



# *build* **smart**

*your total hr solution...*

***Business Case***

***Implementation of an HR System -  
International Market***

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## **Introduction**

The purpose of this document is to provide a business case for the purchase of the Buildsmart HR system. Essentially, this document will highlight all of the benefits a company will get from the software, that will result in both time and cost savings for their business.

## **1 - Commonly Experienced Issues – Construction Environment**

### Statutory Requirements

There are a number of South African statutory reports that are required to be submitted annually. Each of these reports needs to be completed and submitted by a certain date, and must also be submitted to the respective statutory body in the required format. The reports are required by law, and therefore are not optional for the client.

Examples are:

- Employment Equity
- Workplace Skills Plan and Actual Training Report
- StatsSA
- BBBEE

These reports can be time-consuming to prepare, and if they are incorrect, the statutory body is given the leeway to impose severe penalties.

### Legal Requirements

The legal system of South Africa has put controls in place to ensure that the relationship between the employer and employee remains fair. These laws are tables in such documents as the Basic Conditions of Employment Act, Labour Relations Act, Occupational Health and Safety Act and Employment Equity Act. These requirements play a pivotal role in the Human Resources process, particularly from a compliance point of view. An HR Manager needs to be prompted regarding compliance issues, as well as have the latest laws made a part of a Human Resources Management System.

Non-compliance to legal requirements will result in significant financial penalties, and undesired labour situation.

### System and Data Integration

As there are many common touch-points between Payroll, HR and Time and Attendance data, many organisations end up expending their expensive resources on capturing the same employee data multiple times. This is an inefficient use of resources, and will immediately result in a loss of money and time for the company.

### Company Assets

The Human Resources department is responsible for the tracking of company assets provided to employees. This includes items such as equipment (mobile phones, laptops, 3G, etc) and clothing (overalls, safety boots and helmets, etc).

Furthermore, many organisations provide accommodation for foreign employees working for them for the duration of a project. This represents a huge expense to the organisation, and as such needs to be carefully monitored and tracked.

If these items are not correctly managed and tracked against employees, the company could suffer a significant loss of both assets and money.

### Segregation of duties

The construction industry as a discipline is unfortunately vulnerable to collusion and fraud. If this is not closely monitored, organisations are open to losing huge amounts of money.

One of the best checks a business can put in place is to create segregation of duties. For example, the person who inputs an employee's rate of pay, should be different to the person who puts in the employee's banking details. In this scenario, ideally a payroll representative would enter the rate of pay and an HR representative would enter the banking details. This will reduce the risk of collusion. Furthermore, if the hours entered for employees are entered by a third person, it would make collusion near to impossible.

### Control

From an HR perspective, certain controls are required to ensure that the following happens:

- Employee data is recorded with all necessary documentation included (signed contract for example)
- Company policies and procedures are adhered to (induction for example)
- Health and Safety requirements are met (medical check-up for example)
- Employees are appropriately qualified/accredited (engineers and plant operators for example)

Each of these items, if not properly controlled, could result in the company being held liable in the event of an employee being involved in an accident whilst on duty. These controls need to be in place in order to ensure that the company has done all that is required for all employees from a legal perspective.

As a company grows in employee size and location, it will become increasingly difficult to control these items manually for all employees. A system with built in checks is therefore required to ensure that all protocols and controls are adhered to.

From an on-going maintenance perspective, certain items expire that could have a significant impact on the business if not attended to before-hand. A system is needed to prompt HR staff about the impending expiries, in order that they be dealt with ahead of time. Some examples are:

- Expiring Contracts;
- Licences
- Passports
- Visas, Work and Residency Permits
- Medical Certificates
- Training Certificates
- Inductions
- Probation Periods
- Etc

### Leave Management

Poor management of leave immediately results in potential monetary losses for the organisation. Leave is also one of the most easily, and most often, abused areas, where employees can cause the company a significant loss. In the construction environment, control of sick and family responsibility leave for site staff is most often abused, as little to no control is enforced at site level.

Proper management and policy about "capping" of balances is hugely important, as they can result in over-stated provisions and large pay-outs at time of termination. A system is required to manage, and warn the organisation of instances where large annual leave balances are reached.

Effective control, including supporting documentation, is required in order to make sure that this is effectively managed.

### Availability of technology to workers

It is an increasing trend for employees to have access to their information online (such as leave balances, employment information, training and education records etc). This has led to the creation of Employee/Manager Self Service tools which require employees to have access to computers. In the construction environment, this is

not always possible as +-90% of the staff are labourers out in the field. Therefore access to this information requires that mobile technology (phones and tablets) is available.

#### Flexible Reporting

From a strategic point of view, HR is required to make very important decisions when hiring of new staff, growing the skills in the business, identifying trends or even down-sizing/restructuring of the organisation. In order to make these decisions effectively, HR needs to have certain information made available to them accurately and timeously.

This task is generally impossible via manual files or even Excel based tracking. A flexible system reporting tool is therefore required.

#### Auditing

Manual files and Excel spreadsheets do not provide the HR Manager with auditing tools to track any changes/alterations to employee data. This can have an impact in many ways, particularly in the areas of collusion and fraud. All changes/updates must be tracked correctly in order that these issues are dealt with properly.

#### Volumes

One of the greatest difficulties facing the HR staff is the matter of dealing with large volumes of information. There needs to be an effective and efficient way of getting this information correctly and accurately allocated in a database, for proper reporting.

#### Automation, Workflow and Electronic Tracking

Managing certain processes in the organisation via manually capturing documents or emails is fraught with issues, missing details and lost documents. The need is therefor that everything to be managed electronically, and "work-flowed" to various parties for approval and action.

This will reduce the need for lengthy "paper trails", thus saving the organisation time, money and significant effort.

#### Remote accessibility

Construction is a de-centralised environment, meaning that staff are scattered in many locations to do project-based work. This makes it difficult for organisations to collate HR information, as it often has to come from many different sources.

If a system is not available from all locations, collating HR data can be near impossible.

### 3 - Business Case – What can Buildsmart HR do to assist with these issues?

The purpose of this section is to illustrate how the HR system will assist in dealing with the issues highlighted above (and more).

#### Statutory Requirements

Employment Equity and Workplace Skills Plans: Both of these reports can be produced from the system, using the data from day-to-day administration. This greatly reduces the administration/effort to compile these reports to the absolute bare minimum.

The StatsSA report can be drawn populated directly from the system, in the format required by the Department of Labour.

The UI-19 form can be drawn populated directly from the system, in the format required by the Department of Labour.

#### Legal Requirements

Contract Management: Comprehensive contract management (including email notifications) is included to ensure that administrative staff and employees are always notified about expiring contracts before the expiry date. Company can be liable for up to six month's salary if an employee is not informed about their impending contract expiry.

BCEA rules regarding leave are built in to the system and notify the user accordingly when an action will contravene these rules.

Rules regarding requirements for Workmen's Compensation claims are built in to warn the user when they are required to submit documentation.

Disciplinary and Grievance Management: Comprehensive disciplinary management system (including forms and notifications) is built into the system to ensure that all required documentation is stored, and all procedures are followed. Onus is on employers to manage all documentation regarding disciplinary procedures, and is required for CCMA / Labour Court. Typically, one case lost due to insufficient documentation would cost the same as the Buildsmart HR System.

Health and Safety: Comprehensive health and safety tracking can be performed on the system, as well as injury on duty management processing (includes email notifications and mandatory workmen's compensation document tracking)

#### Integration Requirements

The Buildsmart HR system is integrated with both the Buildsmart Payroll system (SmartPAY) and the Buildsmart Time and Attendance system (BSmartMobile).

This results in organisations only having to capture common employee data once, and it will then be made available to the two other corresponding systems immediately. The organisation has the flexibility to determine who will be the "master custodian" of these employee details, both initially, and from a maintenance perspective.

#### Company Assets

**Equipment and Clothing:** The system allows you to track the issuing of clothing and equipment, as well as email notifications for when clothing and equipment is due to be recovered / re-issued. This will avoid situations where employees are issued equipment and clothing on a regular basis unnecessarily, or leave the company without returning these items. This could potentially save the organisation a great deal on money throughout the life cycle of a project.

**Accommodation:** The system boasts an accommodation management facility that comprehensively tracks the allocation of employees to company accommodation facilities. This includes attributes such as whether an

employee requires meals, whether they pay rent what items of bedding etc they use. The facility allows the company to comprehensively track accommodation activities, to ensure costs are not unnecessarily incurred.

#### Segregation of duties

The integration module between the Buildsmart HR, Payroll and T&A systems provides a flexible setup mechanism that allows the user to easily segregate duties between system users in a very specific manner.

#### Control

**Checklists:** The Buildsmart HR system includes both Engagement and Termination checklists, which assist in prompting the HR staff with any items that need to be addressed when an employee starts or leaves.

**Contract Management:** Comprehensive contract management (including email notifications) is included to ensure that administrative staff and employees are always notified about expiring contracts before the expiry date.

**Disciplinary and Grievance Management:** A comprehensive disciplinary management system (including forms and notifications) is built into the system to ensure that all required documentation is stored, and all legal procedures are followed. The onus is on employers to manage and retain all documentation regarding disciplinary procedures, which is often required for proper Labour Court proceedings. Typically, one case lost due to insufficient documentation would cost the same as the Buildsmart HR System.

**Health and Safety:** Comprehensive health and safety tracking can be performed on the system, as well as injury on duty management processing (includes email notifications and mandatory workmen's compensation document tracking)

**Expiry Management:** Comprehensive management (including email notifications) for relevant HR expiries, which ensure that administrative staff and employees are always notified about the impending expiries. Employers can be held liable for accidents that occur where there are expired items such as:

- Licences
- Contracts
- Passports
- Visas, Residency and Work Permits
- Medical Certificates
- Training and Trade Certificates
- Inductions

#### Leave Management

The Buildsmart HR system includes a comprehensive and automated leave engine, which deals with virtually every type of leave (including remote applications, simple leave forms, email notifications and statistical reports). Most companies lose huge amounts of money due to incorrect leave management. Utilisation of the Employee Self Service facility for electronically "work-flowed" requests would hugely reduce administration requirements.

#### Availability of technology to workers

The Buildsmart HR application is a web-based application as mentioned above, but many of its functions at employee and manager level are also available via the Employee/Manager Self Service tools on mobile phones and tablets.

#### Flexible Reporting

The HR system has one consolidated database for all employee records and supporting documents, which means the organisation will never need to restore backups, or use separate logins to access the variety of data and functions offered within the system. This same principle applies when accessing historic information about current or previously employed staff.

Where there are overlaps, information is instantly available. The consolidated database requires that this data only be captured once, but can subsequently be available to multiple users.

The Buildsmart HR system provides over 300 pre-defined reports, which have been tailored to assist management with handling their staff better (i.e through statistical reports, staff turnover / absenteeism reports, etc).

Additionally, the user has the ability to design and save custom reports as per their specific requirements.

#### Auditing

The HR system is a user based system, which means that people can't log in unless they have been provided with appropriate login credentials. The users can also be configured to view, add, modify or remove information down to a screen level, in order to restrict access.

Every action that is performed on the HR system is tracked and recorded in the audit facility, and a flexible reporting tool is provided to the system admin user to filter and access audited information at any point in time.

#### Volumes

The Buildsmart HR system has two facilities to deal with large volumes of information.

**Import and Export:** This facility provides Excel templates where users can bulk upload information into the HR system.

**Mass Capture:** This facility provides a screen where the user can capture a common record once, and apply it to an unlimited number of employees or to specific groups of employees.

**Improved processes and administration:** Staff are able to implement quicker / more effective management of employee data. This reduces the amount of time needed to do their current work, and releases them to focus on other more important HR activities.

#### Automation, Work Flow and Electronic Tracking

The HR system has a built-in and fully configurable, workflow management system. This can be customised to suit organisation's specific requirements. This removes all need for paper-based documents and trails. All actions will be stored electronically, and are audited.

#### Remote accessibility

The Buildsmart HR system is a fully web-based product, which means it is accessible from any location with an internet connection that has the appropriate networking credentials.



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**BUILDSMART HR SYSTEM**

**BUSINESS CASE FOR PURCHASING OF SOFTWARE**