at a rapid pace. As a result, companies are faced with maintaining unprecedented volumes of employee data. The challenges and complications of storing and accessing sensitive employee data globally, while also making it accessible and tailoring it to local and regional demands, presents major issues for companies.

The SAP ERP HCM Employee Administration functionality is designed to face these demands and has three key purposes. First, it acts as a centralized database for all of your employee master data, enabling system users, management, and employees to access up-to-date, consistent and relevant information to support decision making. Second, it's the part of SAP ERP HCM where you define your company structure, and create a framework that meets your processing and reporting requirements while working well for your employees. Third, it's designed to enable your company to automate and streamline most of your day-to-day HR processes, saving you time and money and allowing your HR department to focus on strategic rather than administrative activities.

Because Employee Administration is the core function of SAP ERP HCM, it's the bedrock that all of your other SAP ERP HCM components are built upon. It is critical that you understand the Employee Administration functions and keep in mind their possible impact on other SAP ERP HCM components when designing and implementing the system.

This chapter will give you an understanding of how Employee Administration is used, how it's structured, and how it integrates with other SAP ERP HCM components, along with some of the key concepts behind Employee Administration in general.

## How SAP Employee Administration Fits into an Enterprise

Because it is the central database for storing employee data, the Employee Administration function is the key component in SAP ERP HCM. When companies use SAP ERP HCM, this function is the most frequently accessed part of the solution.

All other employee-related HCM processes, such as recruiting, performance management, and payroll, reference and make decisions based on the data stored in this function, so employee administration sits at the heart of your company.

The Employee Administration function is built around the Personnel Administration (PA) component, which is where all of your employees' data is stored. A large amount of the information input into other SAP ERP HCM components ends up stored in PA and can be accessed from Employee Administration. This means that in addition to your core employee data, you can view data from many of the other SAP ERP HCM components from inside the Personnel Administration component.

To understand SAP ERP HCM Employee Administration, we need to answer the following questions:

1. What information can you store in Employee Administration?
2. How does SAP ERP HCM refer to this information?

3. How is employee data stored?
4. What can you do with it?

### What Information Can You Store in Employee Administration?

SAP ERP HCM is used by over 10,000 clients worldwide

As befitting an SAP ERP HCM system that is used by over 10,000 companies around the world, you can store almost any data in Employee Administration. The data is stored in various forms, beginning with employee data, which is stored in records called *infotypes*.

**Ex Example**

Each employee record has multiple infotypes: one that contains details of his current organizational assignment, one that details his basic pay, one for bank details, and one for his address.

Infotypes are the key concept behind Employee Administration

Employee Administration's main purpose is to store infotypes that record the history of a person's employment with your company. Every employee has many infotypes stored for his employee number, so in Employee Administration, among other things, you can quickly view all of the positions that an employee has held in your company and all of the changes to salary over his employment history. Having your employee data stored in infotypes gives you a logical, controlled, and secure structure that ensures your administrators can access and maintain the data in a way that makes Employee Administration efficient and streamlined.

SAP ERP HCM delivers over 650 standard infotypes

SAP ERP HCM delivers over 650 standard infotypes catering to all of your employee data storage requirements, ranging from recording your employees' civil awards and decorations (Infotype 0861) to the finer details of their garnishment orders (Infotype 0195).

We'll talk more about infotypes and the other objects used to store employee and organizational data in the following sections, but you'll also need to configure your company structure in Employee Administration so that you can map out where your employees physically and legally work. So first, let's look at the structures that SAP ERP HCM uses to define the legal and physical structure of your company.

### How Is Your Company Defined in Employee Administration?

Before you can organize your employee data in SAP ERP HCM, you need to set up your company structure, which is largely determined by your legal and reporting requirements. Employee Administration uses three separate but related structures to map your company into Employee Administration:

#### Enterprise Structure

The enterprise structure represents your company's legal set up

The *enterprise structure* is the method used for defining how your organization is set up in SAP ERP HCM. Aligning your company correctly to this structure is one of the most important steps of an SAP implementation, because the enterprise structure defined here can have important ramifications on later decisions, not just in Employee Administration but in many other SAP ERP HCM components as well.

The SAP objects that combine to make up the enterprise structure are shown in Table 2.1.

| Object | Description | Example |
|---|---|---|
| *Client* | SAP system clients have an independent status both in legal and organizational terms. The clients in a SAP system can be distinguished by a three-character alphanumeric code. Generally, you will have a client for production, one for testing, and one for development. | 001 – Connells International Curtain Company Production System |
| *Company code* | These are set up as part of the Finance component, but they are subsequently used in SAP ERP HCM. Legal entities, currencies, and countries are set at a company code level. | CO01 – England Curtain Company<br>CO02 – USA Curtain Company |
| *Personnel area* | These are sub-units of a company that are specific to Personnel Administration; they usually define such things as geographical locations and function areas. A personnel area can only belong to one company code. | P001 – England Operations<br>P002 – Scotland Operations<br>P0003 – West Coast Operations<br>P004 – East Coast Operations |

**Table 2.1** SAP Enterprise Structure

| Object | Description | Example |
|---|---|---|
| *Personnel subarea* | A further subset of personnel area, these are used to define grouping and defaults for payroll processing and time management decision making. | S001 – Factory Operations<br>S002 – Head Office<br>S003 – Deliveries |

**Table 2.1** SAP Enterprise Structure (Cont.)

### Personnel Structure

**The personnel structure represents how your employees are grouped**

As opposed to the enterprise structure, which defines the organization from a legal and physical point of view, the *personnel structure* defines the organization from the employees' point of view. Because the personnel structure is used to separate and group all of your different types of employees, it's frequently used as a decision point in payroll processing, time management, and shift planning, so it's vital that these groupings cater to all of the separate categories of employees within your company.

The personnel structure in SAP ERP HCM is defined by the objects in Table 2.2.

| Object | Description | Example |
|---|---|---|
| *Employee group* | Used to classify different types of employees at a high level, defining the different types of workforces and terms and conditions of employment | 01 – Directors<br>02 – Management<br>03 – Salaried Staff<br>04 – Wage Staff<br>05 – Temporary Workers<br>06 – Pensioners |
| *Employee subgroup* | A subset of an employee group, the lowest level of granularity when it comes to defining your employees | 04-01 – Apprentices<br>04-02 – Craftsmen<br>04-03 – Laborers |
| *Payroll area* | A grouping of employees with the same payroll rules, for example, pay period, pay date, calculation method | P1 – Monthly Payroll<br>P2 – Weekly Payroll<br>P3 – Bi Weekly Payroll |

**Table 2.2** SAP Personnel Structure

### Organizational Structure

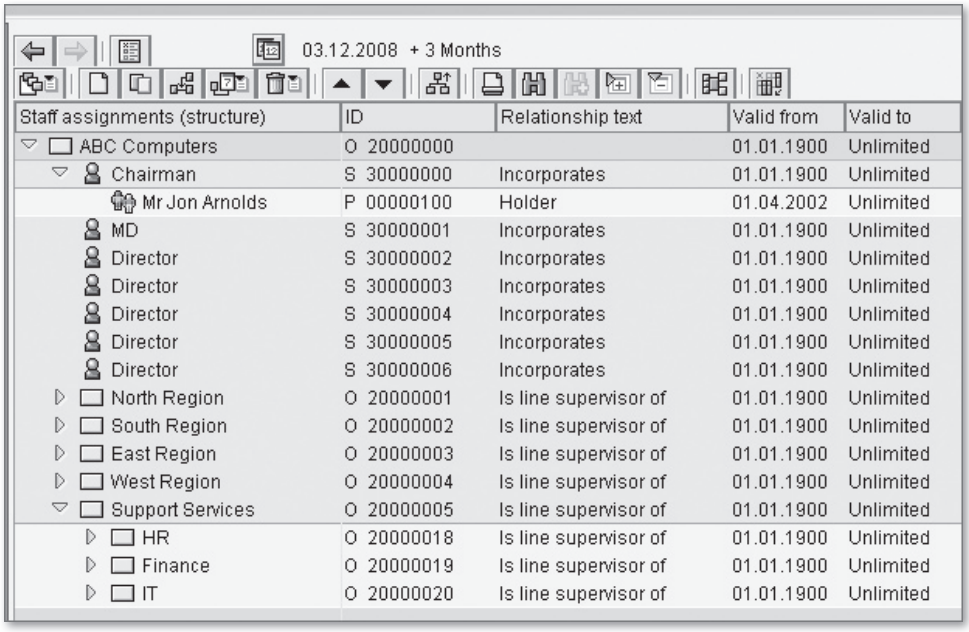
The organizational structure defines your company's hierachy

The third of the key structures used in Employee Administration is the *organizational structure*. This will be covered in more detail in Chapter 10, but in brief, the organizational structure represents the functional structure of employees in the organization. It defines the organizational hierarchy, the reporting and authority lines, and organizational groupings. The organizational structure is defined by the personnel development (PD) objects as shown in Table 2.3.

| Object | Description | Example |
|---|---|---|
| *Organizational unit* | A logical, functional grouping of the organization. When arranged in a hierarchical order within an organization, they form an organizational structure. | Finance Department, Payroll Office, Mechanics Workshop, Special Response Team |
| *Position* | A position in an organization is an individual assignment held by a specific employee | Head Mechanic<br>Diesel Mechanic<br>Petrol Mechanic<br>Small Engine Mechanic<br>Apprentice Mechanic |
| *Job* | A general set of work duties, tasks and responsibilities; the same job may define many positions in an organization | Manager<br>Mechanic<br>Apprentice Mechanic |
| *Organizational key* | A customer-specific subset of the organization used for control of authorizations | CO01S001 England Head Office<br>CO02S001 USA Head Office |

**Table 2.3** SAP Organizational Structure

Figure 2.1 shows an example organizational structure with organizational units, positions, and one employee.




| Staff assignments (structure) | ID | Relationship text | Valid from | Valid to |
|---|---|---|---|---|
| ABC Computers | O 20000000 | | 01.01.1900 | Unlimited |
| Chairman | S 30000000 | Incorporates | 01.01.1900 | Unlimited |
| Mr Jon Arnolds | P 00000100 | Holder | 01.04.2002 | Unlimited |
| MD | S 30000001 | Incorporates | 01.01.1900 | Unlimited |
| Director | S 30000002 | Incorporates | 01.01.1900 | Unlimited |
| Director | S 30000003 | Incorporates | 01.01.1900 | Unlimited |
| Director | S 30000004 | Incorporates | 01.01.1900 | Unlimited |
| Director | S 30000005 | Incorporates | 01.01.1900 | Unlimited |
| Director | S 30000006 | Incorporates | 01.01.1900 | Unlimited |
| North Region | O 20000001 | Is line supervisor of | 01.01.1900 | Unlimited |
| South Region | O 20000002 | Is line supervisor of | 01.01.1900 | Unlimited |
| East Region | O 20000003 | Is line supervisor of | 01.01.1900 | Unlimited |
| West Region | O 20000004 | Is line supervisor of | 01.01.1900 | Unlimited |
| Support Services | O 20000005 | Is line supervisor of | 01.01.1900 | Unlimited |
| HR | O 20000018 | Is line supervisor of | 01.01.1900 | Unlimited |
| Finance | O 20000019 | Is line supervisor of | 01.01.1900 | Unlimited |
| IT | O 20000020 | Is line supervisor of | 01.01.1900 | Unlimited |

**Figure 2.1** Organizational Structure

### How Is Employee Data Stored?

Now that you have a general understanding of the SAP ERP HCM structure behind your company and how it is stored in Employee Administration, let's look at the different types of information we can store in Employee Administration and the structures that SAP ERP HCM uses to control this information. The main elements relating to storing employee data we need to understand are:

- Infotypes
- Wage types
- Pay structures
- Work schedules

These are ERP-specific terms for the different structures used to store employee data.

### Infotypes

Infotypes are the key concept to understand in Employee Administration

Recording, accessing, reporting, and maintaining your employee data is the primary aim of the SAP ERP HCM system. To do this, a structure called an *infotype* is used to store pieces of employee data together in logical groups. These infotypes provide a storage structure, facilitate data entry and maintenance, and let you store data for specific timeframes, or validity periods. As mentioned earlier, infotypes are the key concept in Employee Administration. Some of the most commonly used infotypes include:

- 0000 – Actions
- 0001 – Organization Assignment
- 0002 – Personal Details
- 0007 – Work Schedule
- 0008 – Basic Pay
- 0014 – Recurring Payments and Deductions
- 0015 – Additional Payments and Deductions

Infotype records are valid for a specific period of time, so, for example, as an employees' salary is changed during his employment, the employee will build up a chain of date-based infotype records showing a history of his salary changes.

Each infotype is defined by a four-digit key, and where subsets of the infotype data are required, the infotypes have *subtypes*. These subtypes are also defined by a four-digit key.

Infotypes fall into the following categories:

- Personnel Administration infotypes
- Personnel Development infotypes

Let's explore these in a little more depth.

### Personnel Administration Infotypes

Personnel Administration infotypes are always created for a specific employee

Personnel Administration infotypes can be maintained via the Maintain Master Data transaction. Figure 2.2 shows a transaction with an example employee and some of the infotypes maintained with it.

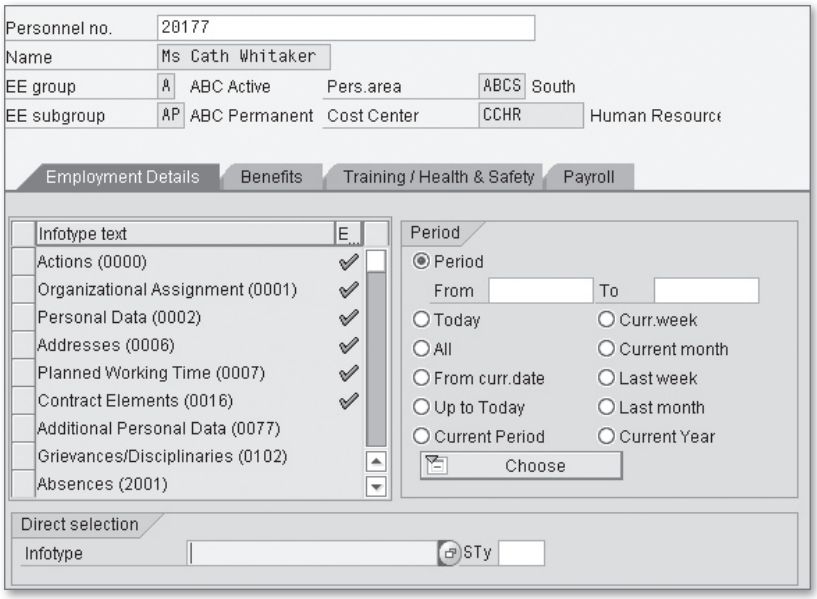



**Figure 2.2** Main Screen for Personnel Administration Maintenance

Personnel Administration infotypes are used to record employee-based information. Within Personnel Administration there are two different types of infotypes:

- *International infotypes*
  - These are used by many countries, and it's worth noting that within this set, SAP allows *country-specific views of international infotypes* to provide more flexibility.
- *Country-specific infotypes*
  - Where required, SAP has also provided *country-specific infotypes* to meet country-specific requirements.

*International Infotypes*

These are the most widely used infotypes and are used for storing information that is required by most companies regardless of the employees' country. Some examples of the most commonly used international infotypes and infotype subtypes are listed in Table 2.4.

| Infotype | Subtype | Name | Description |
|---|---|---|---|
| 0000 | | Actions | Records details of personnel actions performed on employee |
| 0001 | | Organizational Assignment | Stores details of employees' positions in the organization, their work locations and details of their employment |
| 0002 | | Personal Data | Stores employees' key personal information: name, date of birth, gender, ID number, marital status, and so on |
| 0006 | | Address | Employees' addresses |
| 0006 | 0001 | Permanent Address | Employees' home addresses |
| | 0004 | Emergency Address | The address of an employee's emergency contact person |
| | 0005 | Mailing Address | The preferred address for the employee to receive mail from the organization |

**Table 2.4** Examples of International Infotypes

Figure 2.3 shows Infotype 0006 Address subtype 0001 Permanent Address.

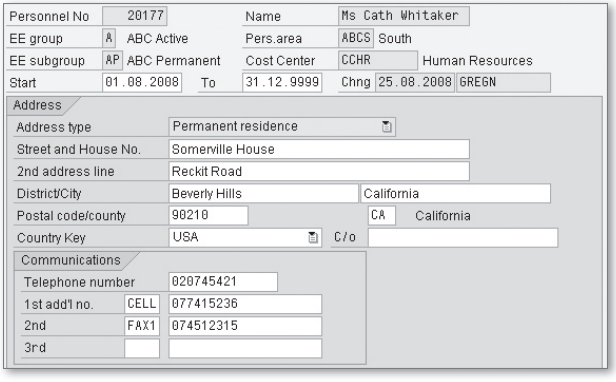



**Figure 2.3** Address Infotype

### *Country-Specific Views of International Infotypes*

SAP has succeeded in making infotypes very flexible in that an international infotype can have different fields available for input depending on the country of the employee whose data it holds. So, the fields contained in the infotype change depending on the country's statutory or organizational requirements.

**Ex Example**

In Infotype 0002 Personal Data, the country-based information is displayed depending on the employee's location.

You can see specific country fields in Table 2.5.

| Country | Country-Specific Field |
|---|---|
| Great Britain | National ID Number |
| Ireland | PRSI Number |
| U.S.A. | Social Security Number |
| Canada | Social Insurance Number |

**Table 2.5** Examples of Country-Specific Data in International Infotypes

Figure 2.4 shows Infotype 0002 Personal Data for Great Britain.

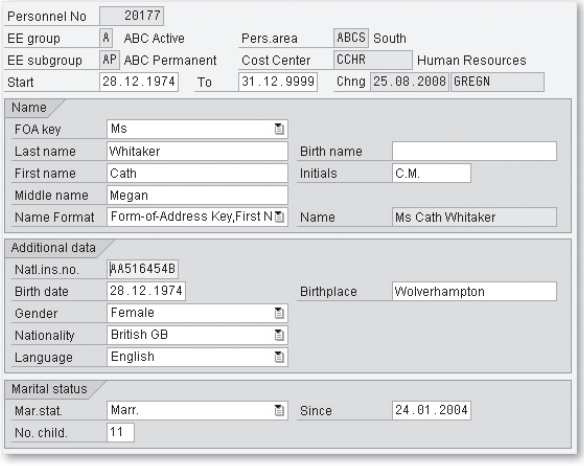



**Figure 2.4** Infotype 0002 for Great Britain with Country-Specific Field National

Insurance Highlighted

### *Country-Specific Infotypes*

Many companies require information to be recorded that is only relevant to employees in one country. SAP ERP HCM accommodates this through the use of country-specific infotypes. These infotypes are only visible and available to the employees in that country and are designed to meet the specific needs of the country.

Some examples of country-specific infotypes are shown in Table 2.6.

| Infotype | Name | Country |
|---|---|---|
| 0013 | Fiscal Data | Germany |
| 0039 | Additional Organizational Assignment | Austria |
| 0048 | Residence Status | Switzerland |
| 0088 | Maternity Data | Great Britain |
| 0222 | Superannuation | Australia |

**Table 2.6** Examples of Country-Specific Infotypes

Country-specific infotype subtypes are also delivered for international infotypes when a new infotype is not required, but country-specific data is required for the infotype (Table 2.7).

| Infotype | Name | Subtype | Name | Country |
|---|---|---|---|---|
| 0006 | Address | US01 | Paycheck Location | U.S.A. |
| 0021 | Family Members | J1 | Guarantor | Japan |
| 0045 | Loans | B230 | Mortgage | Belgium |
| 0057 | Membership Fees | AR03 | Wood Workers Union | Argentina |
| 0057 | Membership Fees | MX01 | Single Workers Union | Mexico |

**Table 2.7** Examples of Country-Specific Infotype Subtypes

*Now you have an overview of the employee-focused Personnel Administration infotypes. Next, let's look at the more generic Personnel Development infotypes.*

### Personnel Development Infotypes

Personnel Development infotypes are not always employee focused

*Personnel Development infotypes* (PD infotypes) differ from Personnel Administration infotypes in that they are not specific to employee records but instead are defined for Organizational Management (OM) objects. Personnel Development infotypes are used in the Organizational Management and Personnel Development components to hold and link the followings types of information:

- Personnel Development:
  - Employee potential and qualifications
  - Career and succession planning
  - Employee appraisals and development plans
- Organizational Management:
  - Organizational units
  - Positions
  - Jobs
  - Relationships between objects

Personnel Development infotypes are very different from Personnel Administration infotypes and are used for very different tasks in Personnel Development and Organizational Management. Their use will be covered in more detail in the respective chapters on these topics.

Figure 2.5 shows the most common infotype in Personnel Development, Infotype 1000: Object.

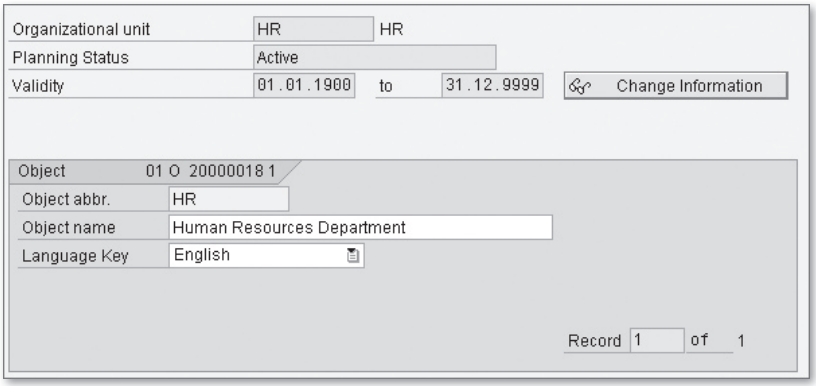



**Figure 2.5** Example of a Personnel Development Infotype

Another key element in Employee Administration is the concept of a *wage type.*

### Wage Types

Wage types are used to store payroll-related figures

Wage types are used in Personnel Administration and Payroll for storing the amounts, rates, and time units of payments and deductions that are subsequently used in payroll processing to calculate an employee's pay.

Wage types are primarily stored as components of an employees' pay in Infotype 0008 (Basic Pay), or as a one-time or recurring payment and deduction on either Infotype 0014 (Recurring Payments/Deductions) or Infotype 0015 (Additional Payments and Deductions).

The concepts behind wage types and their use in the payroll process are covered in more detail in Chapter 8, Payroll and Legal Reporting. In brief, wage types are defined by a four-digit customer-defined code. Wage types can be defined as payments or deductions and can store the following information for payroll processing:

- Wage type number/code
- Name
- Number

- Unit
- Rate
- Amount
- Costing information

Figure 2.6 shows a payment wage type assigned to an employee.

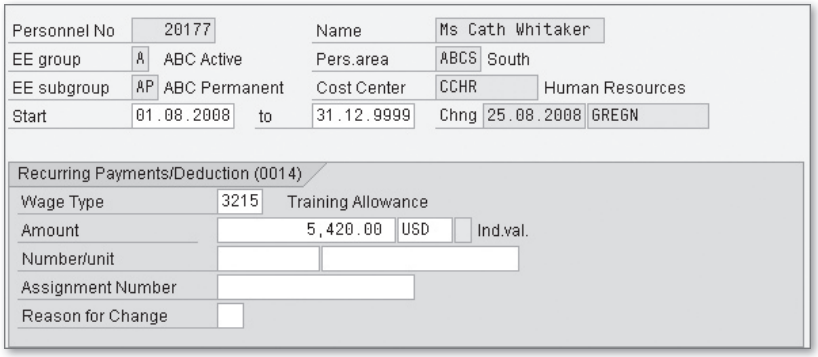



**Figure 2.6** Example Wage Type for a Training Allowance Assigned to an Employee

In addition to wage types, SAP ERP HCM also uses an element known as pay structures.

**Pay Structures**

Pay structures are used to define and group employees into their salary- and pay-related groups. They are especially useful for managing complex groupings of employees in highly structured work environments, where industrial-relations-related employee groupings and definitions are required, and also for employee populations where salary bands or grades are utilized. There are two basic types of pay structures that can be defined in SAP Employee Administration: Pay Scales and Pay Grades. Pay scale structures are typically defined for hourly or wage employees and those working under collective bargaining agreements. Pay grade structures are typically defined for salaried or non-wage employees.

**Example**

Pay structures are used to group employees into regional, legal, financial, or industry groups and are then used to manage the salary or pay rates within those groups.

Pay scales hold all of your rates of pay

Pay scales commonly define specific rates of pay, including steps or levels of pay. They can be set to be overwritten or, if required, to be read-only, allowing no deviations from standard or pre-defined wage rates.

In addition, pay grades can be used for salaried employees, where pay is typically not as rigidly defined. Salary bands, grades, and ranges can be defined which allow management ranges within the bands, and enhanced reporting and analysis of salaries within the company.

Within Employee Administration, standard programs are provided to automatically update pay scales and pay structures, as well as employee data, so that changes in employment agreements and company pay policies can be quickly reflected.

The pay scale hierarchy is shown in Table 2.8.

| Object | Description | Example |
|---|---|---|
| *Pay scale type* | The highest level of pay structure; used to define a specific area of economic activity for which a collective agreement is valid | 01 – Metal Workers Union<br>02 – Curtain Makers Union<br>03 – United Kingdom Collective Agreement |
| *Pay scale area* | Defines an additional structure grouping for pay, usually based on geographical or regaional variations in pay among wage or labor employees | A001 – South East England<br>A002 – Scotland<br>A003 – Wales<br>A004 – The rest of England |

**Table 2.8** SAP ERP HCM Pay Scale Structure

| Object | Description | Example |
|---|---|---|
| *Pay scale group* | A data element linked to a specific combination of pay scale type and pay scale areas, a pay scale group usually defines specific jobs or roles that have specific pay requirements or contracts | MASTCUR1 – Master Curtain Maker<br>APPRCUR1 – Apprentice Curtain Maker |
| *Pay scale level* | A more detailed breakdown of a pay grade in which specific pay steps within a group exist | 00 – Level 3 $52.00<br>01 – Level 2 $45.82<br>03 – Level 1 $22.45 |
| *Employee subgroup grouping for collective agreement provisions* | Used to assign different pay scale types and areas to specific employee groups and subgroups | 1 – Hourly wages<br>2 – Monthly wages<br>3- Salaried employee |

**Table 2.8** SAP ERP HCM Pay Scale Structure (Cont.)

The pay grade hierarchy is shown in Table 2.8.1.

| Object | Description | Example |
|---|---|---|
| *Pay grade type* | The highest level of a pay grade structure; used to define a specific type of structure that is associated with a certain group of employees. | 01 – Executive<br>02 – Technology Union<br>03 – General |
| *Pay grade area* | Defines an additional structure grouping for pay, ususally based on regional or geographical differences within a pay grade structure. | A001 – San Francisco<br>A002 – USA<br>A003 – London<br>A004 – England |

**Table 2.8.1** SAP ERP HCM Pay Grade Structure

| Object | Description | Example |
|---|---|---|
| *Pay grade* | A data element linked to a specific combination of pay grade type and pay grade area, a grade typically defines a specific range or band of salaries within which an employee's salary will fall. | TECH1<br>TECH2<br>Exec1<br>Exec2<br>GRD27<br>GRD26<br>GRD25 |
| *Pay grade level* | A more detailed breakdown of a pay grade which can also hold a specific range of salaries and a control or reference point against which salary evaluations can be performed. | 00 – 21,000 USD – 28,500 USD<br>01 – 26,400 USD – 32,000 USD<br>03 – 29,300 USD – 34,500 USD |

**Table 2.8.1** SAP ERP HCM Pay Grade Structure (Cont.)

### Work Schedules

Work schedules allow you to map and manage your employee working times

The accurate recording and management of employee working time is one of the key aims of any SAP ERP HCM system. SAP ERP HCM uses work schedules to record your employees' planned or contracted working times. A work schedule allows you to view an employee's planned working time for any day, including planned start time (or range of start times), breaks (morning, lunch, afternoon, or as required), and planned finishing time.

You can quickly see an employee's planned working hours for a specific week, month, or year. Defining and mapping employees to the correct work schedule is immensely important to companies that operate in complex factory, manufacturing, or other labor environments. Knowing when employees should be at work, on a break, or not at work gives shift managers, roster supervisors, and time sheet

administrators valuable information to manage employee working times effectively. Companies that have mainly salaried staff working normal office hours are generally not as concerned about recording and tracking their employees working time. However, work schedules are still important to these types of companies so they can effectively manage vacations, sick leave, and other absence- and attendance-related activities. Work schedules are made up of the following components (Table 2.9).

| Object | Description | Example |
|---|---|---|
| *Daily work schedule* | Define the authorized working times and break times for a single day; can record fixed working times, flextime, and days off | DWS Start End Total<br>00A 8:00am 5:00pm 7.5hrs<br>00B 9:00am 6:30pm 8.0hrs<br>OFF 0.0hrs |
| *Break schedule* | Used within a daily work schedule to define employees' breaks from work | BS Start End Total Paid<br>01 9:30 10:00 0.5hrs Y<br>02 12:00 1:00 1.0hrs N |
| *Period work schedule* | Combinations of different daily work schedules (including working and non-working schedules) linked together to map an employee's planned working time for a week or a rolling roster | PWS DWS<br>01 00A<br>02 00A<br>03 00B<br>04 00B<br>05 00B<br>06 OFF<br>07 OFF |

**Table 2.9** Work Schedule Components

| Object | Description | Example |
|---|---|---|
| *Work schedule rule* | Combines a period work schedule with a public holiday calendar and then applies it to a specific period of time to map an actual period of work | Day Month Year PWS DWS<br>22 Jan 2009 01 00A<br>23 Jan 2009 02 00A<br>24 Jan 2009 03 00B<br>25 Jan 2009 04 00B<br>26 Jan 2009 05 00B<br>27 Jan 2009 06 OFF<br>28 Jan 2009 07 OFF |
| *Personal work schedule* | An employee's actual working time, taking into account the planned working time from the work schedule and absences, attendances, and substitutions | |

**Table 2.9** Work Schedule Components (Cont.)

Figure 2.7 shows an employee's work schedule details.

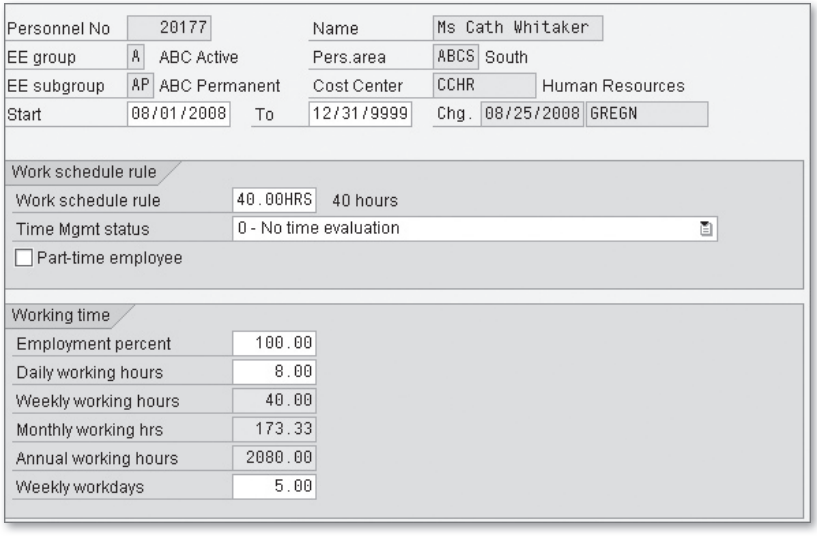



**Figure 2.7** Employee Work Schedule

Work schedules are also the main source of information in the SAP HCM Time and Attendance functionality, and are discussed in more depth in Chapter 7.

Now that we have reviewed what we can store in Employee Administration and how this information is stored, we need to look at what we do with the data.

### What Can You Do with the Data?

One of the main purposes of Employee Administration is to streamline and automate the basic processes related to personnel and employee information management. SAP ERP HCM does this by providing tools that support the core tasks related to Employee Administration, including master data maintenance.

#### Master Data Maintenance

SAP ERP HCM provides a central employee maintenance transaction that can be used across many of the components to create, display, edit, copy, and delete master data. The maintenance transaction (called *Maintain HR Master Data*) allows you to quickly view all of an employee's data, including employee history, in an overview or detail mode.

As we discussed earlier, all employee master data is stored in infotypes. Each infotype is defined with a *time constraint* that applies a specific validity rule to the infotype. An example of these rules is a time constraint that determines if an infotype record must always exist for an employee while he is active at the company. Time constraints also determine if an infotype can exist multiple times for the same period for an employee and whether the infotype can have overlapping records, or if records must be sequential with no time gaps in between records.

The object manager allows you to search your data easily

Master data entry is further enhanced by the provision of the *object manager*. This tool appears on the side of the data maintenance screen and allows you to select groups of employees via a search tool. You can then switch quickly between them as you perform your data

maintenance. In addition, commonly used employee searches can be stored for quick access, further speeding up data maintenance.

Another feature is the *personnel file* function, which allows you to scroll through an employee's virtual file and displays all of an employee's infotype records in chronological order.

When significant employee lifecycle changes such as hiring, promotions, or transfers take place, in order to record all of the details of the changes, HR administrators often have to maintain multiple infotypes. Personnel actions are used to control the editing of multiple infotype records.

### Personnel Actions

Personnel actions link infotypes together to speed up processing

SAP ERP HCM uses a system called *personnel actions* to link together strings of infotypes so that they can be performed sequentially. Personnel actions are used to speed up common processes such as hiring employees, performing organizational reassignments, and processing terminations. Each personnel action contains all of the infotypes required for that specific action, allowing the user to proceed sequentially through the screens for inputting all of the required information. Different versions of the same action can be defined for different types of employees and for different countries, which allows you to tailor them to specific requirements and speed up data entry tasks.

**Ex Example**

When an employee is transferred from one regional office to another, the following infotypes are likely to be processed as part of a Transfer action:

0000 Actions

0001 Organizational Assignment

0006 Address

0007 Planned Working Time

0008 Basic Pay

Figure 2.8 shows an example of a set of commonly used actions for a company.

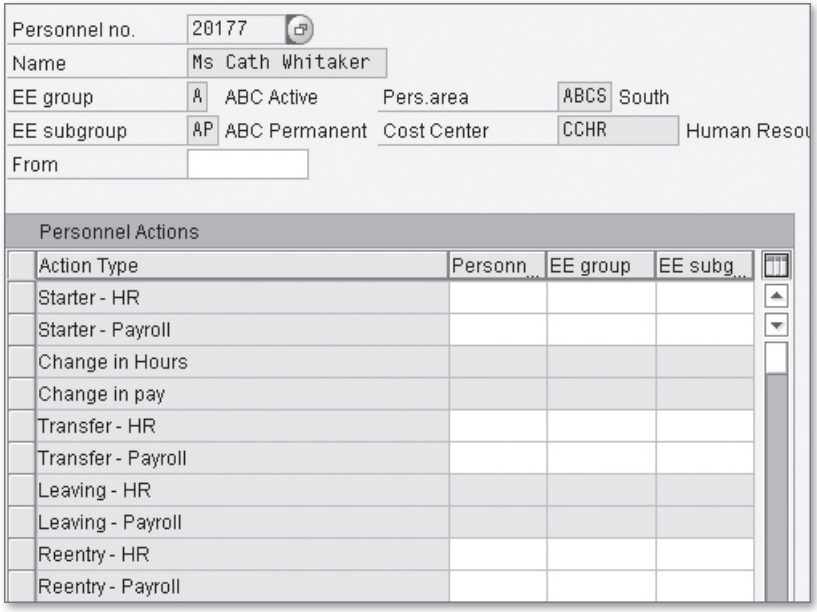



**Figure 2.8** Actions Available for Process Changes to Employees

### Master Data Fast Entry

This tool is designed to speed up the process of bulk data entry. It allows you to process infotype updates for multiple employees simultaneously. Employees can be selected dynamically using a set of reporting tools to select only the employees you require, based on your own search criteria. In *fast entry* only the fields that you require for input are displayed, depending on the infotype you have selected. This tool provides valuable time savings when you need to process bulk employee updates such as bonus payments, increases in recurring allowances, or the termination of a specific payment to a range of employees.

### Reporting

Recognizing that any HR system is only as good as the information that can be retrieved from the system, over 200 reports are delivered

as standard. For ultimate flexibility, two standard reporting tools are delivered that allow users to create their own reports. These tools are *InfoSet Query* and *SAP Query*. The two tools offer differing levels of complexity and power, allowing users to work with a simple click and drag report producer or a more complex reporting tool with more input and output options. All of the data stored in the Employee Administration infotypes is also available for reporting from external reporting tools such as SAP Business Intelligence (BI) without having to spend time on programming. More information on SAP ERP HCM's reporting capabilities can be found in Chapter 8.

### Audit Information

The amount of audit information you collect is fully configurable

As a standard function defined during system implementation, master data entry can be automatically checked as it is entered to ensure it is correct and valid. Any changes to employee-related data are stored in the audit log clusters to ensure that all activities can be tracked and traced.

The level of audit tracking is able to be defined by the company during system implementation. Single fields or entire infotypes can be set to have changes logged. This flexibility allows audit reporting to focus on key pieces of information and ignore non-essential data changes.

The audit log report can be run for the following combinations of audit searches by:

- Employee
- Infotype
- Time and/or date

The report output then shows the following information:

- The user responsible for the change
- The time and date of the change
- The type of change (creation, change, deletion)
- A field-by-field breakdown of all changes made

A similar report is available for reporting on changes to Personnel Development infotypes.

### Archiving

Employee Administration's standard archiving solution makes archiving and retrieval stress free

With most large SAP ERP HCM systems, the question eventually becomes not *if* you are going to archive your data but *when*. Most multinational SAP ERP HCM systems reach a point where the databases are getting too large, or a large portion of the data is obsolete for day–to-day requirements, but the data is still required for long-term access requirements and legal reporting purposes. Large volumes of data slow down system response times and make the system inefficient—not to mention frustrating. Data archiving is facilitated in SAP ERP HCM using SAP NetWeaver technology. The process for archiving in the SAP ERP HCM components is consistent with the process used in other parts of SAP ERP.

Within SAP ERP HCM, you can choose which pieces of information you archive and from what time they are archived. The archiving decision can be made based on several criteria including the following commonly used objects:

- Personnel Administration records
- Payroll results
- Time evaluation results
- Payroll posting documents
- Time sheet data

The SAP ERP archiving process allows you to determine a proactive archiving and retrieval process so you can balance system response against reporting requirements to ensure you get the best of both worlds.

### Authorizations

Authorizations allow you full control of who sees what and when they see it

Authorization and security controls within SAP ERP are an area of specialty all on their own. The ability to view, edit, or delete employee data is a critical component of any SAP ERP HCM system, so it's good to know that SAP ERP's authorization control for SAP ERP HCM is

built around the standard logic used across all SAP ERP components. Authorizations and accesses can be controlled at an employee, infotype, wage type, personnel area, subarea, employee group, employee subgroup, or organizational level, providing significant flexibility in maintaining control of your employee data. Authorizations can be built around role authorizations, where the authorizations for a user are dependent on the user's job, and via structural authorizations, where the authorizations are assigned depending on where the employee works in the company.

In addition to the ability to control access to employee data, SAP ERP HCM also gives you the ability to control your users' access to transactions and reports, allowing you to create authorizations that meet the specific requirements of your company. Employees can be authorized to run payroll, but only in test mode; they can be allowed to access their own data, but only in display mode, or in maintain mode for some infotypes and display for others.

SAP ERP HCM also contains a tool called the *Profile Generator*, which allows you to maintain authorizations for people who have different job roles and perform the same functions for the same position but in different company areas. This gives you the ability to create custom authorizations where required and the ability to reuse the same authorizations across the company.

### Integration

Employee Administration is seamlessly integrated with all of the other SAP ERP HCM components

As mentioned earlier, Employee Administration is the core of the SAP ERP HCM product. Employee Administration is fully integrated with all of the other SAP ERP HCM components, either directly through the data stored in PA infotypes or via links and relationships between this data and data stored in PD infotypes or even other SAP application areas, such as cost centers (which are stored in Finance/Controlling). This means that, for example, changes to an employee's cost center are picked up instantly by payroll, and a change to an employee's marital status will have an instant impact on which employee benefits he is entitled to in the Benefits function. Employee Administration draws finance information, such as cost centers and company codes, straight from the SAP ERP Financials component; therefore, any cre-

ations or changes to a cost center done there will be instantly visible in Employee Administration. The seamless integration capability of SAP ERP HCM has always been one of its main benefits.

So let's take a look at a British satellite company to see Employee Administration at work.

## Case Study

Table 2.10 provides you with a quick overview of a case study before we explain it in more detail.

| | |
|---|---|
| **Company** | British Satellite Company |
| **Existing Solutions** | SAP R/3 for Finance and Controlling |
| **Challenges** | Replace and consolidate separate MS Excel- and Access-based HR administration system and separate legacy payroll system |
| **SAP Solutions** | SAP Employee Administration and Payroll |
| **Benefits** | Centralized employee information storage<br>Increased process efficiency<br>Divulged data ownership |

**Table 2.10** SAP Employee Administration Case Study

This relatively small British company manages a highly qualified workforce spread across the globe. The company owns and operates a global satellite network offering global communication services. The company has 600 employees spread over eight countries.

### The Challenges

Running two employee data management systems, the HR and Payroll departments operated in a totally autonomous manner with no automatic interface between these two independent systems. Employee master data changes from the HR side (for example, new hires and terminations) were often not communicated to the payroll team, resulting in an unreasonably high error rate in payroll. Similarly, employee

data changes such as pay increases or adjustments in allowances and benefits were often only updated in the payroll system, meaning the HR system was frequently looking at incorrect data.

### The SAP Solution

Over an eight-month period, the implementation team replaced the separate HR and payroll systems with Personnel Administration, Organizational Management, Benefits, and Payroll. Significant time was taken to understand the business processes of both the HR and payroll teams, which were widely different despite large overlaps in responsibility. The new system integrated the requirements of both departments into one set of consistent and efficient processes. Automatic integration with the existing finance system was also introduced to streamline the payroll process. Numerous master data conflicts were encountered during the data cleanse and upload process; employees terminated in one system but not the other, differences in employee salary and benefits data, and even ghost employee records all needed to be investigated and resolved before they could be uploaded.

### The Benefits

The biggest benefits the company received were related to the centralizing of their Employee Administration systems. For example, now when new employees are hired, they are instantly available to both the HR and Payroll departments. All of the errors and omissions related to the double entry of employee data are instantly removed by the single centralized system. Both teams save considerable amounts of time in data entry because data only has to be entered once.

Through the maintenance of a single employee data system, the company was able for the first time to allocate distinct areas of responsibility and authorization between the two departments, ensuring that employee data is only maintained by the responsible teams, reducing data entry errors.

Having a centralized Employee Administration system also allows the company to effectively control its employee absence data. The central

system allows them to assign leave quotas, and for the first time all unpaid leave is guaranteed to be correctly calculated and deducted from employee payroll results.

The creation of a centralized organizational structure through the use of Organizational Management also had immediate benefits, giving the team the ability to quickly get an overview of the company's structure rather than relying on manually created and maintained PowerPoint documents.

One of the small but surprisingly important benefits of the system from the user's point of view was the access to up-to-date correct finance information, such as new cost centers and cost objects, one of the great benefits of integration with the Finance component.

## Summary

Employee Administration gives you a system that efficiently and effectively manages your employee data, freeing up your HR administrators' time to focus on the more strategic (and interesting) parts of their roles.

In this chapter:

- We discussed the wide range of information that can be stored in Employee Administration, how that information is managed, how it is stored, and most important, what we can do with it.
- We were introduced to some of the key concepts in SAP ERP HCM including infotypes, wage types, pay structures and work schedules.
- We discussed the many tools available for maintaining, updating, and reporting on employee data and how this data is integrated with other SAP ERP HCM components.
- Reflecting on the importance of keeping employee data safe and secure, we discussed the security controls and options for managing the critical and sensitive data that we store and manage in Employee Administration.

- We reviewed a case study demonstrating some of the benefits received by one company from centralizing all of its employee data into one database.

In the next chapter we will learn about another key component of SAP ERP HCM: Organizational Management. This component creates the foundation for company organizational structure views, manager and employee self-services, workflow, and integration with other Personnel Development functions such as Performance Management, Career and Development Planning, Succession Planning, Recruiting, and Learning Solution.

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