

Human resources in a start-up company

About the relevancy of the human resources management and about the computer added HR processes in a start-up company

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Abstract

Some people have the opinion that HR or HR Department is not necessary at a small venture like a starting start-up company. However even the smallest companies should also invest in HR. If a strong HR function is developed by the company, employees may feel valued. Founders should explain to employees what the company does and whom it does it for, and why the company is in this business. If employees see through the processes of the company they are able to work for the company efficiently. In the interest of transparency and to share business information with all of the employees, start-up company should apply an ERP-system. In the work the author makes a suggestion to introduce S/4 SAP HANA system to see the business processes of the company. The work emphasizes the importance of processes of human resources management especially in the case of start-up companies. The author brings into focus the Personnel Development and Talent Management from the processes of human resources management which are very important recently either by companies functioning in the Hungarian economy or in other European countries. Employers shall select and hire those people who are engaged to the company's vision and if it is so, then founders and managers shall value, honour them for example with personnel development and talent management (career planning). The work shows those functions of SAP HCM (Human Capital Management) which are able to help in retention of employers hereby raising their commitment to the company.

purpose of their job within the organization, employees do their best. As the start-up company grows, the number of employees have been increasing and the founders must rely on a team to represent the company to partners, customers, suppliers, creditors, and investors. If the employees can not explain why the company exists, what its vision is, then the company's message will never spread. Therefore start-up founders need to spend time making sure that their employees share their vision of a better future empowering them to be effective „flag-bearers”. Managers must pay attention and resources into managing their employees so that employees should feel important and valued. Through the processes of personnel development and career planning employees can feel the care and that they are important for the company.

C. requirement of transparency

Start-up founders have to be aware of that how much information they should share with staff. Employees are expected to be informed about the business processes and have all of the information they need to work effectively, but are reluctant to share confidential information [1]. Employees shouldn't be burdened with excessive communication. The application of ERP-systems are the best choice to solve the problem of information-sharing [2]. Employees and managers can come to better decisions with the use of ERP.

I. STRATEGIC HR ISSUES OF START-UP COMPANIES

There are **three strategic HR issue** which start-up companies should pay attention. The success of the business depends on them:

A. Personality matters

First the HR specialists should understand the personalities and personas of the company's customers. Marketing, customer support, sales and product management plans should be designed with the focus on the company's diverse customer base.

B. the company's values and vision must be articulated for employees

Employees work better when they can make decisions on their own. If they have got the skills, knowledge and training needed in their position and they understand the

II. S/4 HANA SAP

One of the best ERP-system applied in a company is SAP-system. The introducing of S/4 HANA from SAP by a start-up company is a good choice to show the business processes for the employees. It is important that the employees understand the goals and the operation of the company.

SAP S/4 HANA is a business suite (S in the name means both: simple and suite), and one of the biggest innovation in the history of SAP. SAP S/4 HANA delivers simplifications (customer adoption, data model, user experience, decision making, business processes, and models) and innovations (Internet of Things, Big Data, business networks, and mobile-first) to help businesses to run easier in the digital economy [4]. SAP S/4 HANA provides access to all of data of the computer systems, including the Internet, and it can be available to all users.

It insures opportunities to run the companies their day-to-day business in real-time using industry best practices [5].

A company has a lot of business processes in the different functional areas (asset management, production, sales, customer service, financial accounting, management accounting (controlling), human resources management and so on). The author deals with the processes of the Human Resource Management in SAP in her work.

With the help of SAP University Alliances the latest SAP technologies can be integrated into teaching. SAP University Alliances (SAP UA) is a global curricula program in educational institutions of 113 countries. The author uses the case studies created exclusively for SAP UA global curricula with the Global Bike (GBI) data set.

III. HCM PROCESSES OF SAP:

- a) Organizational Management
- b) Personnel Administration
- c) Recruitment
- d) Personnel Development**
- e) Talent Management**
- f) Performance management
- g) Personnel Controlling.

The author brings into focus the process of Personnel Development and Talent Management in her work. Personnel Development and Talent Management has been getting more and more important among the tasks of employers because of the rising shortage of labour force. Before covering of the processes of Personnel Development and Talent Management the enterprise structure in SAP ERP HCM must be made clear through the exposition of the Organizational Management.

A. Organizational Management

Organisational Management represents the structural and personnel organization of a company, consists of organizational units and shows the organizational structures and hierarchies and also an employees responsibilities. It consists of three parts:

1. Enterprise Structure
2. Personnel Structure
3. Organizational Plan

1. Enterprise Structure

Each employee needs to be assigned to an enterprise structure which represents formal and financial structures

in the company and consists of company code, personnel area, and personnel subarea. **Personnel Area** represents a company area differentiated between personnel administrative, time management, and expensive organizational aspects. **Personnel Subarea** is the part of a personnel area and represents a company area differentiated between personnel administration, time management, and payroll accounting aspects.

2. Personnel Structure

Personnel structure means an employee's position within the company and it is defined by employee group and employee subgroup. **Employee Group** is an organizational unit for which personnel related regulations can be specified for examples: active employees, external employees and retirees (see Figure 1). **Employee Subgroup** is an organizational unit within the employee group, for which personnel related regulations are specified for examples: industrial employees, commercial clerks, laboratory assistants).



Figure 1. Employee Group and Employee Subgroup

Source: GBI tutorial, SAP UA [3]

3. Organizational Plan (OP)

Organizational Plan exposes in which function an employee is acting. OP is object-oriented: each element is represented by an object which can be assigned to each other. **Organizational Units** can be grouped according to functional and regional aspects. **Position** is assigned to organizational unit and filled by employee (for example: HR manager in the HR Department). **Person** are employees and fill positions. Cost Center derives from Controlling (Management Accounting) and can connected to positions or organizational units. **Job** represents the general description of tasks which an employee must perform, is assigned to position (see Figure 2).

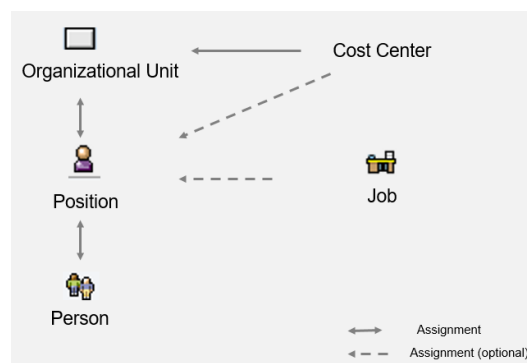


Figure 2. Organizational Plan

Source: GBI tutorial, SAP UA [3]

Thereinafter we can come to the point of Personnel Development and Talent Management.

B. Personnel Development and Talent Management

The purpose of **personnel development** is to qualify employees according to their actual and future requirements and to optimize the benefits of employees. The personnel development in a company consists of the comparison of actual and future requirements.

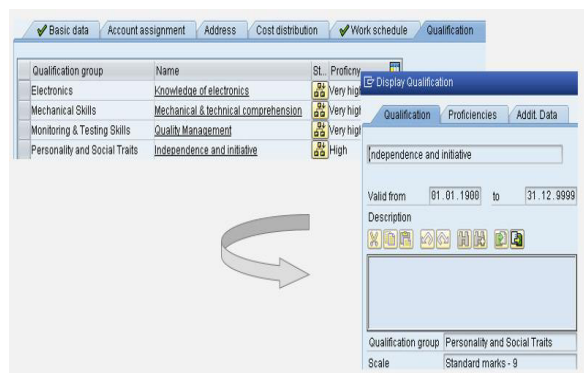


Figure 3. Requirements (qualifications, knowledge and experiences)

Source: GBI tutorial, SAP UA [3]

The process of personnel development helps the HR department with planning and administration of teaching and development actions, as well as enables to heed qualifications of employees and to reveal shortages in qualifications of employees. To show the deficits between the requirements of a position or job and the qualifications of employees the system makes a **profile matchup**.

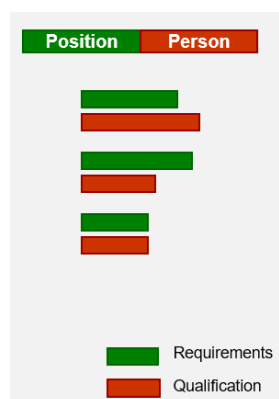


Figure 4. Profile matchup

Source: GBI tutorial, SAP UA [3]

The results of the profile matchup can be three kinds:

- both characteristics are identical,
- under-qualification: requirements are higher than the qualification ,
- over-qualification: requirements are lower than the qualification.

The personnel development system can generate development proposals and plans. Moreover, employees can be booked directly for training courses or other events (in the case of under-qualification). After a training course or a development action, acquired qualifications are absorbed to the qualification profile of an employee from the personnel development system (both are identical). In performance management, benefits and developments of employees can be evaluated.

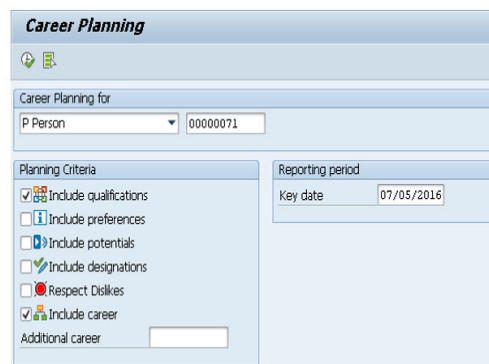


Figure 5. Career Planning

Source: GBI tutorial, SAP UA [3]

The **talent management** is concerned with career planning as well as further training of employees and is integrated in personnel planning. The talent management consists of analyses and applying of careers, individual development plans and following plans.

Positions and tasks for an employee are able to be allocated **in career planning** (Figure 5.), that the person can fulfill during his career in the company. Development actions are originated, which are important for the employee to reach a station. This is arranged when qualifications of an employee get adjusted with requirements of a station in the career. The career of employees is planned and development possibilities are made up. Individual development plans get derivate out of the career planning. **Development plans** describe a summary of further training and general training events, that an employee can use in the career, so they are developed for a special employee.

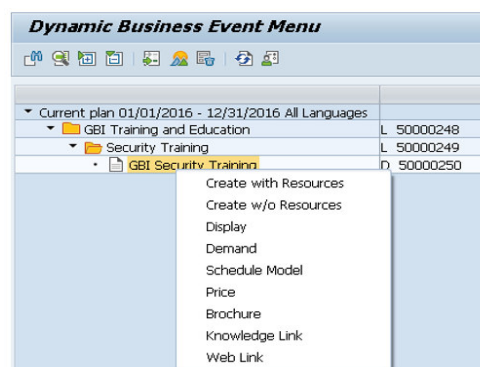


Figure 6. Creating an event

Source: GBI tutorial, SAP UA [3]

Figure 6. shows the way of creating an event. The missing certificate will be added.

Figure 7. Creating of user schedule

Source: GBI tutorial, SAP UA [3]

After entering the Name of the event its location is able to be chosen. Before saving the event the minimum number of attendees, as the optimum and as the maximum number of attendees must be entered. In the upcoming screen *Create User Schedule* (Figure 7), the duration (days and hours in total) must be also entered in the Without pattern tab. This training (in Figure 7) will start on a Monday.

Figure 8. View of the created event

Source: GBI tutorial, SAP UA [3]

If the folder for the Security Training in the Dynamic Business Event Menu is opened, the created event is able to see. Afterwards, booking of the event come (Figure 9).

Figure 9. Booking of the event

Source: GBI tutorial, SAP UA [3]

Figure 10. Follow up business event

Source: GBI tutorial, SAP UA [3]

There is an opportunity to follow up the booked event and if it is necessary to mark it as fixed in the SAP system. Additional if it is necessary you can correct the period of time for the actual plan version (Figure 10).

Figure 11. Career planning

Source: GBI tutorial, SAP UA [3]

Person must be selected and the personnel number of the employee must be entered. As the reporting period, the current date must be chosen (as the Key date). The planning criteria shall include qualifications and careers.

A case of personnel development and career planning was able to see and the way how the HCM-modul from SAP could support the previous HR processes. It makes easier for HR experts to manage and help employees in their path of carrier.

IV. CONCLUSION

On the basis of research companies with strong HR function are better at: hiring employees, developing employees, and retaining employees. Other important requirement is the understanding of the business processes of the company by the employees. Founders and managers have responsibility to share the vision, mission, purposes of the company with the employees and empower them to make decisions on their own in order to feel that they are

appreciated. Employees understand the mission and goals of the company if the information is shared with them, so they can give the mission forward for the partners of the company. Employees work better if the present situation and the future is cleared. They are able to understand the processes of the company through the ERP-system. The author wrote about the worldwide SAP-system, about its up-to-date, latest version: S/4 HANA. The work brought into focus the processes of HR, which processes are as important in start-up companies as other small, medium or big companies. The computer added HR processes by SAP (HCM-modul) consist of seven processes: Organizational Management, Personnel Administration, Recruitment, Personnel Development, Talent Management, Performance management and Personnel Controlling. The work deals with the Personnel Development and Talent Management empathically because these processes are indispensable for a recent successful company in our economy with labour shortage. Employers must retain their employees, in this way the company can save (recruitment) costs and can be much more productive if the employees feel connected, important, valued and empowered. It is worth to invest into introducing HCM-modul of SAP HANA because of the transparency and the better opportunity of organizing of Personnel Development and Talent Management. When a start-up company have been growing and the number of employees has been rising, the bigger organization requires other skills, knowledge, tasks from the employees and managers. They must develop themselves personally. The work of HR Department supported by SAP HANA is definitely more efficient and successful in the field of Personnel Development and Talent Management (Career planning) than without HCM-modul of SAP software.

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