

Work Logs : Enterprise Structure And Oracle HCM Basics

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Abstract—This log dives into the fundamentals of Oracle Fusion HCM, exploring the concept of employment model and legal entity setup. we will learn a lot about types of employment models and how to set up legal entities in the system.

Index Terms—Employment Model, Legal Entity

I. EMPLOYMENT MODEL

A. What is Employment Models

The employment model comprises two types of entities, which are work relationships and assignments.

To configure employment models for the enterprise or for individual legal employers, use the Manage Enterprise HCM Information and Manage Legal Entity HCM Information tasks in the Setup and Maintenance work area, respectively.

B. Assignments

An assignment provides information about a person's role such as job, position, pay, compensation, managers, working hours, and location.

HR specialists can create and manage assignments using the employment-related quick actions on the My Client Groups tab.

Line managers can create and manage assignments for their team members using the employment-related quick actions on the My Team tab.

C. Work Relationship

The Relationship between a legal employer and a worker which can exists in any of this 3 Types (Employee, Contingent Worker, Non-Worker).

A work relationship must have at least one assignment. Your legal employer may allow multiple assignments in one work relationship.

Worker assignments are secured by assignment-level security. An HR specialist or line manager can access a worker's assignment only if they have access to the assignment.

For example, a line manager will only see assignments of workers reporting to them. Similarly, an HR Specialist can access worker assignments only within their area of responsibility.

Employee is the one whose payment is directly given by

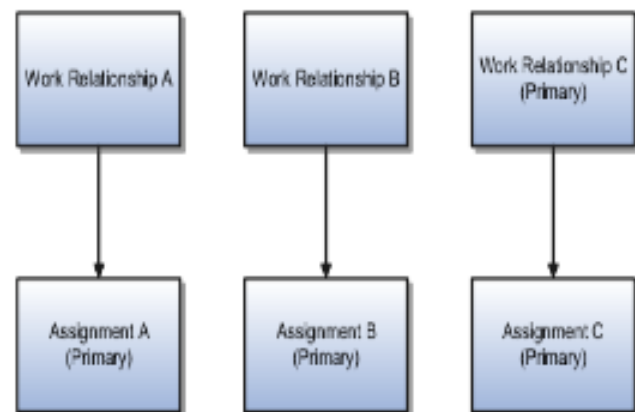
the institution he is employed at. they are permanent. // A contingent worker is a contract worker. whose payment is given by a third party institute who is indirectly attached to the main institute.// Non Worker is a non active worker. a worker who doesnt take payment from the institute directly or indirectly. Example: retired Employee.

D. Primary Assignment

You can access a person's information from a single assignment which is their overall primary assignment.

You must identify one assignment as the primary assignment in each work relationship. When a person has multiple work relationships, the overall primary assignment is the primary assignment in the primary work relationship.

All work relationships must have at least one primary



assignment.

The assignments within these work relationship types are still created as primary.

E. Assignment Number

You can assign assignment numbers either manually or automatically. Assignment numbers are automatically generated by prefixing the person number with these characters: E (for employee), C (for contingent worker), N (for nonworker), P (for pending worker).

The suffix-number sequence is global and ensures that assignment numbers are unique in the enterprise. If you assign numbers manually, you must ensure they're unique in the enterprise.

F. Assignment Status

The status determines whether the assignment is active, inactive, or suspended. It also controls whether the assignment is eligible for payroll processing. Some assignment actions you take automatically change the assignment status. For example, when you create an assignment, its status is set automatically to Active - payroll eligible. You can change this status if you want.

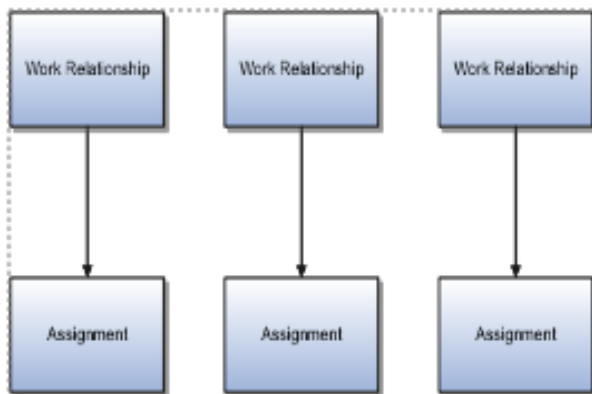
G. Contract and Collective Agreement

Assignments can include contract details for information purposes, which some legal employers require. You can link a collective agreement with an assignment if the bargaining unit, country, and legal employer of the collective agreement and assignment are same. If you created a collective agreement without a legal employer or bargaining unit, you can link the collective agreement with any assignment within the same country.

H. Single Assignment

If you select Single Assignment, each work relationship of any type has one assignment only.

The assignment is created automatically when the work

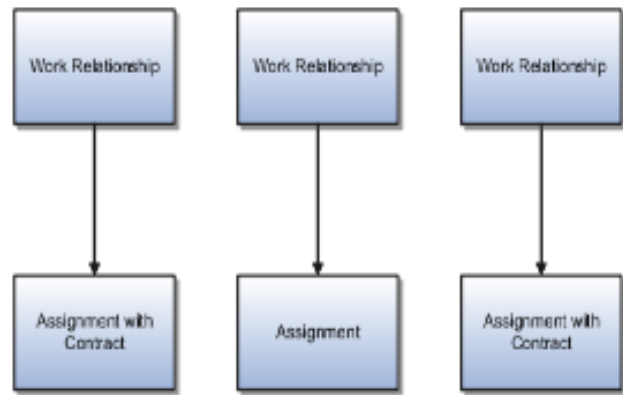


relationship is created.

I. Single Assignment with Contract

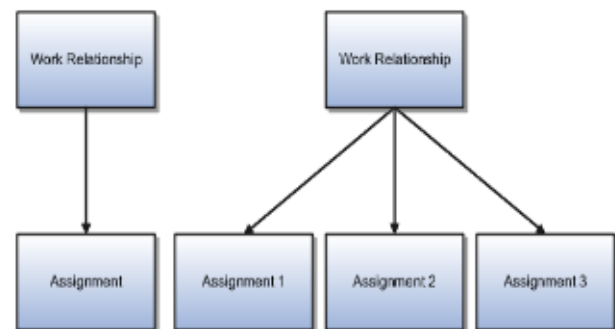
If you select Single Assignment with Contract, users can include contract information in the single assignment.

Creating the work relationship automatically creates the assignment. Including contract information in the assignment is optional.



J. Multiple Assignments

If you select Multiple Assignments, each work relationship of any type can include one or more assignments.



Creating the work relationship automatically creates one assignment. Additional assignments are optional; you create those manually.

K. Multiple Contracts with Single Assignment

If you select Multiple Contracts with Single Assignment, users can include multiple contracts.

Each contract is associated with a single assignment.

Creating the work relationship automatically creates one assignment.

Additional assignments are optional; you create those manually. Including contract information in the assignment is optional.

II. LEGAL ENTITY SETUP

A. What is legal entity

A legal entity is a recognized party with rights and responsibilities given by legislation.



Legal entities can be identified as legal employers and therefore, are available for use in Human Capital Management (HCM) applications.

B. Legal Address

A legal address is the mailing address of a legal entity or legal authority.

A legal address is also the address a legal entity uses to register with a legal authority.

You can use legal addresses to send correspondence, such as invoices, bills, reports, and so on, to a legal entity or authority.

C. Role of Legal Entity

In configuring your enterprise structure in Oracle Fusion Cloud Applications, the contracting party on any transaction is always the legal entity. Individual legal entities:

1. Own the assets of the enterprise
2. Record sales and pay taxes on those sales
3. Make purchases and incur expenses
4. Perform other transactions Legal entities must comply with the regulations of jurisdictions, in which they register.

D. Jurisdiction

Jurisdiction is a physical territory such as a group of countries, country, state, county, or parish where a particular piece of legislation applies. Judicial authority may be exercised within a jurisdiction.

Types of jurisdictions are:

Identifying Jurisdiction

Income Tax Jurisdiction

Transaction Tax Jurisdiction

E. Legal Authorities

A legal authority is a government or legal body that's charged with powers to make laws, levy and collect fees and taxes, and remit financial appropriations for a given jurisdiction.

For example, The Internal Revenue Service is the authority for enforcing income tax laws in United States. In some countries, such as India and Brazil, you're required to print legal authority information on your tax reports. Legal authorities are defined in the Oracle Legal Entity Configurator. Tax authorities are a subset of legal authorities and are defined using the same setup flow.

Legal authorities aren't mandatory in Oracle Fusion Cloud Human Capital Management (HCM) but are recommended and are generally referenced on statutory reports.

F. Configuration of Legal Entity

Create a legal entity by following these steps;

In the Setup and Maintenance work area, go to the Manage Legal Entity task.

Accept the default Country.

Enter Name.

Enter Legal Entity Identifier.

Optionally enter Start Date. When the start date is blank the legal entity is effective from the creation date.

Optionally enter an End Date.

Optionally, if your legal entity should be registered to report payroll tax and social insurance, select the Payroll statutory unit check box.

Optionally, if your legal entity has employees, select the Legal employer check box.

Optionally, if this legal entity isn't a payroll statutory unit, select an existing payroll statutory unit to report payroll tax and social instance on behalf of this legal entity.

Enter the Registration Information

Accept the default Identifying Jurisdiction

Search for and select a Legal Address,

The legal address must have been entered previously using the Manage Legal Address task.

OK.

Optionally enter a Place of Registration.

Enter the EIN or TIN. [EIN – Employer Identification Number] [TIN – Taxpayer Identification Number]

Enter the Legal Reporting Unit Registration Number.

Save and Close.

In the Setup and Maintenance work area, go to the Manage Legal Entity page and Select to set scope.

Select the Manage Legal Entity.

In the *Legal Entity list, click on Select and Add

Click Apply and Go to Task.

Select your legal entity.

Save and Close.

4 Search Results				
View ▾ Format ▾ Create HCM Information in Spreadsheet				
Legal Entity Name	Legal Entity Identifier	Legal Employer	Payroll Statutory Unit	Parent Payroll Statutory Unit
DPE Legal Entity	DPELE1	Yes	Yes	
DPE Legal entity 2	DPELE2	Yes	Yes	
DP_JAN04_LE11	DPELE11	Yes	Yes	
DP_JAN04_LE12	DPELE12	Yes	Yes	
DP_JAN04_LE13	DPELE13	Yes	Yes	

G. Legislative Data Group

Legislative data groups are a means of partitioning payroll and related data. At least one legislative data group is required for each country where the enterprise operates.

Each legislative data group is associated with one or more payroll statutory units. Each payroll statutory unit can belong to only one legislative data group.

Each legislative data group;

Marks a legislation in which payroll is processed.

Is associated with a legislative code, currency, and its own cost allocation key flexfield structure.

Is a boundary that can share the same set up and still comply with the local laws.

Can span many jurisdictions as long as they're within one country.

Can contain many legal entities that act as payroll statutory units.

H. Payroll Statutory Unit

Payroll statutory units are "legal entities" that are responsible for paying workers, including the payment of payroll tax and social insurance. A payroll statutory unit can pay and report on payroll tax and social insurance on behalf of one or many legal entities depending on the structure of your enterprise

III. REFERENCES

- 1) <https://fa-etit-dev1-saasfademo1.ds-fa.oraclepdemos.com/hcmUI/faces/FuseWelcome?fnd=>
- 2) <https://docs.oracle.com/en/cloud/saas/human-resources/24a/index.html>