



## **Chapter VIII**

# **Teaching Human Resource Management Using SAP**

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## **ABSTRACT**

*Information technology has become a critical component for human resource (HR) professionals. Human resource information systems (HRIS) have helped many HR departments automate routine processes, eliminate unnecessary work, and play a strategic role in driving employee performance. Many IT firms are now forming alliances with universities to popularize their products. This chapter first investigates the utility and the choice of various HRIS options available to an organization. Next, it evaluates the utility of universities forming alliances with enterprise resource planning (ERP) firms to enrich their business curricula. Finally, the experiences of a college of business at a large university in Midwestern United States with the implementation of IT in the human resource management (HRM) curriculum are examined.*

## **INTRODUCTION**

Human resource (HR) departments in organizations have evolved a lot over time. It is an open secret that in the past, the human resource function within an organization did not have the same status as other functions. These departments started off as “personnel departments” whose job was to take care of payroll, employee records and ensure that the company had enough able-bodied people to run the production line. Over time, their responsibilities broadened and included activities such as recruiting, training, promoting,

terminating, record keeping, employee relations, and meeting various legal requirements (Mathis & Jackson, 2003). In the last decade, globalization, organizational restructuring, and increased competition, forced companies to reexamine the role of HR function within the organization. Many companies are realizing that only HR gives them the strategic edge needed to manage a workforce effectively and efficiently (Greengard, 2000; Noe, Hollenbeck, Gerhart, & Wright, 2003). Nowadays, HR professionals are responsible for optimizing employee skills, maximizing their potential as valuable resources, and are important players in long-range strategic planning (Losey, 1999).

A major reason for this change is that management research in recent years has consistently found that the management of human resources is the most important factor in developing sustainable competitive advantage over time (Gratton, Hope-Hailey, Stiles, & Truss, 1999; Losey, 1999; Pfeffer, 1994). In addition, research suggests that factors traditionally associated with strategic success of a firm like product and process technology, access to financial resources and economies of scale are no longer sufficient to sustain a firm's competitive edge in the marketplace. These traditional factors provide very little advantage today and are expected to be even more insignificant in the future (Noe et al., 2003).

One way to cut down on administrative overheads and be a strategic partner in managing the firm is for the HR department to use information technology (Greengard, 2000). IT has helped many HR departments automate routine processes and eliminate unnecessary and non-value added work. This allows HR departments to be more efficient, use less paperwork, and ensure better information is available for making HR decisions (Mathis & Jackson, 2003). In addition, it allows HR Managers to free up time from filling out paperwork and ensuring administrative compliance to not only HR planning but also be a strategic partner to other functions within the organization. The role of HR as a strategic partner includes establishing activities that contribute to superior organizational performance, advising on mergers, acquisitions, & downsizing, redesigning work processes, and demonstrating on a continuous basis that HR contributes to the financial viability of the organization (Mathis & Jackson, 2003).

A study conducted by the Gartner Group suggests that companies that use technology effectively to manage the human resource function will have a tremendous advantage over those that do not (Targowski & Deshpande, 2001). According to Targowski and Deshpande (2001), benefits of the use of HRIS include:

- a. Using an internal Web site or intranet to empower managers and employees to perform administrative tasks on their own than depend on the human resource department.
- b. Incremental leaps in efficiency and response time of various traditionally labor-intensive human resource activities. Not only is work duplication eliminated, but also various processes are streamlined and made more efficient. HR staff can spend less time on day-to-day administrative issues, and more time on strategic decision making and planning.
- c. Better knowledge management which leads to a firm's competitive advantage in the marketplace and better stakeholders' satisfaction.
- d. Using the HRIS, various business performance calculations like return on training, turnover costs, and human-value added can be used to impress the top management that the human resource function is an equal strategic partner and critical to meet various organizational objectives.

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