Human Capital Management (HCM)

Curriculum: Introduction to S/4HANA using Global Bike

SAP
University
Alliances

SAP UCC
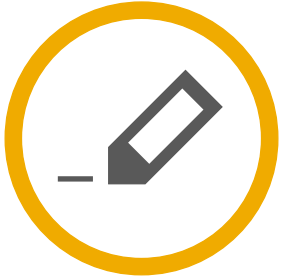Magdeburg

Teaching material - Information

Teaching material - Version

- 3.3 (May 2019)

- Software used
  - S/4HANA 1809
  - Fiori 2.0

- Model
  - Global Bike

- Prerequisites
  - No Prerequisites needed

Module Information

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Target Audience

- Beginner

Module Information

Learning Objectives

You are able to
- define the central organizational structures of the HCM module.
- summarize the master data which is most important for the HCM module.
- explain standard HCM processes.

Agenda

- HCM Organizational Structure
- HCM Master Data
- HCM Processes
  - Organizational Management
  - Personnel Administration
  - Recruitment
  - Personnel Development
  - Talent Management
  - Performance Management
  - Personnel Controlling
  - ESS/MSS
- Innovations in S/4HANA

Agenda

- **HCM Organizational Structure**
- HCM Master Data
- HCM Processes
  - Organizational Management
  - Personnel Administration
  - Recruitment
  - Personnel Development
  - Talent Management
  - Performancemanagement
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- Innovations in S/4HANA

HCM Organizational Structure

- Represents the structural and personnel organization of a company
- Consists of organizational units
- Illustrates the organizational structures and hierarchies
- Illustrates an employees responsibilities
- Is a precondition of various personnel processes' implementation
- Consists of three parts:
  - Enterprise Structure
  - Personnel Structure
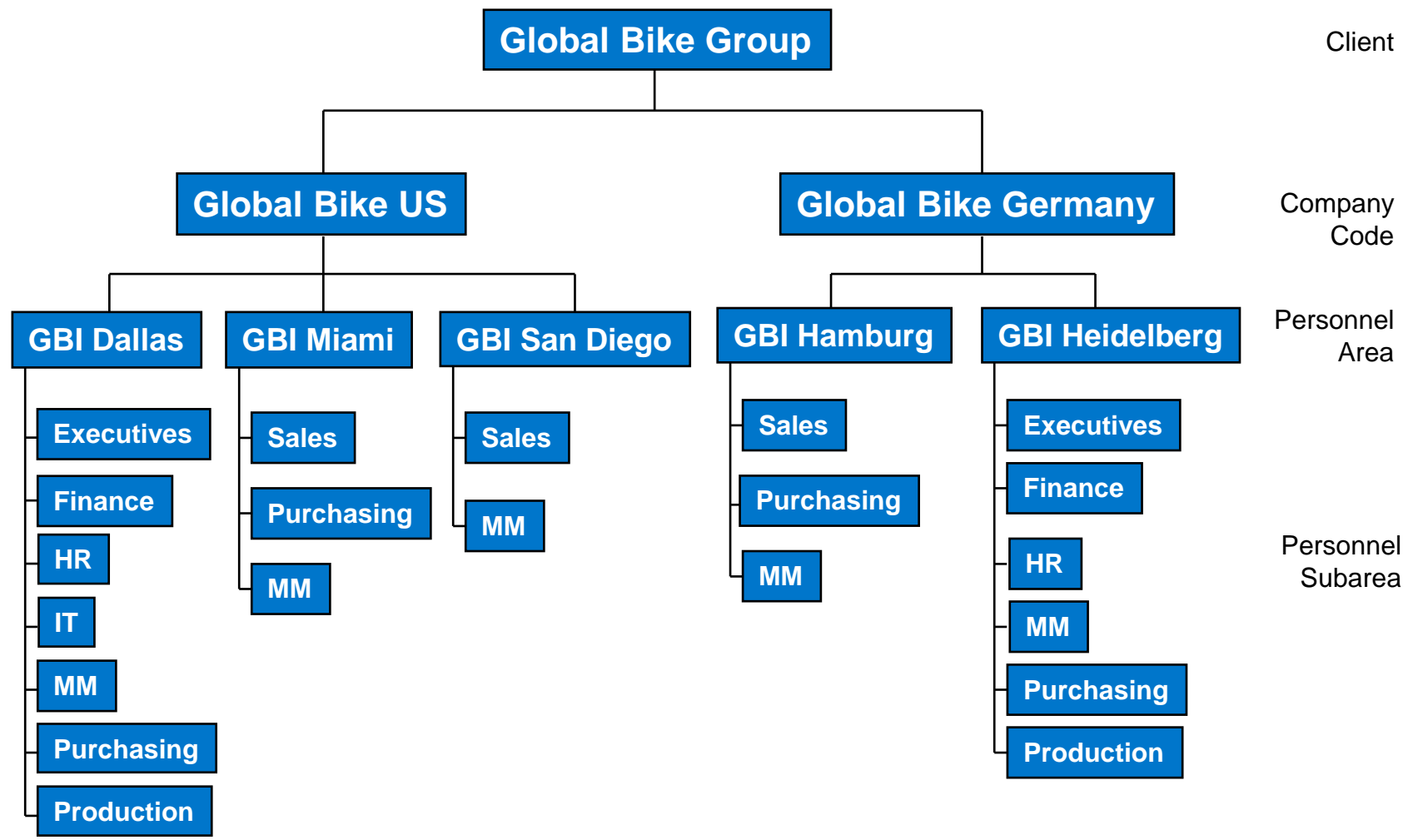 - Organizational Plan
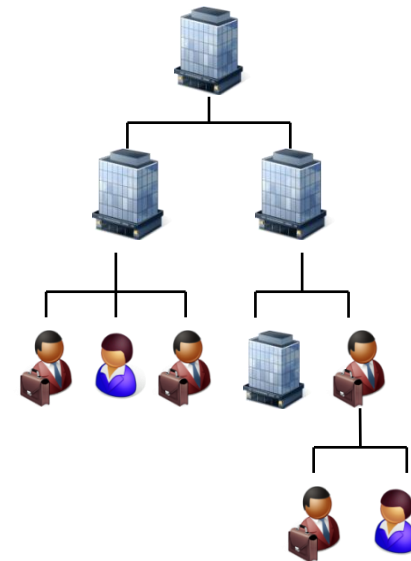
HCM Enterprise Structure

- Enterprise Structure
  - Represents formal and financial structures in a company
  - Each employee needs to be assigned to an enterprise structure.
  - Basically consists of company code, personnel area, and personnel subarea

  - Client
    - An independent environment in the system

  - Company Code
    - Smallest org unit for which you can maintain a legal set of books

  - Personnel Area
    - Represents a company area differentiated between personnel administrative, time management, and expensive organizational aspects

  - Personnel Subarea
    - Represents part of a personnel area
    - Represents a company area differentiated between personnel administration, time management, and payroll accounting aspects

Global Bike Enterprise Structure for HCM

Global Bike Group — Client

Global Bike US — Company Code
Global Bike Germany — Company Code

Personnel Area:
GBI Dallas, GBI Miami, GBI San Diego, GBI Hamburg, GBI Heidelberg

Personnel Subarea:

GBI Dallas: Executives, Finance, HR, IT, MM, Purchasing, Production

GBI Miami: Sales, Purchasing, MM

GBI San Diego: Sales, MM

GBI Hamburg: Sales, Purchasing, MM

GBI Heidelberg: Executives, Finance, HR, MM, Purchasing, Production

HCM Personnel Structure

- **Personnel Structure**
  - Describes an employee's position within the company
  - Is defined by employee group and employee subgroup

  - Employee Group
    - Organizational unit for which personnel related regulations can be specified
    - Examples:
      - Active employees
      - External
      - Retirees

  - Employee Subgroup
    - Organizational unit within the employee group, for which personnel related regulations are specified
    - Examples:
      - Industrial employees
      - Commercial clerks
      - Laboratory assistants

HCM Personnel Structure

Active   External   Retiree   Employee Group

Employee	Internal	Trainee

Employee Subgroup
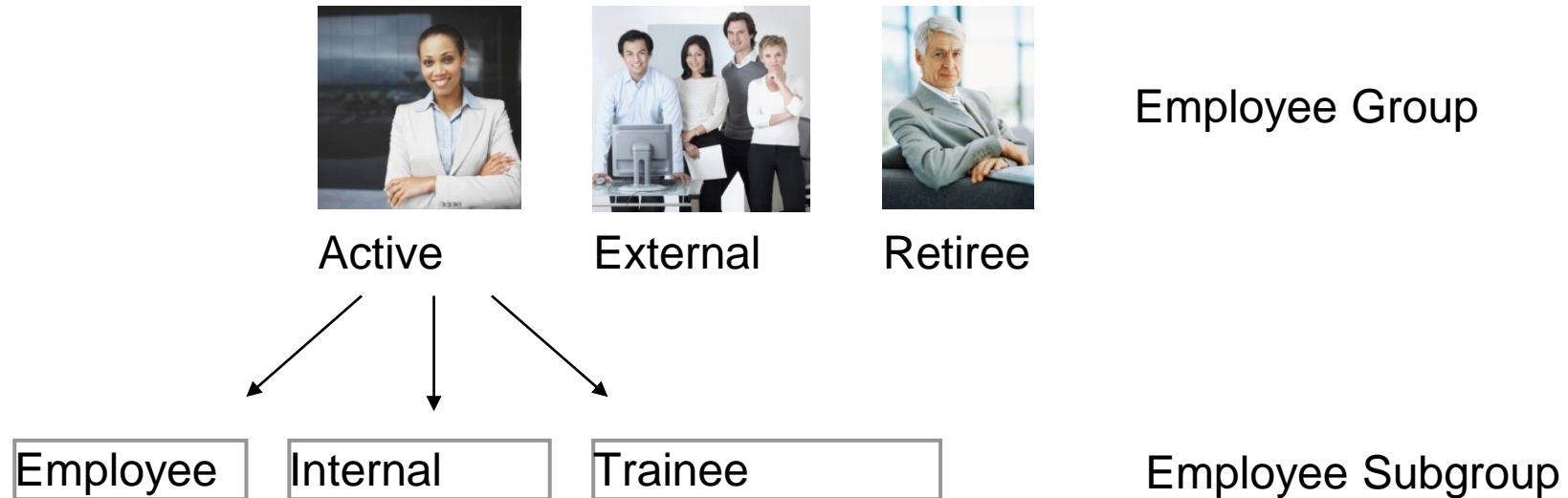
HCM Organizational Plan

- Organizational Plan
  - Describes in which function an employee is acting
  - Is object-oriented, i.e. each element is represented by an object
  - Objects can be assigned to each other

  - Organizational Unit
    - Can be grouped according to functional and regional aspects.

  - Position
    - Are assigned to organizational units and filled by employees
    - Example: Position accounting clerk in the Accounting Department

  - Person
    - Are employees and fill positions

  - Cost Center
    - originate from Controlling and can be linked with positions or organizational units

  - Job
    - General description of tasks which an employee should perform
    - Are assigned to positions
    - Example: Position Head of Department

HCM Organizational Plan

Organizational Unit

Cost Center

Position

Job

Person

Assignment

Assignment (optional)

Global Bike Enterprise Structure in SAP ERP HCM (US)

Employee Group 9 — External
| 90 Junior Consultant | 91 Senior Consultant |

Employee Group 2 — Retiree
| 20 Pensioner | 21 Honorary |

Employee Group 1 — Active
| 10 Intern | 11 Hourly Wage | 12 Salary scale | 13 Executive |

Employee Subgroup

Personnel Subarea

Executives EX00

FI00 Finance · HR00 Human · IT00 IT · MM00 Mater · PP00 Produ · PU00 Purch · MM00 Mater · PU00 Purch · SD00 Sales · MM00 Mater · SD00 Sales

Personnel Area Dallas DL00 **Miami MI00** **SD00**

Company Code US00

Client Global Bike

Global Bike Enterprise Structure in SAP ERP HCM (DE)
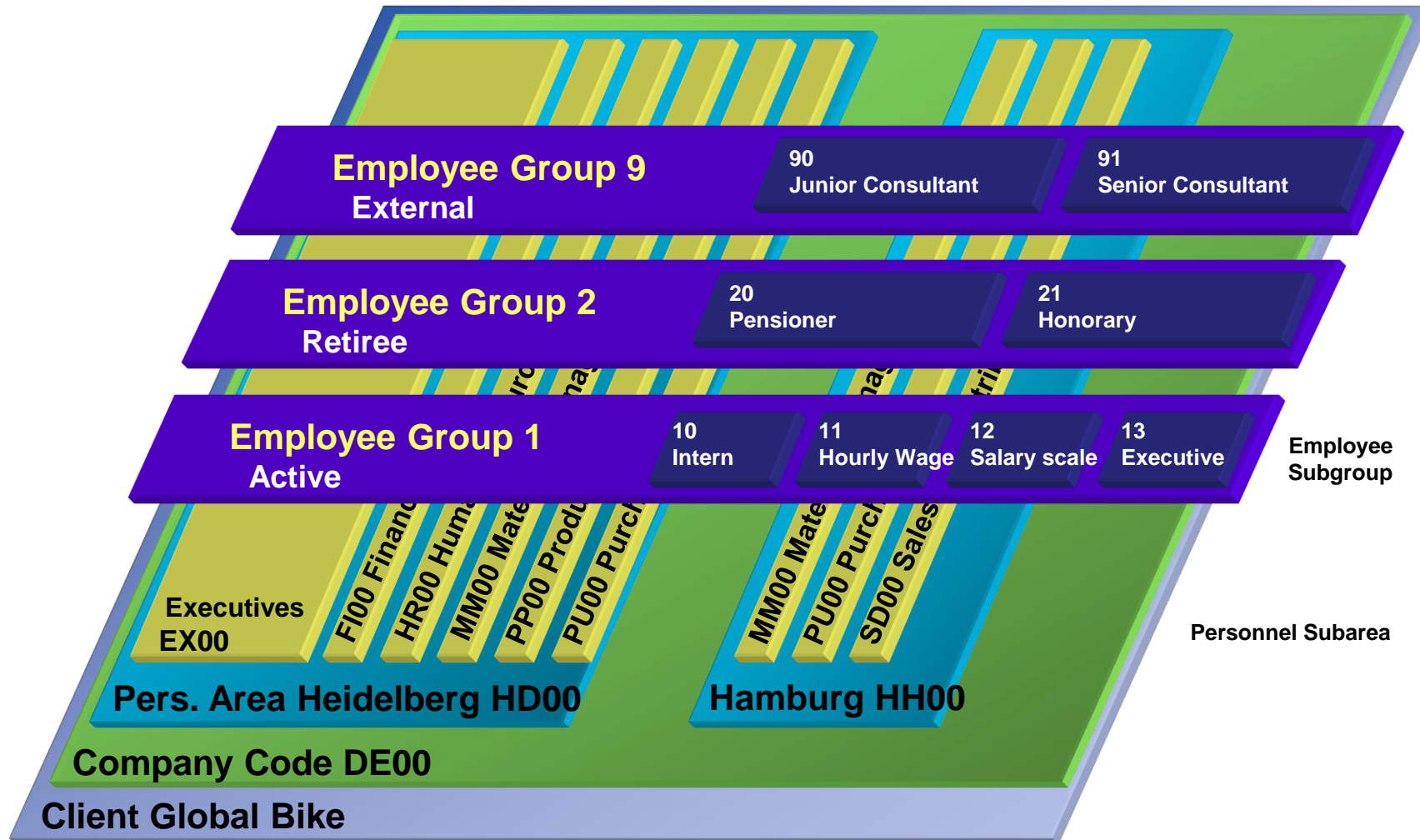
Agenda

- HCM Organizational Structure
- **HCM Master Data**
- HCM Processes
  - Organizational Management
  - Personnel Administration
  - Recruitment
  - Personnel Development
  - Talent Management
  - Performancemanagement
  - Personnel Controlling
  - ESS/MSS
- Innovations in S/4HANA

HCM Master Data

- **Personnel number**
  - Is used in SAP as a central identifier for an employee
  - Can comprise up to eight digits
  - Can be assigned either by the system or manually
  - All employee data available in the system is identified on the basis of the personnel number.

Screen Diagram Master Data

```
         Personnel no.
         64751511
         /            \
Expenses results    Travel expenses
   /        \              |
Expenses   Expenses    Travel expenses
May 2010   June 2010   April 2010
```
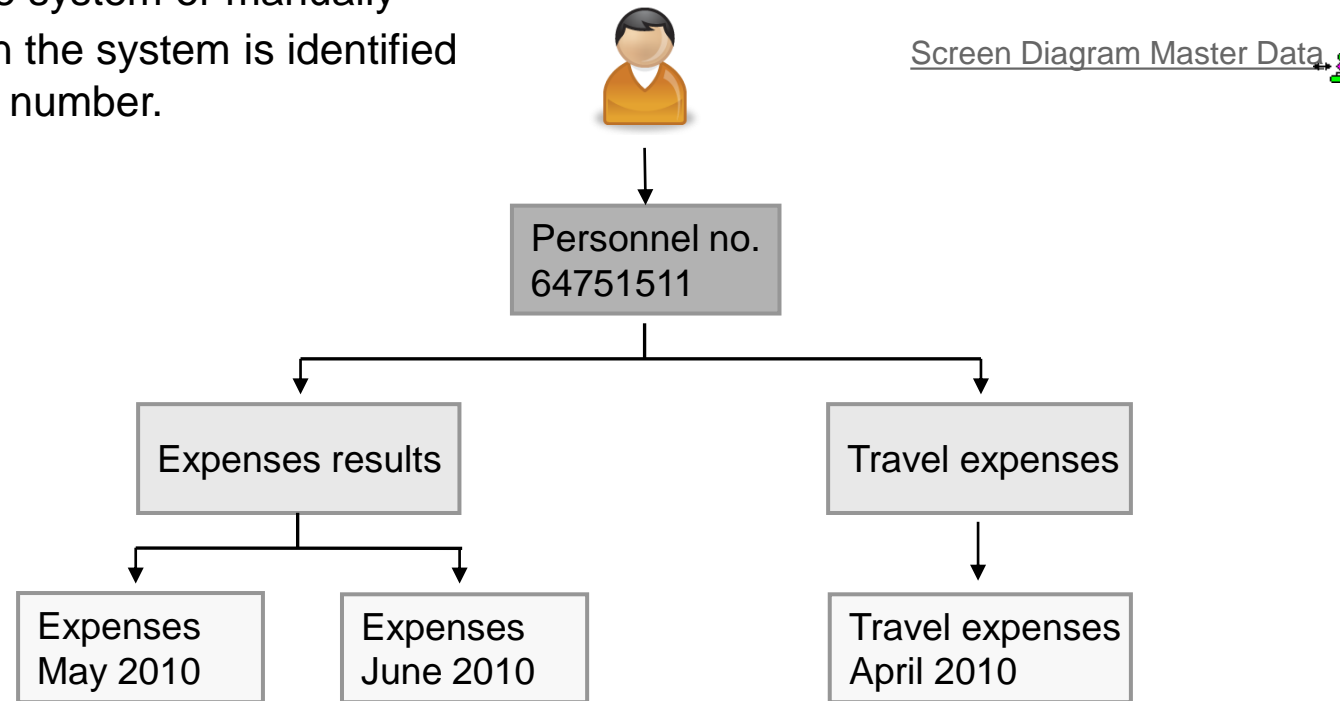
HCM Master Data

- **Reference Personnel Number**
  - Helps to map different contractual relationships
  - Creates an existing employee again in the system with a new personnel number
  - The old personnel number serves as a reference personnel number.
  - Certain data can be copied and assigned to the new number.
  - In the case of concurrent employment, the employee is identified through a person ID.

Person ID
155486211

Reference

Personnel number
64751511

Personnel number
47116550

Employee in
personnel area
DL00 Dallas

Project Manager in
personnel area
MI00 Miami
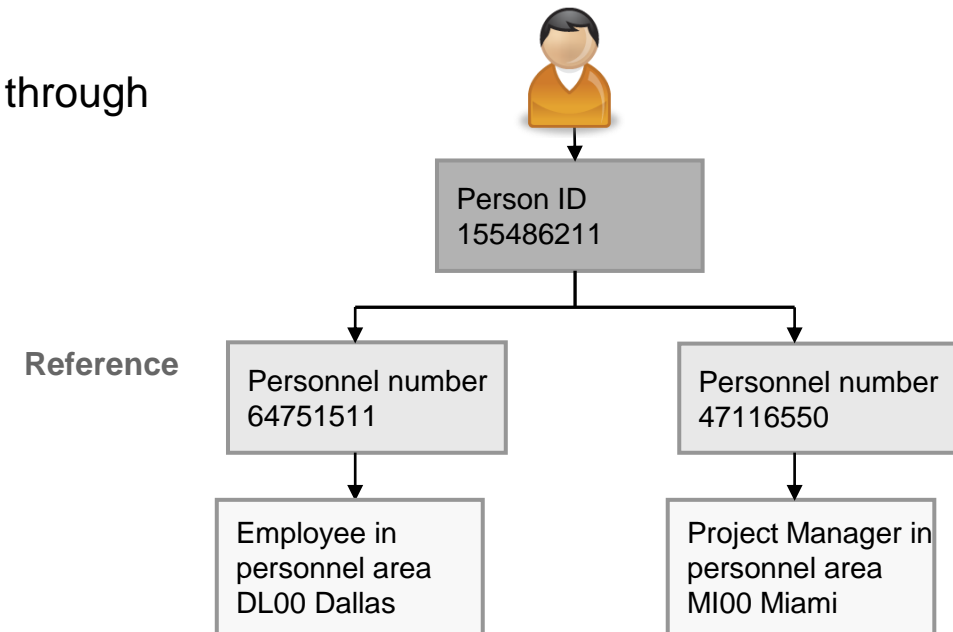
HCM Master Data

- **Infotypes**
  - HR master data are structured in infotypes.
  - They are collections of data fields that are logically linked
  - They process employee data in an effective structure in accordance with business requirements
  - Each infotype has an explicit four-digit ID, e.g. infotype Addresses 0006.
  - An infotype can have sub types, which represent a sub variant of the infotype.

Infotype 2001
Absence

Sub type 0100
Vacation

Sub type 0220
Health resort

Sub type 0601
Parental leave
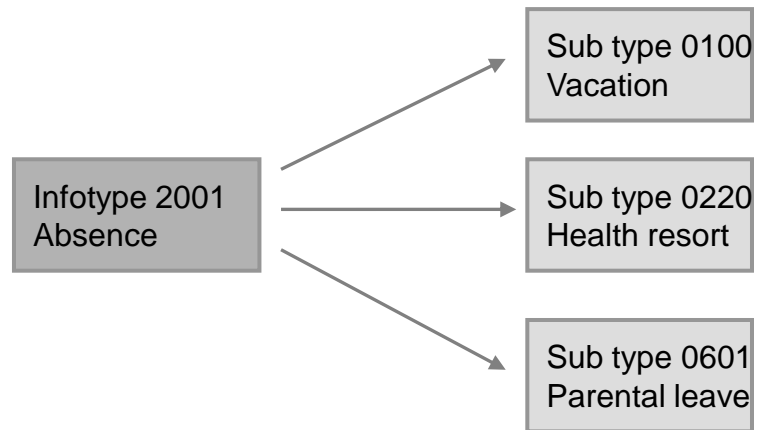
Time Constraints of Infotypes

- infotypes are time dependent

Time constraint 1   e.g. permanent residence
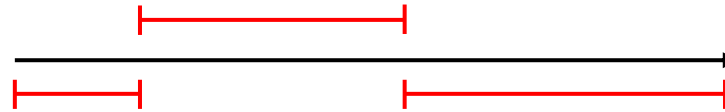
Time constraint 2   e.g. husband

Time constraint 3   e.g. secondary residence
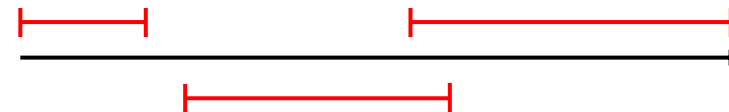
Maintenance of Infotype

Infotypes can be maintained in three different ways:

Fast entry

Single infotype maintenance

Personnel action

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Roles

HCM Processes - Organizational Management

- Model the organizational structure of your enterprise

- Create, change and delimit organizational units

- Create, change and delimit jobs

- Create, change and delimit positions

- Analyze an organizational unit to define

  workforce requirements and personnel cost planning

- Create further organizational units for planning

  scenarios or simulations
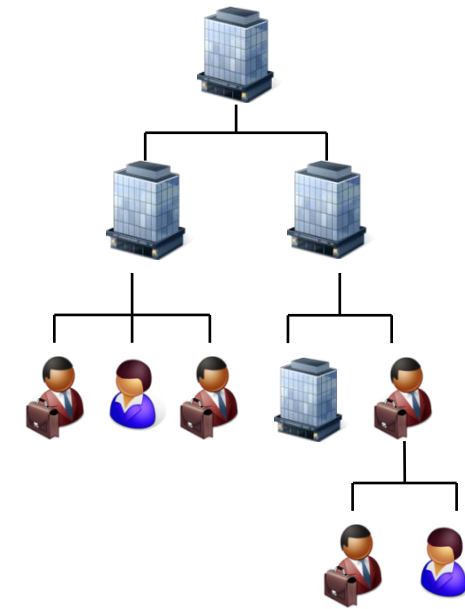
HCM Processes - Personnel Administration

- Creating and maintaining personnel master data

- Plausibility checks

  - may be performed to detect errors

  - prevent the transfer of incorrect data

- Automatic history

  - is created when changing master data

  - may be used for reporting and the verification of data integrity

- Personnel administration sets the data basis for subsequent processes in Human Resource Management and reporting

HCM Processes - Recruitment

- Recruitment, choice and selecting of applicants

- External recruitment

- Internal recruitment

- Developing a data base for applicants

- Administration of vacant positions

Recruitment - Organizational Assignment

- Applicants are assigned to the elements of the applicant structure:

Actives   **Working students**

Applicant Group

Structures applicants according to the type of their employment relationship

Applicant Range

Classifies applicants according to hierarchical or functional criteria

| Employees | Leading employees | Specialist |

Recruitment - Applicant Data

- Maintaining applicant data can be done in infotypes with the help of the Initial Data Entry or Application Actions

Applicant action

Initial Data Entry

Recruitment - Process

Recruitment - Selection Procedures

In SAP HCM, two types of selection procedures are distinguished:

Global Selection Procedure

Overall status

Applicant action and status			
*Applicant action ty.:	06 Prepare for hiring		
Overall status:	2	To be hired	
Status reason:			

Selection Procedure for each Vacancy

Status of vacancy assignment

Vacancy assignment		
Priority	Priority 1	
Vacancy	50000058	Vice President Marketing
Vac.assign.stat	4	Rejected
Status reason		

HCM Processes - Personnel Development

- Advance qualifications of employees
- Comparison: requirements of positions with qualifications of employees → profile matchup
    - ↳ identify further training need
- Introduce development actions → Talent Management
- Book training course → Training and Event Management
- Arrange appraisals → Performance Management

Personnel Development - Qualifications

- Qualifications can be connected to persons
- Need to be attached with attributes
- Can have a half-life period or a validity period

Personnel Development - Qualifications Catalog

- Qualifications are defined in the qualifications catalog
- It can be maintained in Customizing
- The structure may consist of qualification groups, classifying similar qualifications
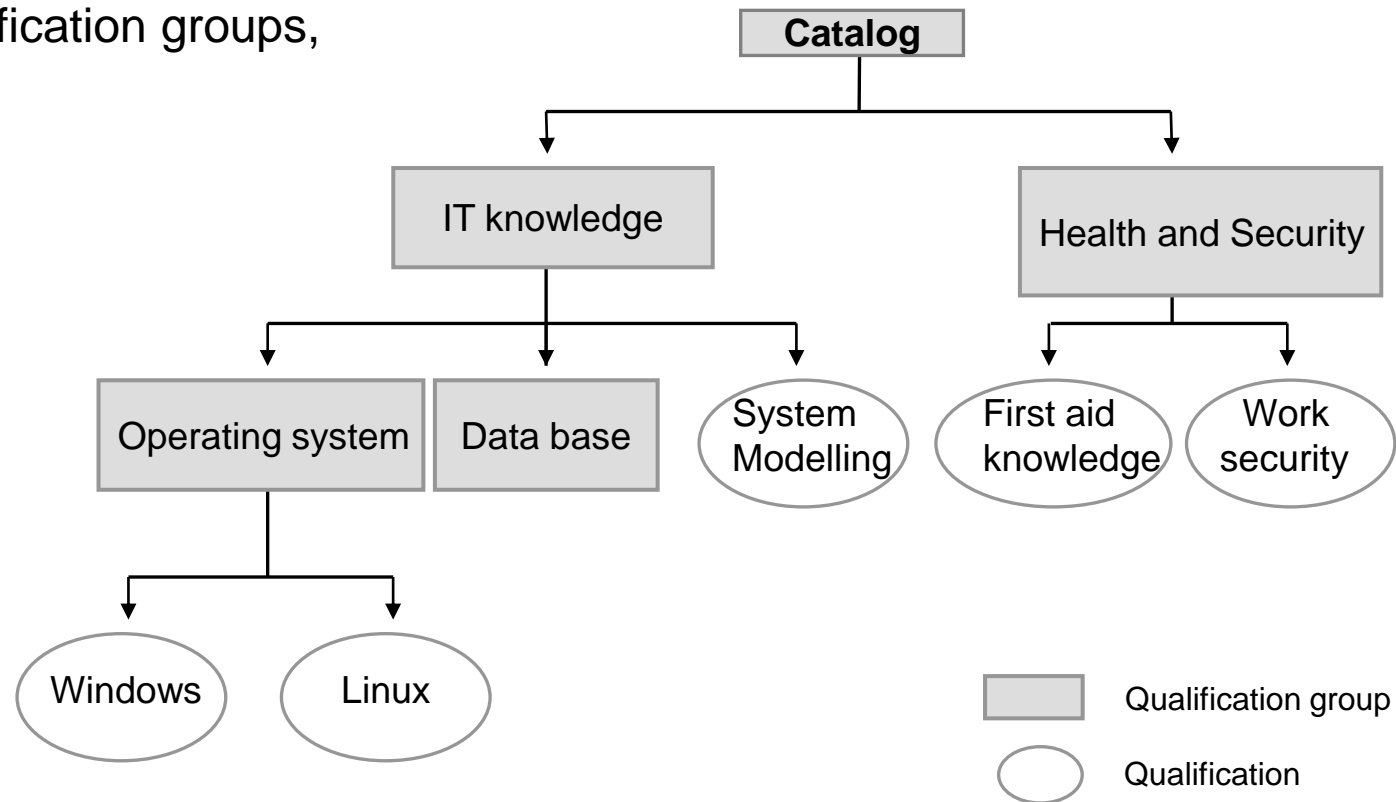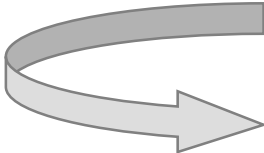
Personnel Development - Requirements

- Requirements can be attached to positions
- Requirements are qualifications, knowledge and experiences
- Requirements can be created with a characteristic

Personnel Development - Profile Matchup

- With the help of the profile matchup, persons, positions and jobs can be compared to each other
- The difference between the characteristic of a requirement and the characteristic of a qualification is determined
- 3 results are possible:
  - Both characteristics are identical
  - The requirements are higher than the qualification (=underqualification)
  - The requirements are lower than the qualification (=overqualification)

Position **Person**

Requirements

Qualification
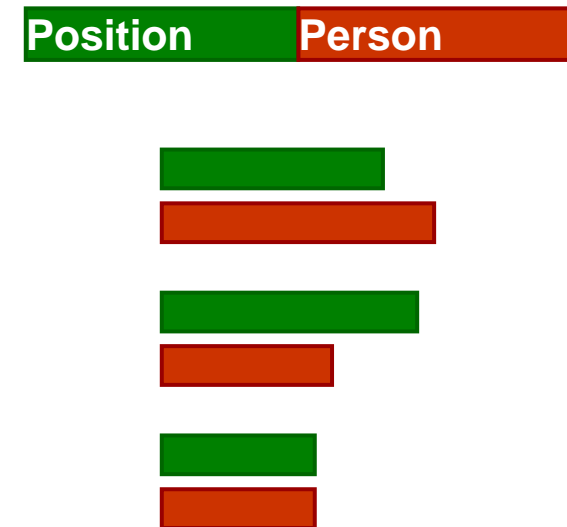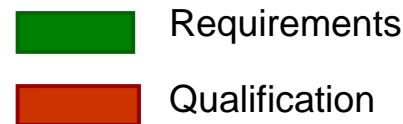
HCM Processes - Talent Management

- Arrange Career Planning

- Accomplish Succession Planning

- Generate general Development Plans

- Generate individual Development Plans

Talent Management - Career Planning

- Identify career goals

- Plan career

- Define and develop special stations of a career

  - job

  - position

  - Course of instruction

- Career planning: comparing qualifications with requirements of one station of a career, e.g. job, position →

  Personnel decisions, courses of instruction, etc.

- Derivate individual plans

Talent Management - Career Planning (cont.)

- Example for Career Planning

Talent Management - Succession Planning

- Assure continuity in personnel allocation for key positions

- Proactive search for candidates to reallocate key positions

- Well-directed preparation on adoption of following job

Talent Management - Development Plans

- Summarizing teaching and further education actions to achieve special qualifications

- Participation in instruction courses

- Allocation of positions

- Use in an organizational unit

- Habitation in a location

HCM Processes - Performance Management

- Define objective setting between enterprise and employees

- Evaluate benefit of employees → Feedback

→ Have goals been achieved?

- Supervise operative goals of employees

- Adjust bonuses

- Goal: higher motivation and better benefits

Performance Management - Process of Appraisal

Planning
Agree on goals

Feedback
Perform Appraisal

Compensation Adjustment
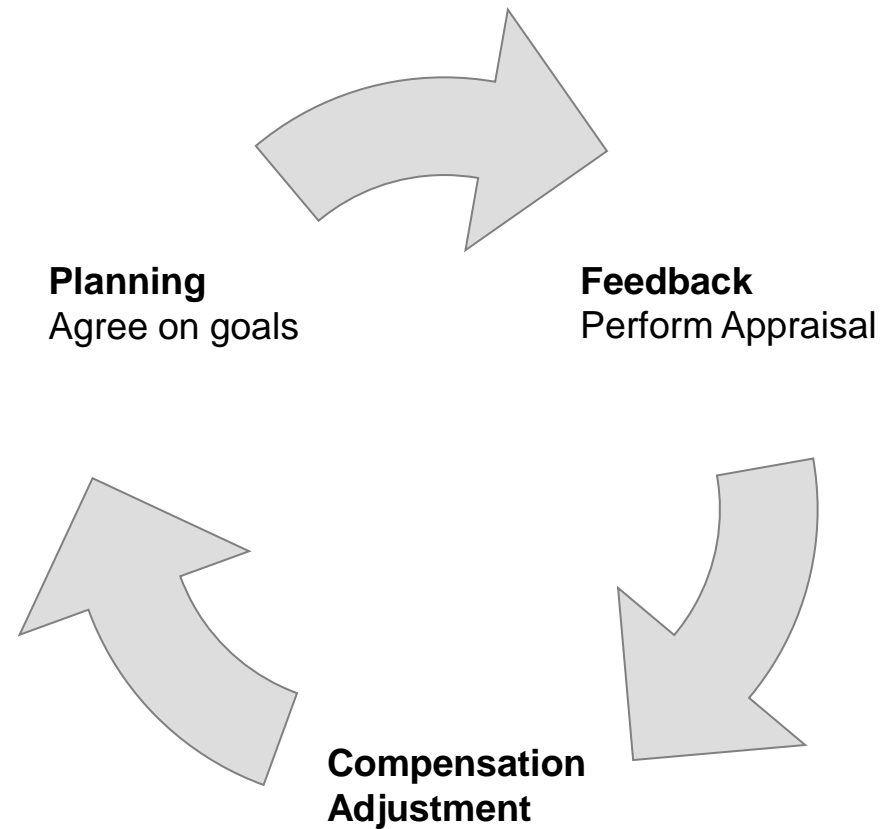
Performance Management - Status

- In order to display a performance feedback process, appraisals and objective settings may have different statuses.
  - In Preparation: an appraisal template has been created and provided with header data (e.g. appraiser, validity)
  - In Process: an appraisal has been given but it is not completed, the evaluation may still be changed
  - Completed: The appraisal is finished
  - Approved: The appraisal has been approved
  - Rejected: the appraisal has been rejected

Appraisal Status

☐ In Preparation   ☐ In Process

☐ Completed   ☐ Approved   ☐ Rejected

Performance Management - Appraisal Template

- The Appraisal Template comprises different elements:
  - Formulas
  - Criteria groups
  - Criteria
  - Qualifications

HCM Processes - Personnel Controlling

- Reports and Analysis

- Evaluation of personnel data

- Standard reports

- Human Resource Information System

- Manager's Desktop

- Ad-hoc Query

- Business Intelligence

Personnel Controlling - Standard Reports

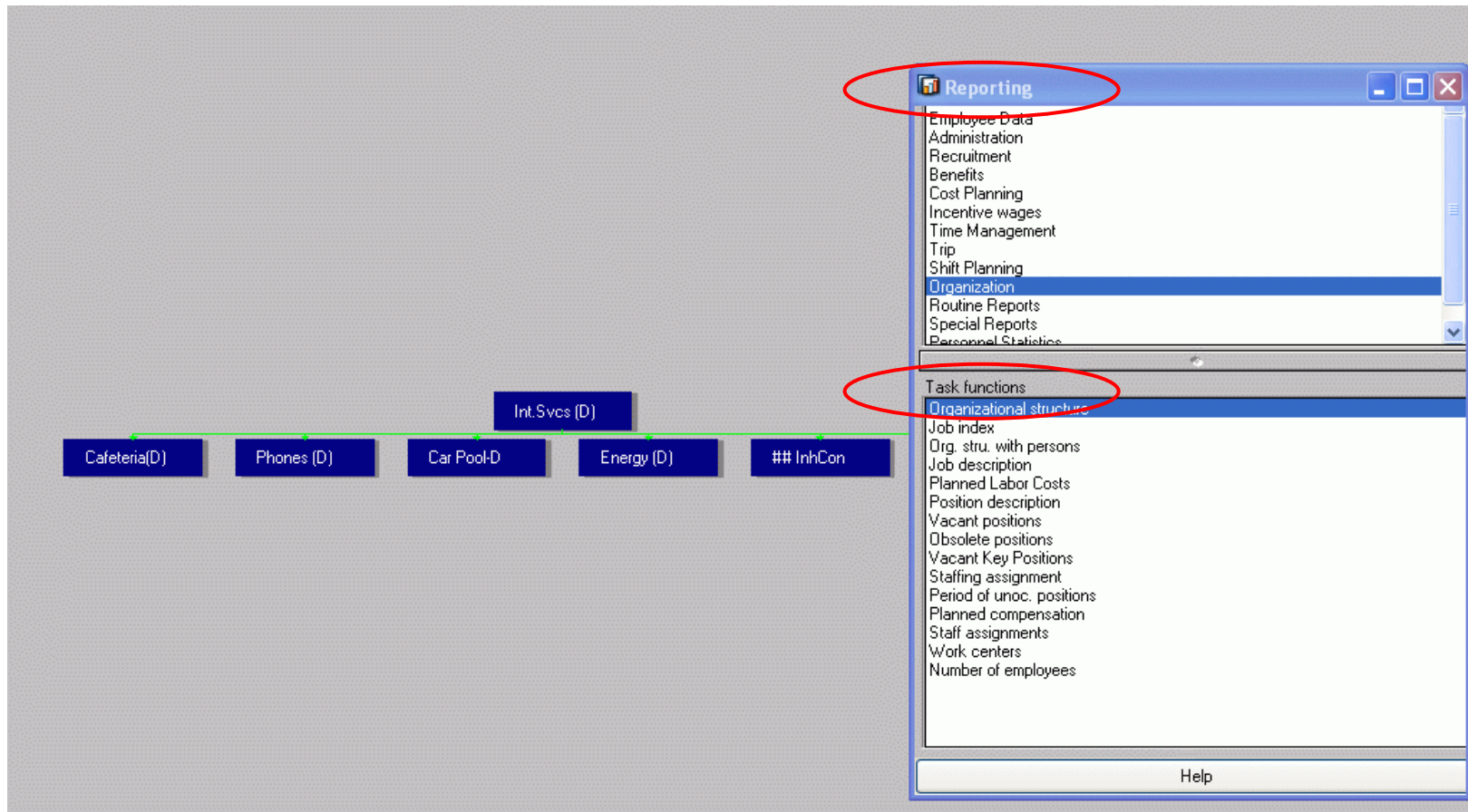= predefined SAP requests with a unique design

Example: Birthday List

Personnel Controlling - HIS

- The Human Resource Information System (HIS) enables the analysis on the basis of the organizational structure.

Personnel Controlling - Manager's Desktop
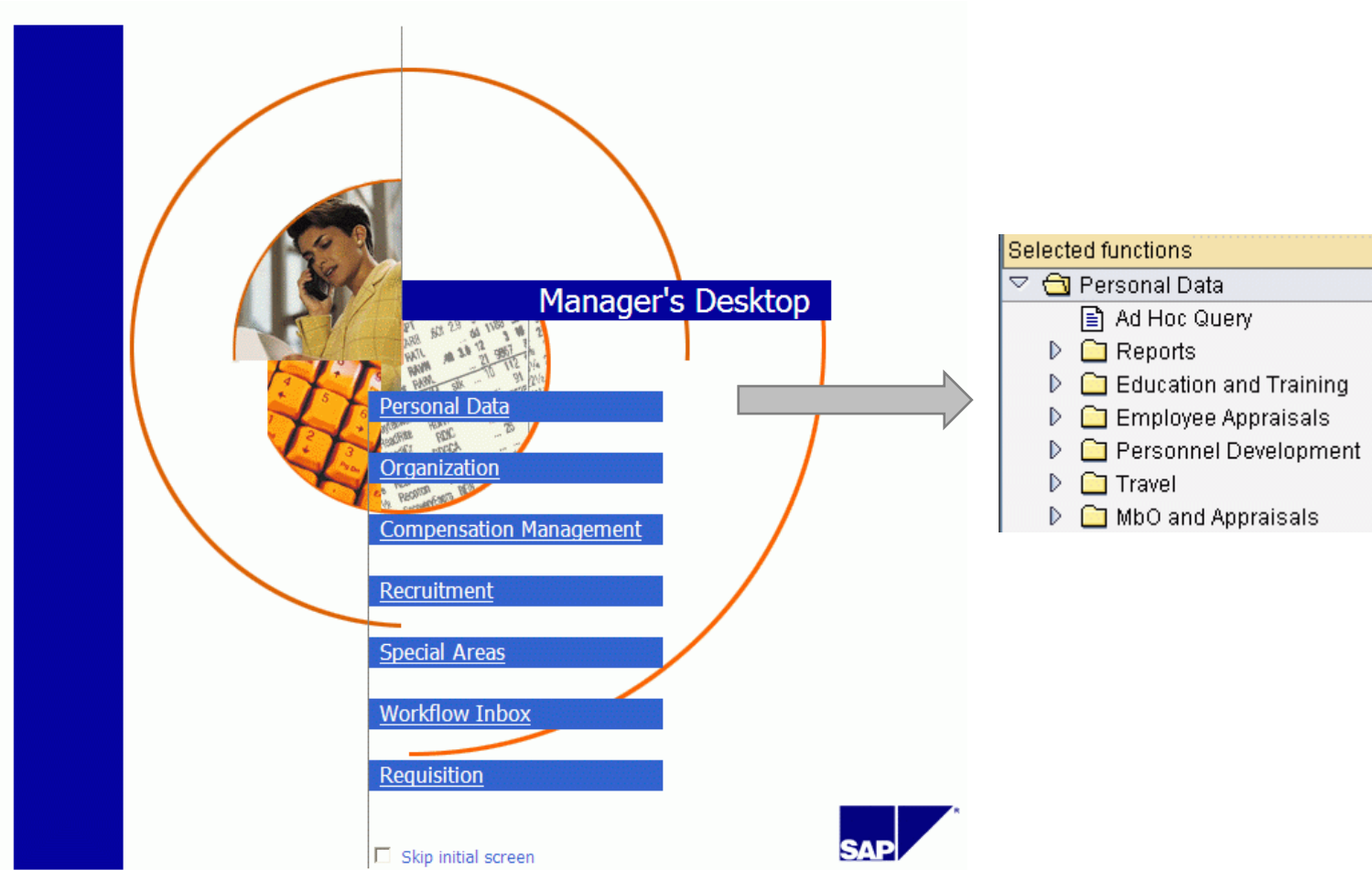
Personnel Controlling - Ad-hoc Query

Ad-hoc Queries are a tool for analysing data from personnel management

Infoset

Personnel Administration   **Payroll**

IT 0001   **Gross result**
IT 0006   **Optional data**
IT 0007   **Church tax**
…   …

```
Choose        Choose output    Export ad-hoc    Save ad-hoc
selection     fields           query            query
fields
```
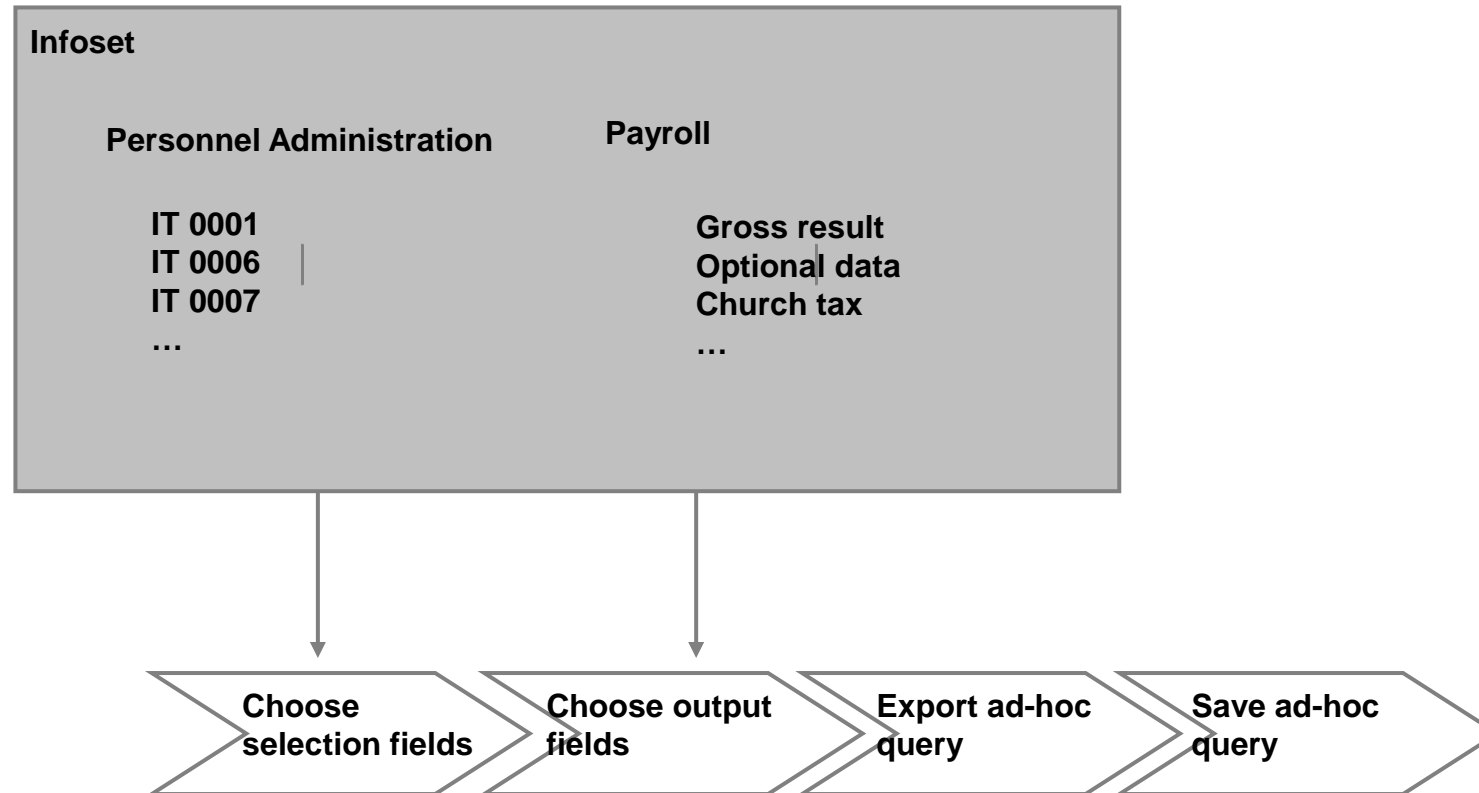
Personnel Controlling - Business Warehouse

|	SAP ERP	SAP BI
Goal	Implementation of business processes	Analysis, Knowledge generation
Priorities	Availability & data protection	Usability, comprehensive analysis options
Age of data	Updated	historical
Data Processing	Create, edit, delete and display	display

Employee Self-Service (ESS)

- Web-based user interface for employees
- Enables the time and location independent maintenance of personal data
- Provides access to several administrative functions, which usually are taking care of by other departments
- The employees themselves are responsible for updating their data

- Employees can do following activities by ESS:
  - Submitting travel expenses
  - Browsing the employee directory
  - Displaying the calendar
  - Updating of personal data
  - Applying for employer benefits
  - Documenting of working hours
  - Updating of bank data
  - Register for training courses
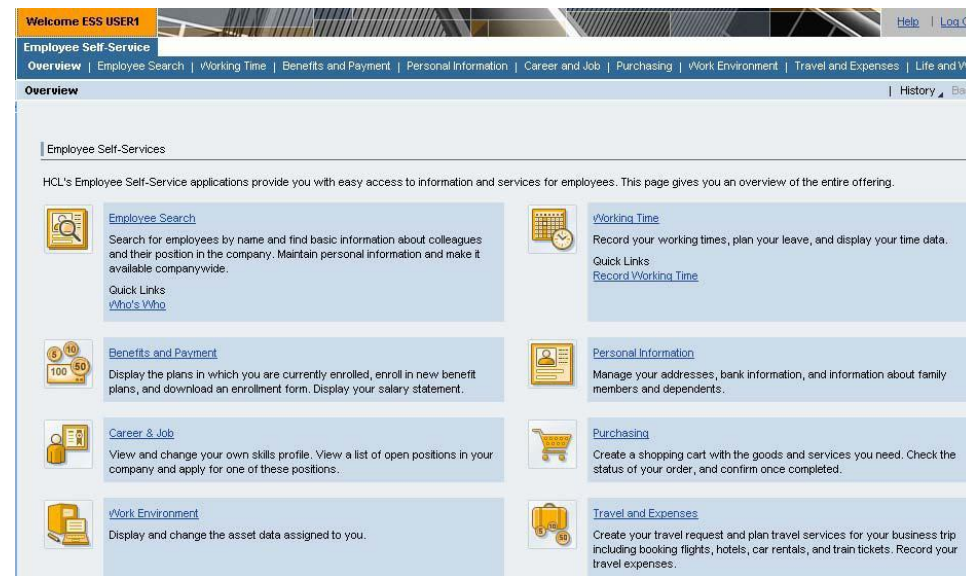
Manager Self-Service (MSS)

- Central web-based access point for managers
- MSS uses the backend systems of the human resources and finance departments and supports the management with enterprise-wide relevant information
- The self-service tools automate paper-based processes, e.g. inquiries regarding master data changes or performance assessments

- Managers can do following activities by MSS:
  - Gaining information
  - Hiring employees
  - Carrying out compensation planning
  - Controlling costs
  - Manage the budget and human resource planning
  - Change personal data
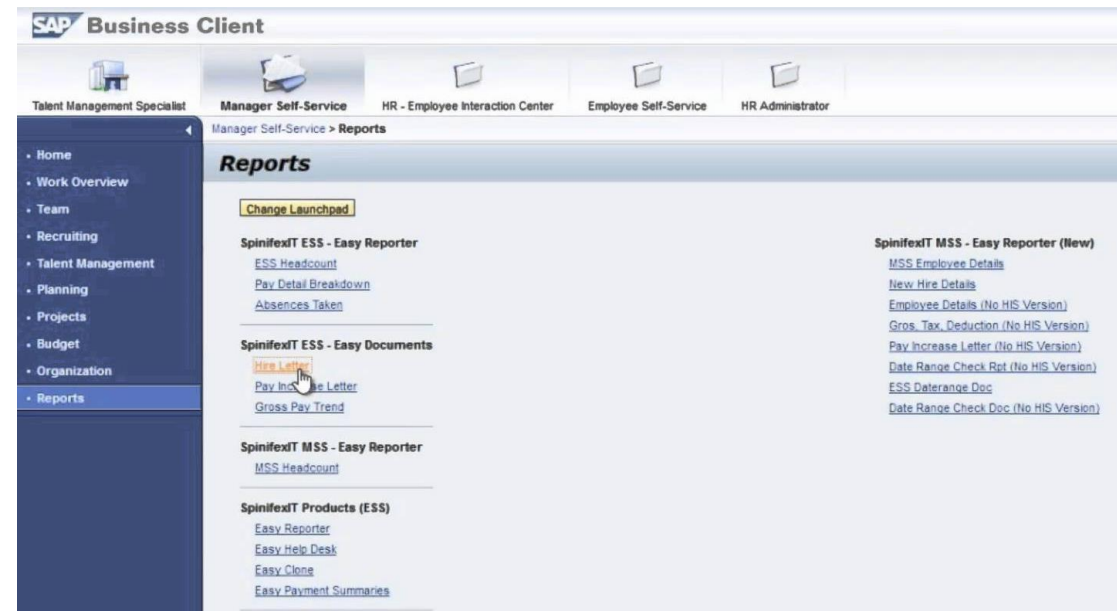
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- Innovations in S/4HANA

Innovations in S/4HANA

- SuccessFactors: the next generation HCM suite in the public Cloud

  ➢ the go-forward HCM solution for cloud and on premise

- connects S/4HANA with productized integration based on HCI content (HANA Cloud Integration)
  ➢ out-of-the-box connectivity options between cloud and on premise applikations
  ➢ e.g. OnPremise2Onpremise, Cloud2Cloud or Cloud2OnPremise

- SAP S/4HANA customers may also using SAP ERP HCM on-premise

Innovations in S/4HANA

- SAP SuccessFactors is the new HR Management in S/4HANA and is supposed to replace the ERP HCM as a cloud solution in the future

- The functions are organized in combinable modules:
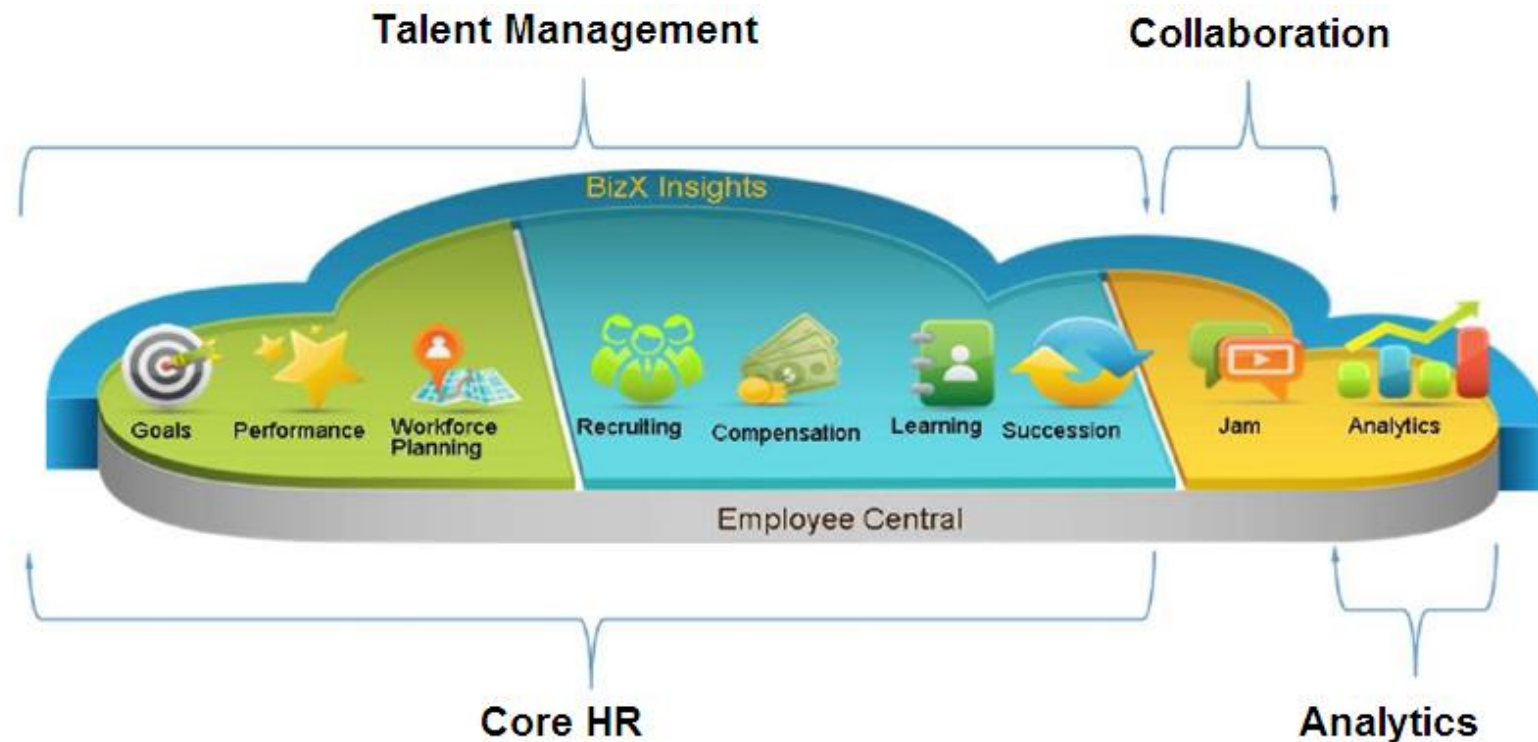
Innovations in S/4HANA
## Productized Integrations between SuccessFactors and S/4HANA

Innovations in S/4HANA

• SuccessFactors is public cloud only	• SAP ERP HCM is on-premise only
• Deploy together with S/4 HANA cloud edition (productized integration available today)	• Deploy as single instance, co-deployed with S/4 HANA on-premise edition
• Deploy together with S/4 HANA on-premise edition (productized integration planned 2H2015)	• Deploy as separate instance connected with S/4 HANA on-premise edition, productized integration based on ALE
• Productized Integration via HCI	• Productized integration to deploy with S/4HANA cloud edition is under consideration

Innovations in S/4HANA

- There are various integration options with the existing SAP systems

- Based on the business requirements, a suitable solution can be selected

- The SAP ERP HCM processes can be executed completely in the cloud, on-premise or with a combination of both variants in a hybrid implementation
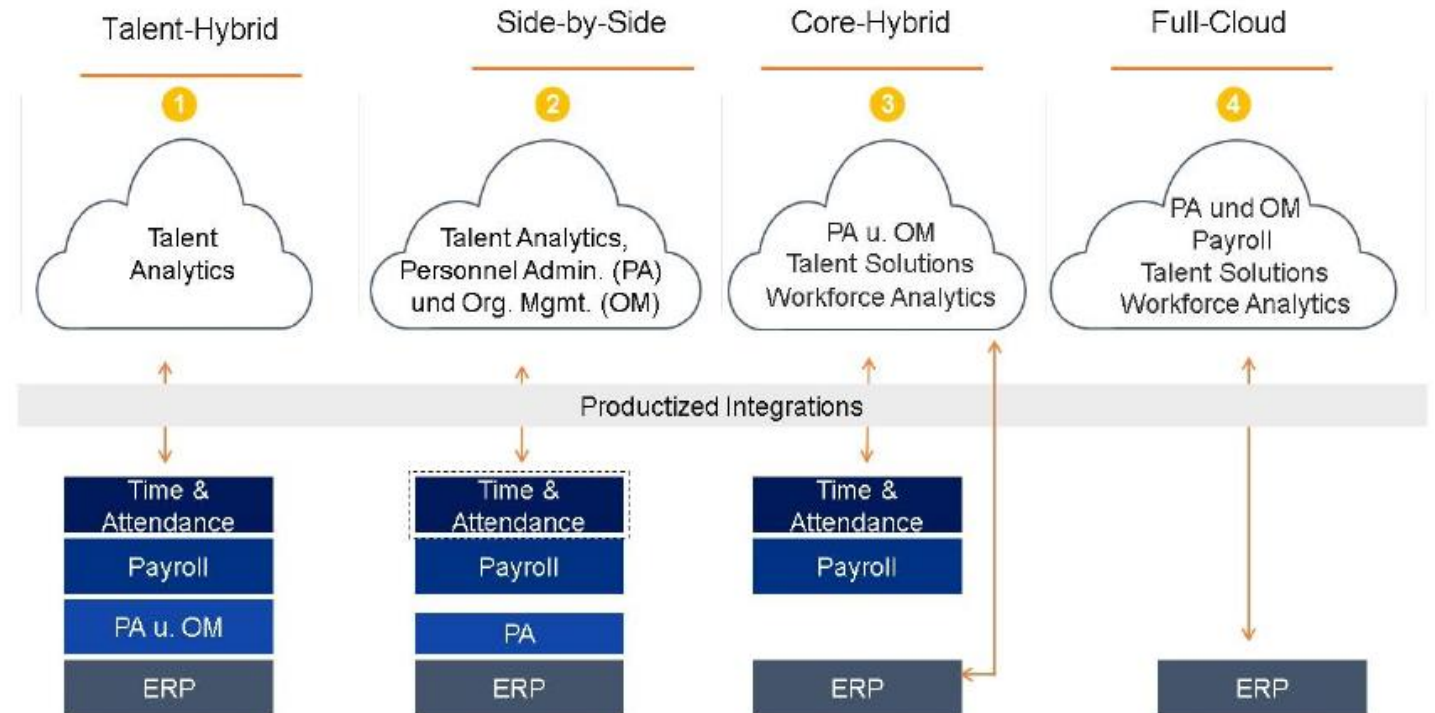
Innovations in S/4HANA

- only the Software components SAP-HR and EA-HR are still available in SAP S/4HANA, when using the Compatibility mode

- It´s not planned to provide application simplifications based on the traditional SAP HCM functionalities, such as Fiori-based user interfaces

- Conversion of employees to Business Partners
  - The new data model in S/4HANA is based on Business Partners (BP)
  - A BP must be assigned to each employee

Thank you!