

ECONOMIC IMPLICATIONS OF E-HRM SYSTEM IMPLEMENTATION IN DEDEMAN COMPANY

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Due to the situation in recent times and the latest global economic trends, an idea presented decades ago was reiterated: *the most important resource of any organization is its human capital*. As a direct consequence of this known idea, many specialists have treated in recent years, subjects which were related in one way or another with the field of Human Resources, since Human Resources sector will survive in the new economy only if it has a computer technology. As a result, the essential condition for achieving excellence in the computerized management of human resources management is the development and implementation of performant e-HRM systems. For this reason, any organization, regardless of its size and nature, must resort to the implementation of an e-HRM information system adapted to its specific needs, because the performance of the human resources activities (HR) depend to a large extent on the correlation between software instruments and employees' skills. In order to identify the effects and benefits of implementing e-HRM systems, we presented a case study focused on Dedeman Company – retailer of construction materials and interior design.

Keywords: human resource, implementation, e-HRM information system, benefits

1. Introduction

E-HRM is a relatively new concept in business practices. As a concept widely spread and booming, it is easier to understand that misunderstandings can be quite common. The most common mistake is to assume that e-HRM is in fact the Human Resources Information System (HRIS). The main difference between them would be that HRIS is directed to the human resources department itself, while e-HRM refers to all the corporate staff of the organization. Thus, e-HRM can be considered the HRIS unlocking for all employees of the organization (Shilpa V., Gopal R., 2011).

Competitive advantages created by the implementation of such systems have been studied since 1992 when Broderick and Boudreau publish a work representing a global vision on the use of e-HRM, focused on the tools of e-HRM recruitment, reducing the cost and time, improving services, training and career development of employees, management and use of information in order to support organizational decisions (Broderick, R. and Boudreau, J. W., 1992). They believe that these systems are administrative in part, informative in part, that reduce costs and allow the HR Department to focus more on strategic activities through the issue of time.

The way that e-HRM systems affect the efficiency of the human resources function introduced the first interest for researchers in 2006, when it was studied the impact that the Intranet has on the HR tool and on the line managers (Ngai, E. w. and Wat, F. K., 2006). The study examined management satisfaction and concluded that this influences the way in which managers relate to the function of HR as a whole.

Regarding the impact that e-HRM systems have on human resources, researchers present five hypotheses concerning the impact that applied technology in the field of HR has over operations in this area (Broderick, R. and Boudreau, J. W., 1991). The study shows that broad-based and extensive use of IT solutions allows more efficient use of the information by the HR specialists and gives it more autonomy. At the same time, this practice has an impact on the roles assumed by the specialists in the field, these roles

being more based on knowledge, but also on expectations that top management has from this department. It was established and that this implementation of technology also leads to significant changes in terms of the nature of labour by reducing the necessary processes, thus underlying the transformational impact.

Some authors (Stone, D. L., Stone-Romero, E. and Lukazweski, K., 2006) argue that the main impact of management systems of electronic human resources lies in the ability to store and dispose of staff information in a shorter time and in a more precise manner, reducing duplication, dissemination capacity in the network that they have, automating processes and increasing efficiency of the HR function. However, the current key benefit is considered to be the value of the information provided by HRIS (Karakanian, M., 2000).

Studies undertaken have identified two key results of these systems: analytical support in decision-making and administrative-type, by reducing costs and time (Hussain, Z., Wallace, J. și Cornelius, N. E., 2007). The main point of interest of the research undertaken is to determine the amount of information to make the decisions of the HR function to be taken faster and be more efficient, and the fundamental impact has been identified as the need to discard certain administrative layers.

Implementation of e-HRM solutions in an organization varies, both in terms of the organization's functions that affect them, as well as in terms of the complexity of the architecture used (Martinsons, M.G., 1994). Currently, organizations have the freedom of choice between classic face-to-face HR services and e-HRM, which is focused on the following three areas: *transactional HRM*, *traditional HRM* and *transformational HRM* (Wright, P.M. și Dyer, L., 2000).

Accordingly, it has been argued that the e-HRM can be used for *transactional activities*, consisting in keeping records, and daily activities related to the organization's transactions, *traditional activities*, which include: recruitment, selection, training, rewarding, performance management etc. and *transformational activities* which are those that add value to the organization, such as: knowledge management, strategic reorientation etc. (Ruel, H., Bondarouk, T. și Looise, J. K., 2004).

Based on the literature focused on the theme of the impact of information systems over the activities of the human resources management, it was found that rapid changes in the technological environment specific of the last ten years have determined that the traditional approach of e-HRM systems benefits from the predominantly operational perspective to be insufficient to highlight the necessity of implementing such systems in a highly-competitive environment. Organizations around the world have adapted to this trend and have initiated projects to implement certain e-HRM systems that integrate components dedicated to each area of interest in HR departments, which can assess the impact of e-HRM systems dimensions (operational, relational and transformational) on the performance of their activities.

2. Implementing the SAP HCM system (Human Capital Management) within DEDEMAN Company

2.1. Presenting DEDEMAN Company

Dedeman is the successful business of two Romanian entrepreneurs which, since 1992, have developed the retail chain with construction materials and interior decorations, Do-It-Yourself (DIY) type, for those who want to build and fit out homes. There are few companies with hundred percent Romanian capital that have managed to face multinationals coming from the West, to survive and even to win the battle, Dedeman being one of them

Dedeman is one of the most dynamic companies in the field. 8 years since the opening of the first store type DIY with an area of over 5000 square meters, became the national leader in the retail of construction materials and interior decorations, currently operating a network of 30 stores.

The company has been expanding fast and at a steady pace, but in addition to reporting financial highlighting its performance the most important asset of the business model Dedeman is the human capital. Employees who work in the 30 retail chain stores make up a dynamic, pragmatic family, always attentive to the requirements, plans and needs of their clients and partners.

In 1994, Dedeman had 11 employees. In 2002, 245 people worked for the retail network with construction materials and interior decorations. Today, at Dedeman, over 6000 employees are at clients' disposal, being committed to their plans.

In the network of stores Dedeman, customers can choose articles intended for heating, plumbing, electrical, sewer and gas, basic construction materials, materials for interior design, tools and accessories, tools and equipment, protection equipment, items for the garden, furniture, electronics and appliances. The range of products marketed is extremely generous surpassing 45000 items, these coming from national manufacturers or imports - France, Italy, Spain, Poland, Slovakia, Germany and China.

Dedeman means at the same time quality services that accompany and complete shopping that customers make in its own stores. In addition to counseling and consulting, logistics and support services

transforms the visit at Dedeman into an invitation to come back anytime in a friendly, attentive and flexible environment, dedicated to hard working and enterprising peoples' plans.

Under the slogan "*Dedicated to your plans*" and with a strong anchor in its values, Dedeman is characterized by practicality, honesty, diligence, perseverance and a warm, friendly and loyal personality.

Human resources are the most important category of assets of Dedeman. During more than 20 years of activity, Dedeman developed a west organizational management, so as to be "dedicated" both to its customers' plans, and also to the professional development plans of its employees. All these efforts have been confirmed by the company's presence in the top of Capital magazine in 2005, of companies that treat employees with respect, and a year later, position 8 in the top of companies worth working for, of the same magazine. In 2010, Dedeman was the 4th largest employer with Romanian private capital.

On a very competitive national market, Dedeman is counting on all members of its team to achieve results and to provide excellent service to customers, offering employees the support and opportunities for personal development, to help them improve in the best conditions and to implement the initiatives.

Top management of Dedeman is aware that the success of the company depends on motivating employees, their openness and capacity to contribute to the development of business strategies with new ideas. It also undertook the mission to meet the individual needs of more than 6000 employees, encouraging them to maintain a balance between work and private life.

The company's force is represented by the approximately 6000 employees because it considers the staff as its most valuable capital. A new employee will be able to rely on some colleagues from whom can learn.

Top management of Dedeman believes in professional development. An experienced senior employee has the opportunity to discover something new every day, because it will pass through an assiduous program of training, so as to be able to access management positions if it has potential. So thanks to multiple training courses enjoyed by the employee of Dedeman, the experience is not a condition of employment at Dedeman (with very few exceptions).

The goals of human resources management reflects:

- integration of all employees at the best level;
- creating a proper mood of the company represented by the firm's values and organizational culture.

Responsibilities of the human resources department are:

- attracting, selecting and employing new employees using information from the resume, recommendations and interviews;
- communicating information about new posts, both to employees of the company, and other companies;
- ensuring that employees have the necessary education and training to meet their obligations;
- using an effective process to analyze the performance of employees and to determine bonuses and salary increases;
- calculating wages and benefits for each employee;
- communicating changes in salary, benefits;
- proposing management plans for changes in the company (expansions, withdrawals, etc.) so that competent employees to be available to support the business.

In order to remain competitive in terms of personnel and wage policies, but also because it wants to constantly and continuously improve organizational environment in which the activity takes place, the company undertakes every year an internal investigation regarding the degree of employee satisfaction and depending on its results, Dedeman aligns with their requirements.

2.2. The necessity of implementing an e-HRM system in the company DEDEMAN

Following an audit within the Human Resources Department of Dedeman, it was found that the activities of recruitment, employment and integration would be more effective if it has an integrated data management system.

Of the reasons which have imposed changing the old computer system dedicated to the management of human resources we can mention:

- the current solution obsolescence and failure to support business development;
- outdated technology;
- the possible non-compliance with current requirements of the company;

- the HCM computerized solution used until now did not allow the interconnection with other information systems within the company;
 - the salary and human resources systems were not integrated and morally exceeded.
- Choosing the SAP HCM (Human Capital Management) system by the top management of the company DEDEMAN, after a preliminary analysis of existing offerings in the market, was considered appropriate because of the following capabilities:
- ❖ the ability to integrate and standardize all HR processes to the needs of the company;
 - ❖ comprehensive reporting and analysis of options;
 - ❖ simplifying and centralizing the data;
 - ❖ fair assessment of business and management capacity testing;
 - ❖ internationally proven solution;
 - ❖ web-based solution;
 - ❖ 100% configurable solution;
 - ❖ support for interfacing with own software;
 - ❖ possibilities of further enlargement without functional risks (risks of further integration and/or licensed additional cost);
 - ❖ maturity and stability.

2.3. SAP HCM system implementation in the company DEDEMAN

Once with business development, Dedeman decided to implement a performant system of human resource management, given that the old solution could no longer cope with the expansion of the company.

SAP HCM is a management solution of human capital that offers organizations of all sizes and in all industries the tools necessary to integrated management of employees, allowing a real-time and proper management of data about them. The application allows the identification and alignment of skills, activities and benefits of employees with business objectives and strategies by increasing efficiency through cost reduction due to the automation of the processes. SAP HCM includes functionalities that cover the entire range of activities about the personnel: organizational management, recruitment, staffing processes (hiring, dismissal-resignation, salary change, organizational assignment etc.), data management on employees, training and improvement, personal development (including career and succession on posts), working time management, payroll, compensation management, fundraising management and positions, reports.

SAP HCM implementation was done in parallel with the current use of old applications without disrupting the activity of the company. Dedeman turned to the company RedPoint for the purpose of consulting on the SAP HCM implementation process.

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Objectives of the SAP HCM system implementation in the company Dedeman focussed on:

- implementing a solution to support the development of the company;
- defining business processes consistent with best practices in the field;
- managing large amounts of information and ensuring their accuracy;
- increasing competitiveness in the national market;
- getting the reports needed to ensure operational and strategic management;
- increasing monitoring of HR activities.

Components of SAP HCM system implemented in the company Dedeman are characterized by the following **functionalities**:

- ❖ **Identifying and retaining talents**

Within company Dedeman is very important the choice of suitable person for the suitable job. That's why SAP HCM includes functionalities that help to identify and develop employees with potential, ensuring that in their turn can be promote future leaders and their possible successors on key management positions.

SAP HCM supports *personalization actions of training opportunities and planning, career development and definition of Dedeman employees*, offering the top management, HR professionals and staff with executive role the opportunity to visualize in real time the allocation of employees tasks through

analysis and reporting functions. SAP provides users direct access to thousands of standard reports, as well as the ability to easily create reports on demand. Based on data provided by SAP HCM, decision makers in the Human Resources Department may provide *the necessary of human resources, track costs associated with HR activities, as well as the rate of return on investment on HR projects.*

❖ **Implementing value-added processes**

This functionality of SAP HCM system allowed HR processes to be more efficient, due to the fact that the employees of Human Resources Department of Dedeman focus more on value-generating activities and less on routine tasks.

❖ **Automating wage calculation**

SAP HCM reduces the operating time and eliminates operating errors by automating the calculation of salary.

❖ **Employee skills inventories**

SAP HCM presents information about employees in an organized manner so as to ensure the identification and tracking of employees with high potential who are eligible for key positions in the company.

❖ **Strategic alignment**

Assess how the succession programs of the company help employees to assume key positions by ensuring continuity of operations and monitoring of the way in which the employee's goals intersect with corporate objectives.

❖ **Improving management of leave periods**

Classic e-HRM systems do not provide the ability to manage complex periods of leave, permissions to leave work, notes from calls in sick leave and overtime hours compensated with days off. In SAP all of these items are automated.

❖ **The alignment of modern HR practices**

SAP HCM ensures company's alignment with modern HR practices. This system maximizes the amount of relevant information for the organization and determines productivity growth through organizing and integrating the essential processes related to work force, as employee administration, payroll, time management. The solution is continuously adjusted to the regulations and legislative requirements changing thus having the safety of a solid and stable application in accordance with changes in local legislation.

SAP HCM components allow to integrate all human resources activities within the ERP system through rapid deployment services (Table 1), tracking employee traceability within the system, improving the internal communication between employees and Human Resources Department, editing reports using an internal generator, easy to use, without requiring programming knowledge for a series of reports that will be needed for internal decisions that will be issued at superior departments level or which will be requested by internal/external customers, as well as configuration and calculation of certain key performance indicators specific to HR activities assessment, including situations about staffing allocations in different projects, promotions, transfers between departments.

Table 1. Coverage of SAP HCM offer

SAP HCM components	Rapid implementation services
Personnel administration Organizational management Time management	Fast - Track SAPHCMCore
E - recruitment	Fast - Track SAPE-Recruiting
Learning solutions	Fast - Track SAPLearningSolution
Performance management (based on fix process)	Fast - Track SAPEmployeePerformance Management
Career and success planning	Fast - Track SAPCareer-and Succession Planning

SAP HCM components facilitate the management of a large volume of information and ensure their accuracy, obtaining the necessary reports to ensure strategic and operational management and harmonization of the HR activities of the company Dedeman.

"**Manager's Desktop**" menu allows managers of human resources to carry out a series of reports, such as: human resources standard reports and control modules, but also customer-specific reports.

"Employees" section includes the reports relating to general data on employees and information relating to the training, assessment and staff development (Figure 1).

Managers who connect to the "Manager's Desktop" can only see a part of the employee's responsibilities and execute reports only for the staff that is directly or indirectly subordinate to managers.

Personnel area is defined by specific aspects of personnel administration, time management and payroll. Personnel areas are subdivided into personnel sub-areas.

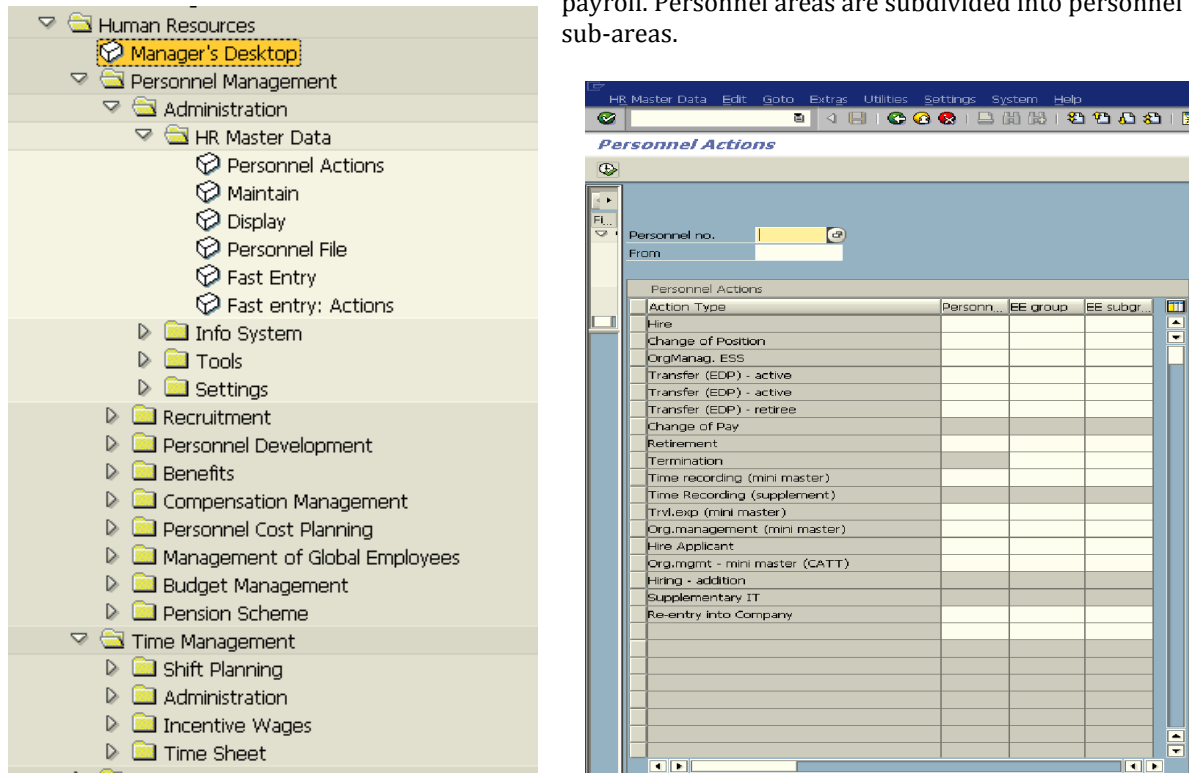


Figure 1 –Manager's Desktop menu

The group of employees is an organizational entity governed by personnel specific rules, while employee subgroup illustrates an organizational entity within a group of employees which is governed by personnel specific regulations.

SAP HCM system's infotypes assigned to the various HR activities (Figure 2) provide the prerequisites for achieving the following functions:

- ✚ Implementation of the timekeeping system, with customized configuration and customized training for the operational personnel of the company;
- ✚ Implementation of automatic import of data from the internal timekeeping system through PDA devices (Personal Digital Assistant);
- ✚ Implementation of personnel management application for staff documents management (contracts, addenda, medical certificates, seniority certificates);
- ✚ Configuration of custom reports for the operational management of human resources;
- ✚ The interface with SAP ERP system (Enterprise Resource Planning) for transmitting salary costs per cost centers and accounting dimensions;
- ✚ Implementation of emailing wage bulletins module, both individually and grouped by team representatives.

INFOTYPES	ORG. UNIT	POSITION	JOB	TASK
Object (1000)	✓	✓	✓	✓
Relationship(1001)	✓	✓	✓	✓
Description (1002)	✓	✓	✓	✓
Department/Staff (1003)	✓	✓	✓	✗
Character(1004)	X	X	X	✓
Planned Compensation (1005)	X	✓	✓	✓
Vacancy (1007)	X	✓	X	X
Account Assignment (1008)	✓	✓	X	X
Work Schedule (1011)	✓	✓	X	X
Emp Group/Emp SubGroup (1013)	X	✓	✓	X
Obsolete (1014)	X	✓	X	X
Cost Planning (1015)	✓	✓	X	X
Standard Profiles (1016)	✓	✓	✓	✓
PD Profiles (1017)	✓	✓	✓	X
Cost Distribution (1018)	✓	✓	✓	✓
Addresses (1028)	✓	✓	X	X

Figure 2 – SAP HCM system representative infotypes

2.4. The benefits of implementing SAP HCM system in the company DEDEMAN

Maintaining the company's profitability and ensuring solid growth are all the more important for the company's management with a view to enhancing competition at the sector level on the part of multinational companies, as well as its plans to expand the company's activities at the national level.

Dedeman experience has demonstrated the need to implement an e-HRM integrated system. The chosen solution - SAP HCM is a computerized management tool of HR activities that helped the company not only to control and to reduce its HR operational costs, but also to support HR performance growth of the company over medium and long term.

Among the most relevant benefits of SAP HCM system implementation in the company Dedeman we remind:

- significant reduction of costs through the implementation of a modern concept of controlling;
- complete and detailed view of the role-based organization;
- support for organizational change;
- the ability to control, manage and analyze the activities of training, from preparation, planning and execution, in an integrated manner;
- the ability to manage complex processes and work flow in accordance with company policies and procedures;
- increase productivity of employees;
- efficient transmission of the objectives and values of the company;
- significant support in decision-making due to complex analyses on the human resources of the company;
- efficient data management on employees, the cost of planning and of working time;
- reliability and integrity data of employees;
- robust analysis and reports;
- a single integrated solution for the main tasks and eliminating the need for data replication;
- reducing software maintenance costs;
- increased level of control over HR operations;
- a flexible stable, scalable and easy-to-use solution that increases the value of the company and adapts quickly to the needs of ever-changing business;
- awareness and streamline human resources processes due to the employees that will focus more on value-generating activities and less on routine tasks.

The secrets of SAP HCM implementation success consisted of unconditional support and real involvement of top management of Dedeman, the professionalism of project team members, firmness in decision-making, management of the project based on the methodology of ASAP project management and continuously monitoring of the project.

3. Conclusion

The challenges and opportunities associated with the implementation of a new e-HRM information system have targeted the complex work processes standardization in accordance with company requirements, managing all training activities within an integrated system of management of human resources and maximizing employee development and productivity; thus, the first exposure of the company Dedeman to SAP HCM standard system (Human Capital Management) of such far-reaching revealed the related advantages of planning staff processes, which can thus be carried out in a manner as effective and flexible, as well as integrating and homogenizing data, involving:

- the replacement of the current solution, which was no longer required and was no longer sufficiently scalable;
- the data consolidation into a centralized e-HRM system.

The case study presented highlights the advantage of computerization of HR operations, namely increasing the effectiveness of the activities conducted within human resources departments, providing HR professionals more time to focus on strategic tasks and better manage the human capital available to the company.

The computer system implemented is characterized by a focus on the transformational dimension of e-HRM, because it emphasizes strategic HR areas oriented towards employees skills capitalization as a result of the processes of stocking relevant information, facilitated by IT&C support. E-HRM system modules devoted to managing activities of recruitment, selection, training, assessment of competence and professional performance illustrates the effort concentration in the HR area on talent management.

The experience of the organization analyzed, as a result of the implementation of e-HRM systems, suggests that a new approach of HRM in the information age requires not only a clear understanding of the decision-making requirements in the field of HR, but above all the ability to quantify the technological benefits and their impact on the organization of firms, outside the human resources function.

Dedeman company has the opportunity to explore new strategic tools, in order to enhance the effectiveness of HR activities through the savings of financial resources at the operational, relational and transformational level. We also propose the integration of e-HRM system with other information systems modules. The advantage of solution modularity is the ability to adapt quickly to the specific needs of the organization.

Due to the competitive environment which is constantly changing, the main challenge to companies in the private sector in Romania consists of the loyalty of valuable employees that can make the difference between the company and its competitors. A powerful HRM system can help to maintain a balance between personal goals of employees and performance targets of the company.

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