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Operating efficiently: implementing HR information systems in SMEs

Practical insights from small and medium-sized enterprises on how HR information systems can be used to improve organisational efficiency and access to people data

As a result, the people professionals in those SMEs spent a lot of time dealing with routine administrative activities and had little time to contribute to their organisation's strategy. Scaling up recruitment activities during organisational growth spurts was difficult and stressful. Information was sometimes lost among emails. Getting accurate data and making sense of it was challenging and time-consuming. Some also raised concerns about data security and complying with data privacy regulations in different countries.

Addressing many of these operational problems in SMEs could be done by adopting an HRIS, which could be set up in a few months by one full-time employee. Once in place, it would become an essential tool that enables people professionals to work more efficiently. It would also improve the employee experience by streamlining information flow across the organisation and provide valuable analytics to help shape people strategies.

In addition to the case studies we reviewed, the CIPD also took a closer look at the experiences of four people professionals in European SMEs who implemented cloud-based HR information systems in 2019–20. Previously, none of their organisations had a centralised HRIS. At the time of writing (May 2021), these organisations employed between 150 and 300 people:

1. Deirdre Breen, Head of HR, Flynn, Ireland
2. My Lindholm, HR Partner, Tradedoubler, Sweden

3. Claire Thomas (not her real name), People Advisor, Fintech SME, France
4. Willem Kistemaker, HR Project Manager, Basilea Pharmaceutica, Switzerland

Getting buy-in from the boss

Persuading your leadership to invest in an HRIS is not always easy. Breen, in particular, had to fight her corner. Her organisation wasn't going through a growth spurt like Thomas's. It didn't have multiple systems like Kistemaker's organisation either, so the cost-saving from consolidation was not obvious.

To tip the odds in her favour, Breen persuaded one of the managing directors to support her proposal, explaining the benefits of having a HRIS as well as the pitfalls of not having one. For example, how access levels could be customised so that colleagues can only see personal data relevant to their work, and how she would be able to pull reports more quickly for the finance team.

'As a consequence of my conversations with them, [the managing directors] put in place a technology group to look at digital platforms for other aspects of the business. Once that got off the ground, we met three or four times and each person was tasked with a different platform. We presented our research and the different systems that we were looking at. They went off and deliberated and came back and said, "Right, this is how we are spending our budget." Thankfully, the HR information system was included in that,' Breen said.

Countdown to going live

Implementing the HR information system took between five weeks and six months at the four organisations, depending on the HR solution being implemented and the amount of time spent customising and testing before going live. This was the period after signing the contract until the first day when the system became the main source of people data. All of the organisations had access to the vendor's client support during the project.

The difference was partly because of the amount of time spent customising and testing before going live. Thomas's manager configured five modules in five weeks, dedicating one or two days a week to the project. She met weekly with the vendor's client support but didn't have many questions because the configuration guide was easy to follow.

Setting up took around two months for Lindholm and Kistemaker. When Lindholm joined her organisation, it had already started configuring the system. But she had to reconfigure it to make it work with the different rules in each country, such as for vacation carry-over.

Breen took almost six months to get up and running. She spent the first three months working closely with her IT colleague and the vendor who configured the system. In the last three months, some of the time was spent testing and refining the system.

Kistemaker explained, *'You don't have to launch everything at once. You can decide to launch bits and pieces at a time. That's the nice thing about it.'* Candidates started engaging with his organisation's HRIS through the recruitment module before self-service became available to employees. Lindholm also agreed with Kistemaker on not launching everything at once. After going live, she continued to refine access levels so that she can customise settings for specific countries or employee groups without affecting the whole system.

While training employees to use an HRIS properly is important, choosing one that is intuitive and has useful features significantly increases adoption. All four people professionals said employees found their system easy to use. Breen, for instance, intentionally chose one with a good mobile app, so that remote employees who don't have company laptops can use their mobile phones to apply for holidays and record time spent on construction projects. She even made sure there was a single sign-in, so employees don't have to memorise another password to access the system.

Freeing up time to do other things

The HRIS did save a significant amount of administrative time where it was tightly aligned with the organisation's policies and processes. For example, it enabled recruitment and onboarding to be more integrated and streamlined at Kistemaker's organisation. *'It's easy to loop other employees into the processes… Because it's user-friendly, line managers can just step in and roll with it,'* Kistemaker commented. New hires save time too because they don't need to re-enter personal details that are already collected at application stage. But where it wasn't tightly aligned, for example to the French system of recording time off, as in Thomas's case, it can cause more of a headache.

All four people professionals said that their HRIS made data much more accessible to the right people and strategically supported their organisations with timely people analytics. Kistemaker said, *'When you speak to employees, you tend to speak to the loudest ones. That is not necessarily representative of the sentiments of the wider employee population… [Having a HRIS] means that we can actually see how many people we are losing a year, why we are losing them and what their performance was like.'*

For Lindholm and Breen, it also means more time for business partnering. Instead of chasing for appraisal documents, Breen could focus more on supporting the performance management conversations. Similarly, Lindholm has more time to run

bespoke workshops for different employee groups in response to country manager requests.

Seven top tips for implementing an HR information system

1. **Get buy-in from key stakeholders**
   'Make sure that you have the organisation with you and that they understand the benefits of having a system and using HR analytics to make the right decisions,' Lindholm advised. Breen added that it's important to get a champion from senior management who will support your proposal. She said, *'I met regularly with that individual to ensure that they understood what the benefits of the system were… So when I was presenting to the management team, I had somebody in the room who was already going to support my decision.'*

2. **Prioritise your organisation's requirements**
   It is likely that no single system can do everything that you need it to do. Identify the must-haves and nice-to-haves, bearing in mind your organisation's budget and people's ability to maintain the system. Breen and Kistemaker recommended focusing on improving the employee experience – self-service features need to be intuitive even for those who don't use it regularly. This is also an opportunity for you to review processes – whether to keep doing, update or stop doing them. As you get a better understanding of the organisation's pain points, your requirements might change.

3. **Get your hands dirty**
   Don't just base your decision on vendor demonstrations and <u>user reviews</u>. Once you have a shortlist, obtain trial copies to test how well the HRIS meet your requirements. Kistemaker explained how the testing works: *'You log in and they have a dummy company set up. You get to hire and fire dummy people and give them salary increases and just interact with the system.'*

4. **Borrow from other systems**
   If you've found an amazing HRIS, but a few modules don't fully meet your requirements, you could also explore whether you can link other vendors' software to it. Kistemaker found it very easy to connect data from his organisation's HRIS to other software by *'just copying and pasting some code'.* It's a *'game changer'* because he now has a wider range of reliable people data sources to do people analytics.

5. **Consider country-specific policies**

The HRIS should support your organisation's country-specific policies. Otherwise, you might end up spending more time manually amending the data or even confuse employees. For example, Thomas is frustrated with the way her organisation's system records absences because it currently doesn't support the French policy of giving <u>RTT</u> rest days (to compensate for unpaid overtime) to employees.

6. **Start somewhere and then refine**
After identifying your requirements and doing some research, Lindholm advises that *'at some point you just need to go for it.'* While it's important to get it right, so employees have a positive experience of the HR information system, you don't have to configure all of the requirements before rolling out. You can refine afterwards. *'I get feedback from our employees daily or weekly on things that I'm changing,'* Lindholm said.

7. **Suggest improvements to the vendor**
All four people professionals we spoke to gave feedback to the vendors. To Breen's delight her vendor implemented some of the things that her organisation would really like to have. Success may depend on whether other customers have also asked for the same thing, how easy it is to implement and whether the vendor can fit the suggested improvements into their development schedule.

See our partner Personio's *<u>HR Software Guide</u>* on choosing the appropriate HRIS solution in eight steps.

Our <u>digital transformation series</u> continues next with *<u>Operating efficiently: implementing HR information systems in large organisations</u>*.