SAP Personnel Administration and Organizational Management

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1. Introduction

SAP stands for Systems, Applications and Products in Data Processing. Five German Engineers founded it in 1972. SAP is an ERP software which large organizations use to manage their business. SAP has several modules, each of which represents a business-process. Modules are usually abbreviated for the business process they represent. For instance, HR is Human Resources, FI for Financial Accounting and SD is Sales & Distribution and so on. All together there are some nineteen modules.

These modules are highly integrated in real-time, which means, that if information is shared between modules then the data is entered only once. This reduces the chances of error arising from repetitive entry and also reduces the man-hours. Managers and decision makers always have information at their fingertips and this helps then in effective decision making.

SAP has been around for over three decades. Nine out of ten Fortune-500 companies have already implemented SAP (not counting the thousands of to-be Fortune-500 companies that have SAP). There are well over 10 million SAP users worldwide and jobs keep popping up all around the world.

SAP is the leading ERP (Enterprise Resource Planning) software. Because of it's liberal open-architecture, there are millions of programmers working around the world to provide interaction between thousands of major software and SAP.

SAP is usually implemented in phases. The first phase is when organizational structure and accounting components are configured, tested and then taken live. Gradually more modules are turned on.

HCM Course

The purpose of this book is to learn step-by-step general configuration methods for the HCM module. The course is built on menu path navigation of the Implementation Guide (IMG) and the application area.

LearnSAP

LearnSAP strives to help students develop SAP skills and knowledge needed to complete in the employment market and adapt to future changes. The training course combines classroom theory of SAP technology with hands-on practice.

LearnSAP strives to evolve with the marketplace, delivering skills-based education that is sensitive to market needs and convenient to students. Our goal is to help people develop into employees who are equipped to meet the challenges of a marketplace where change is the one constant.

2. SAP Logon

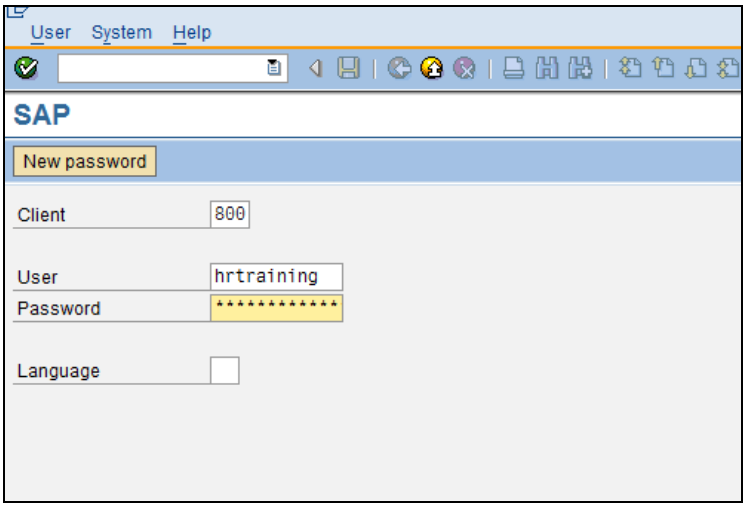
SAP Logon

Client = 800

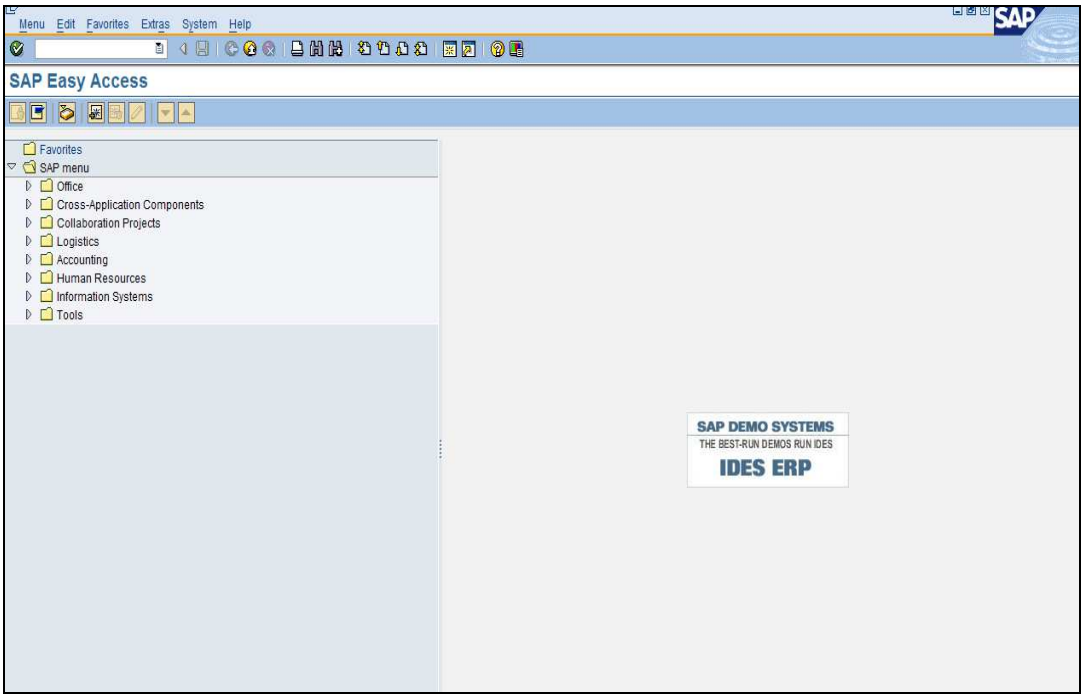
Username = <your user name>

Password = <password>

Click on Enter

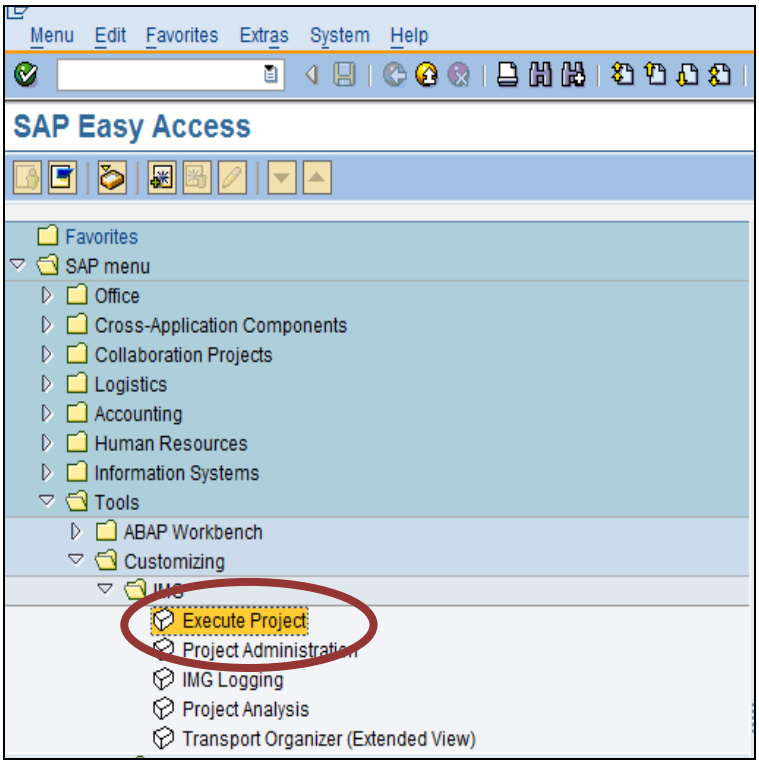


Press enter and you see SAP Easy Access.



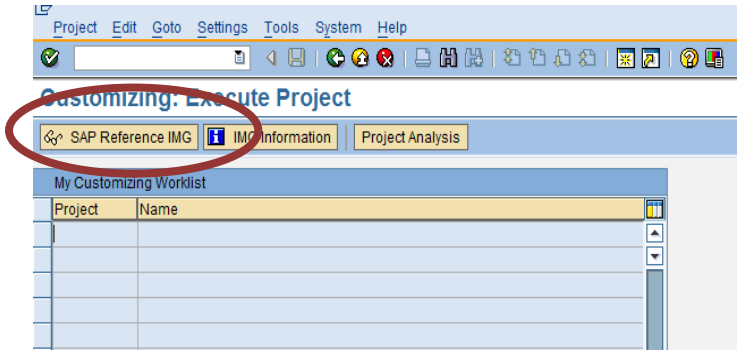
The setting or customizing of SAP is done via the IMG (Implementation Guide). The route to reach the SAP Reference IMG will be as follows:

Menu Path : SAP Main Screen -> Tools -> Customizing -> IMG -> Edit Project

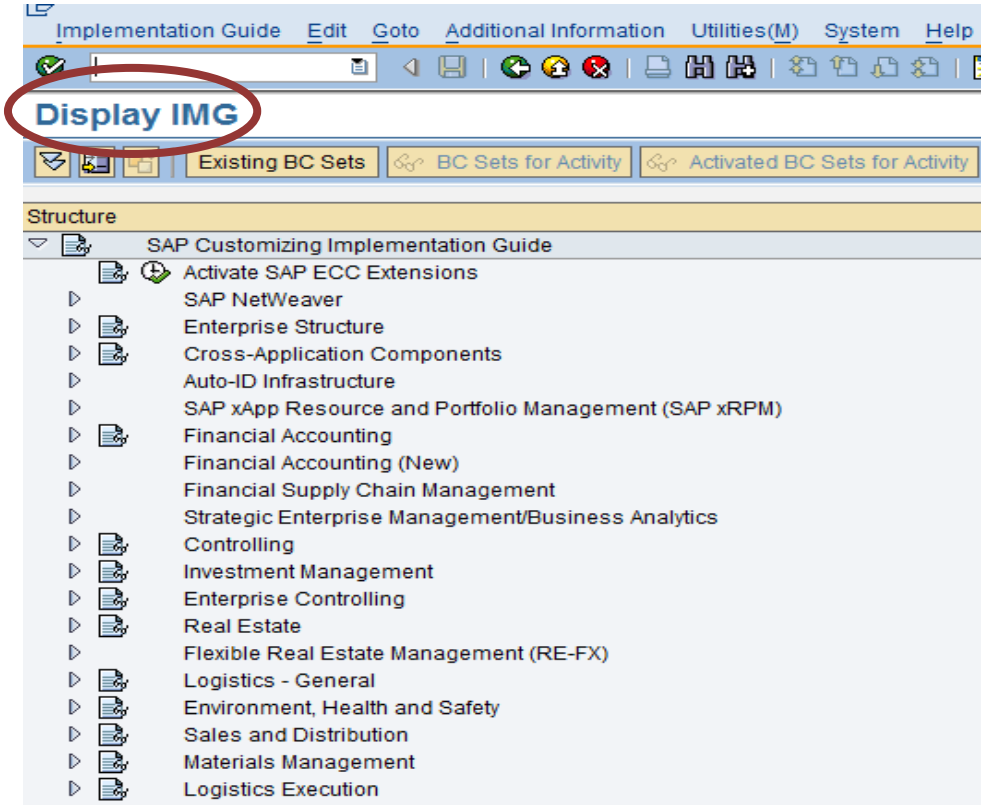


Double click on "Execute Project"

Click on the "SAP Reference IMG" button



You see the IMG Screen



3. Overview of Human Capital Management

SAP HR or SAP Human Resources or SAP HCM or SAP Human Capital Management or SAP HRMS or SAP Human Resources Management System is one of the largest modules in the SAP R/3 system which consists of many sub modules like:

* Organizational Management
* Personnel Administration
* Recruitment
* Time Management
* Payroll
* Compensation Management
* Personnel Cost Planning
* Personnel Development
* Training & Event Management
* Travel Management
* Environmental Health & Safety.

Many of these sub modules are further sub divided into many components for e.g. Time Management is further divided into Time Administration, Shift Planning, Incentive Wages, and Time Sheet. There are further sub-division of each sub module in SAP.

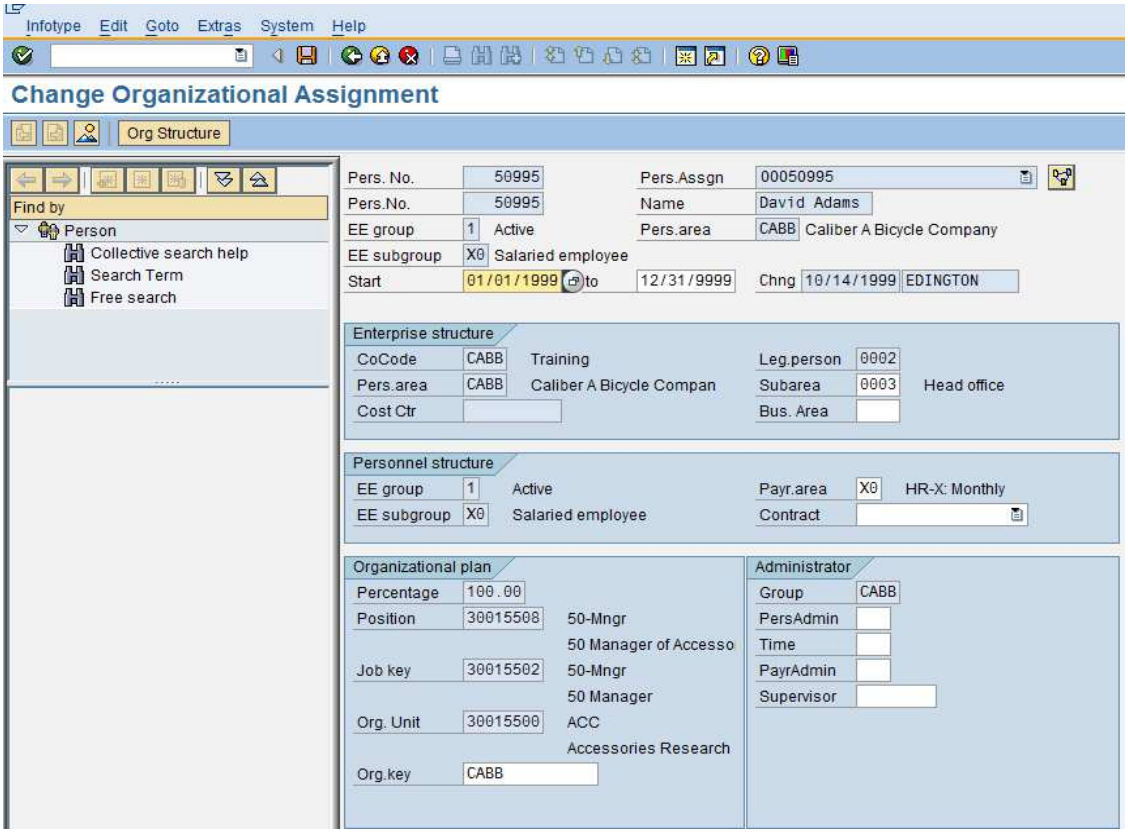
A Human Resources Management System enables you to set up organizational hierarchies and employee relationships and then store and administer employee data in the system.

The structures of an enterprise are subdivided into organizational structures, based on an organizational plan, and administrative structures, based on the enterprise and personnel structures.

There are three types of Human Resource structure:

- Enterprise Structure
- Personnel Structure
- Organizational Structure

We assign all three structures in info type 0001(Organization Assignment)



Information on the organizational assignment of employees is of great importance for authorization checks, for the entry of additional data, and for Time Management and Payroll Accounting.

Enterprise Structure: Company code, personnel area, and personnel subarea
Personnel Structure: Employee group, employee subgroup, payroll accounting area
Organizational Structure: Organizational units, jobs, and positions

Enterprise Structure

The enterprise structure is the method used for defining how your organization is set up in SAP ERP HCM. Aligning your company correctly to this structure is one of the most important steps of an SAP implementation, because the enterprise structure defined here can have important ramifications on later decisions, not just in Employee Administration but in many other SAP ERP HCM components as well.
The Enterprise Structure for Personnel Administration is made up of the following elements:

An independent legal and organizational unit of the system.
An independent company with its own accounting unit; a company that draws up its own balance sheet.
A specific entity for Personnel Administration; a subdivision of the company code.
Personnel Subarea: A subdivision of the Personnel Area.

Personnel Structure

As opposed to the enterprise structure, which defines the organization from a legal and physical point of view, the personnel structure defines the organization from the employees' point of view.
The Personnel Structure is made up of the following elements:
Used to classify employees into general groups for processing of pay, time, and benefits.
A subdivision of the employee group. This allows further distinguishing of employees according to specific traits.

Organization Structure

An **organizational structure** consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment

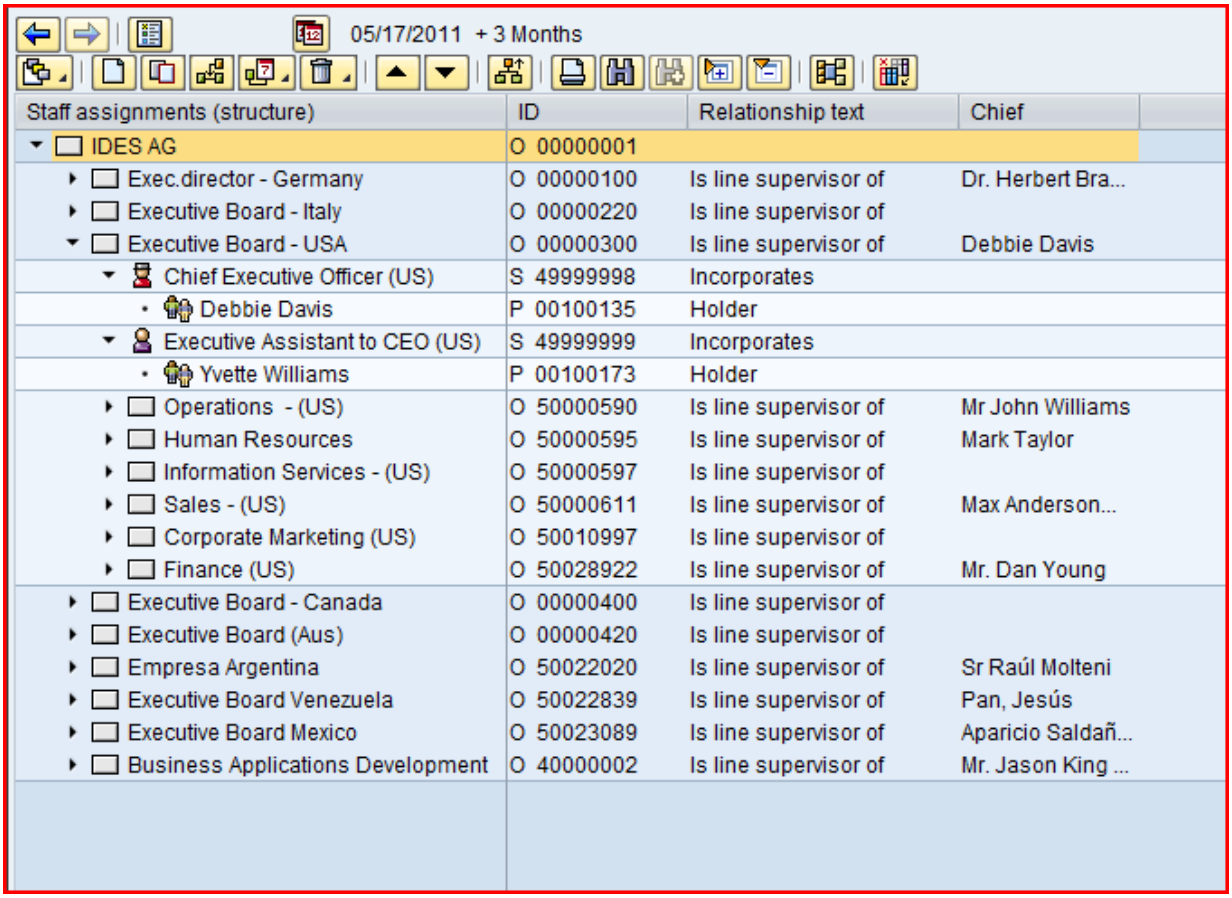
Organizational Management enables you to get a clear picture of your organization in the past, present, and future. Using this information, you can prepare for and react to future HR requirements and changes.

Organizational Structure is divided in two divisions

- Organization Plan
- Administrator

Organization Plan: You create your organizational plan using organizational units and positions. An organizational plan is a comprehensive and dynamic model of the structural and personnel environment in your enterprise, which you can evaluate at any time.

Administrator: You can enter three different administrators: one for personnel administration, one for time management, and one for payroll.



Staff assignments (structure)	ID	Relationship text	Chief
IDES AG	O 00000001		
Exec.director - Germany	O 00000100	Is line supervisor of	Dr. Herbert Bra...
Executive Board - Italy	O 00000220	Is line supervisor of	
Executive Board - USA	O 00000300	Is line supervisor of	Debbie Davis
Chief Executive Officer (US)	S 49999998	Incorporates	
Debbie Davis	P 00100135	Holder	
Executive Assistant to CEO (US)	S 49999999	Incorporates	
Yvette Williams	P 00100173	Holder	
Operations - (US)	O 50000590	Is line supervisor of	Mr John Williams
Human Resources	O 50000595	Is line supervisor of	Mark Taylor
Information Services - (US)	O 50000597	Is line supervisor of	
Sales - (US)	O 50000611	Is line supervisor of	Max Anderson...
Corporate Marketing (US)	O 50010997	Is line supervisor of	
Finance (US)	O 50028922	Is line supervisor of	Mr. Dan Young
Executive Board - Canada	O 00000400	Is line supervisor of	
Executive Board (Aus)	O 00000420	Is line supervisor of	
Empresa Argentina	O 50022020	Is line supervisor of	Sr Raúl Molteni
Executive Board Venezuela	O 50022839	Is line supervisor of	Pan, Jesús
Executive Board Mexico	O 50023089	Is line supervisor of	Aparicio Saldañ...
Business Applications Development	O 40000002	Is line supervisor of	Mr. Jason King ...

Company and company code are created by FICO consultant.

4. Enterprise Structure:

The Enterprise Structure for Personnel Administration is made up of the following elements:

Company:	An independent legal and organizational unit of the system.

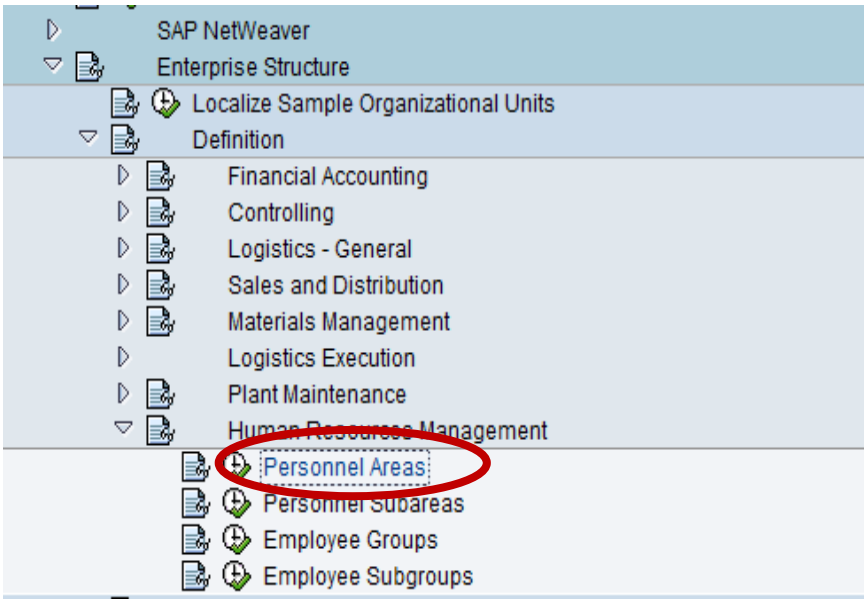
de: An independent company with its own accounting unit; a company that draws up its own balance sheet.

a: A specific entity for Personnel Administration; a subdivision of the company code.

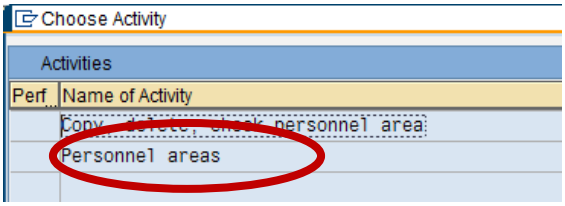
Personnel Subarea: A subdivision of the Personnel Area.

a. Define Personnel Area: A Personnel Area is a specific entity within the Personnel Administration structure. It is a subunit of the organization. Each Personnel Area must be unique and assigned to one company code. Personnel areas are used for reporting purposes, validating authorizations, setting up planned working times, and generating default information in employee master records and pay records.

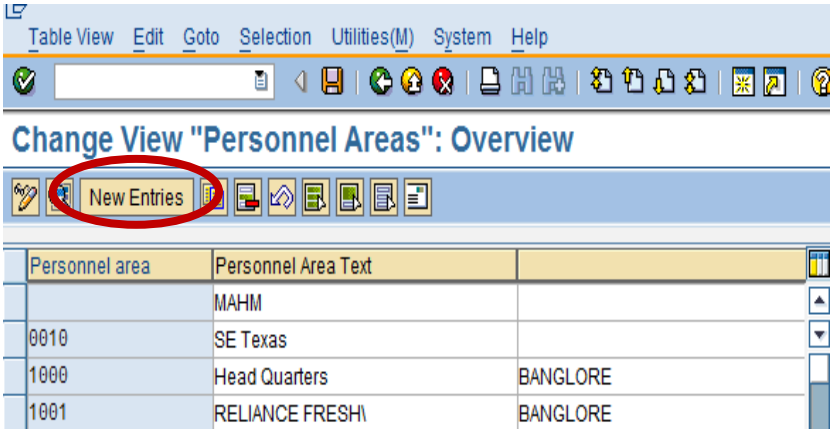
Menu Path: SAP Reference IMG->Enterprise Structure->Definition->Human Resources Management-> Personnel Areas



Double click on "Personnel Areas"

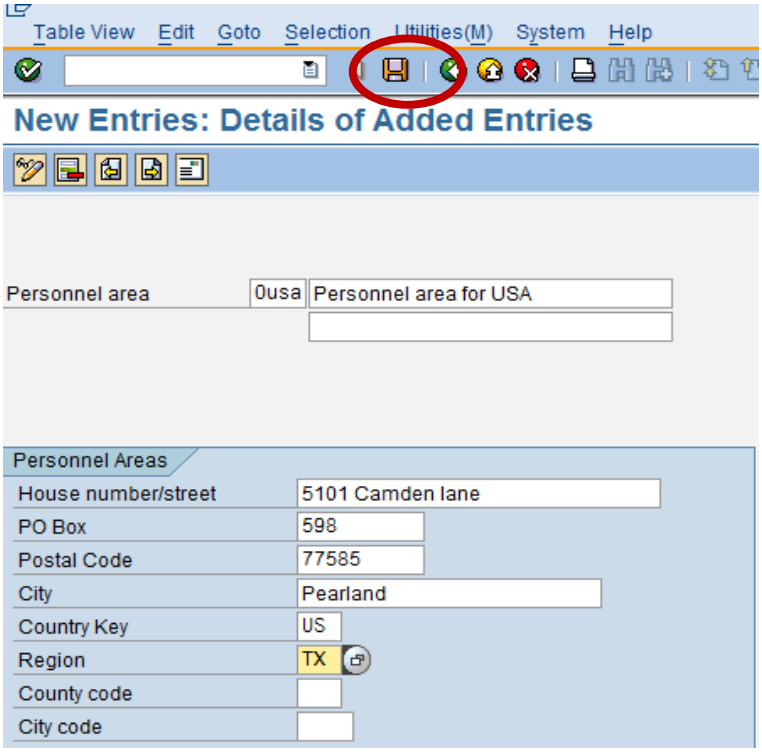


Double click on Personnel areas.

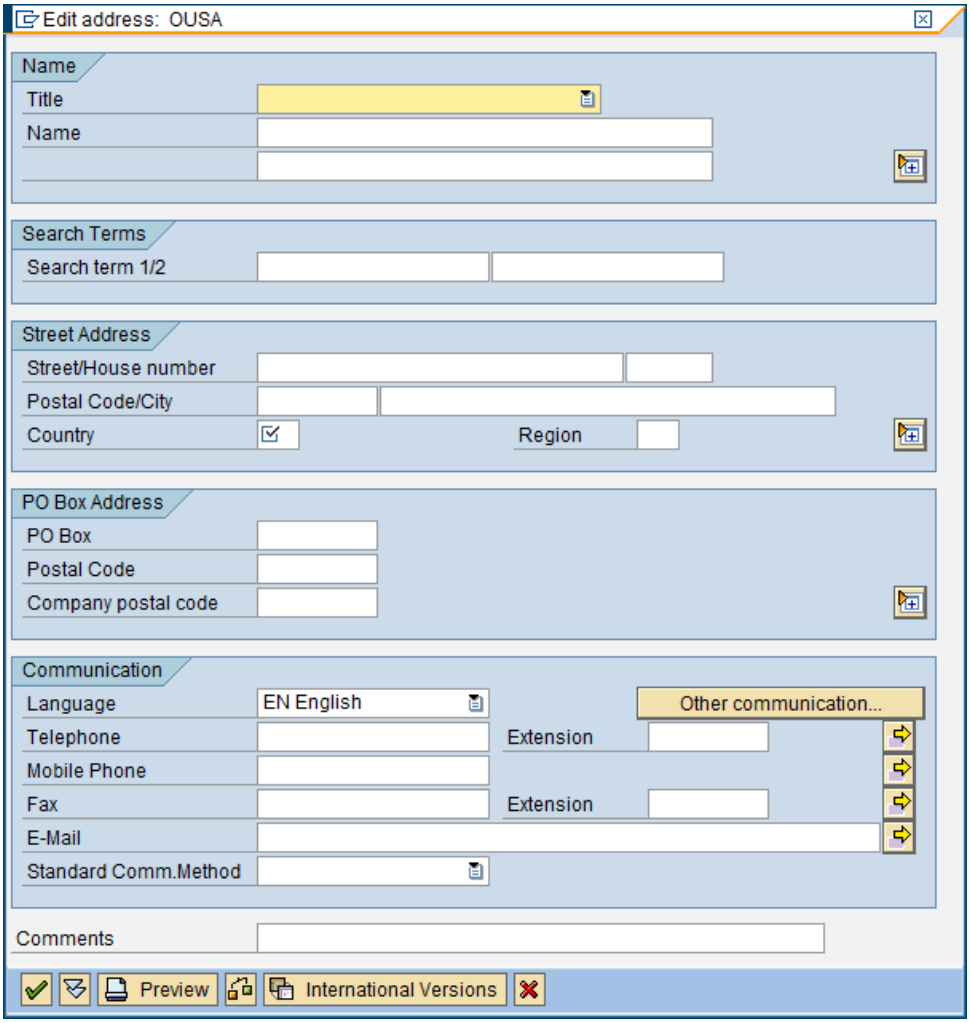


Click on New Entries.

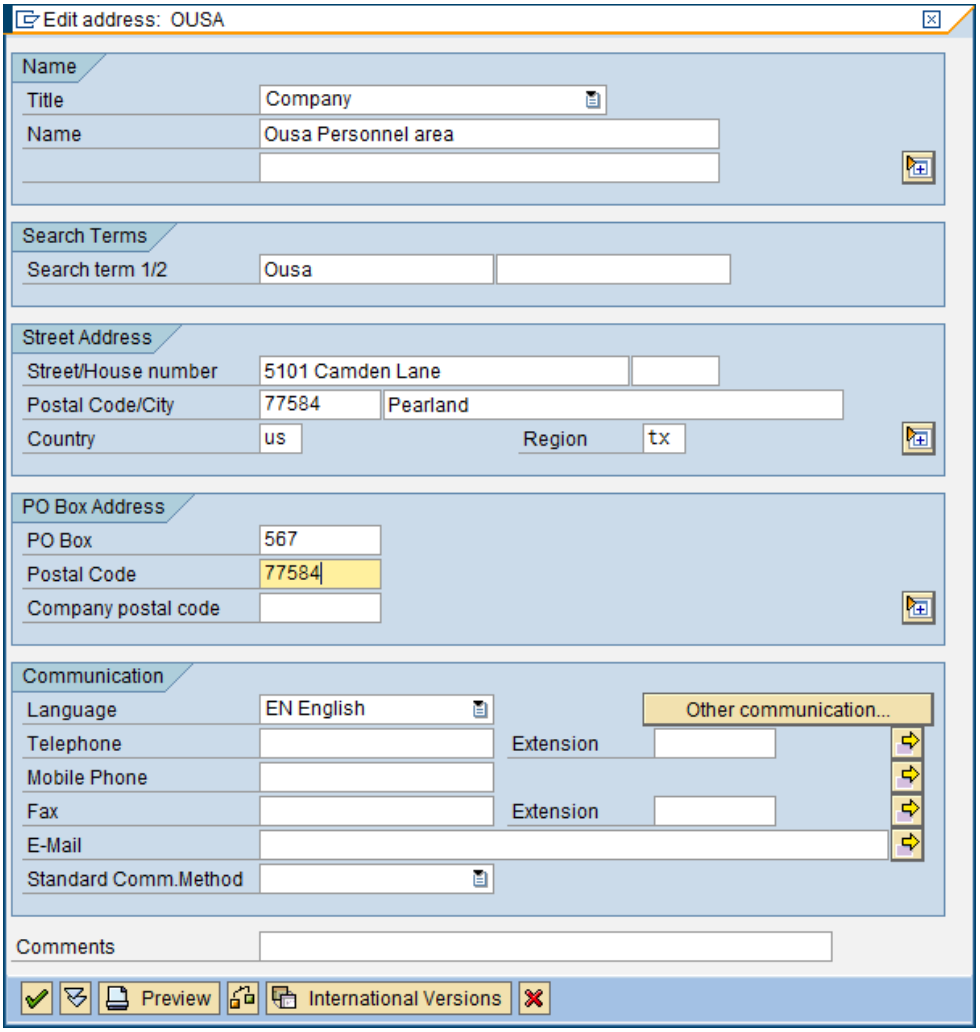
Give 4 character alphanumeric identification to Personnel Area and additional information.



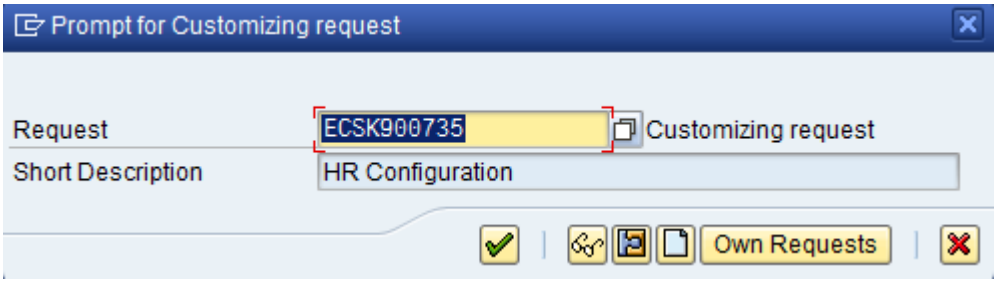
Press save button.



Give details address.



Press enter.



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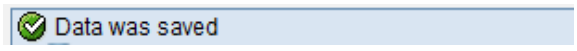
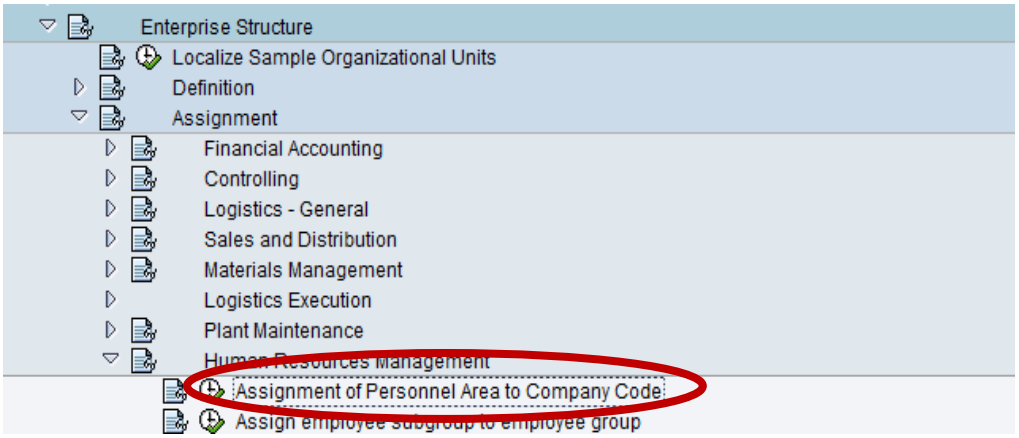


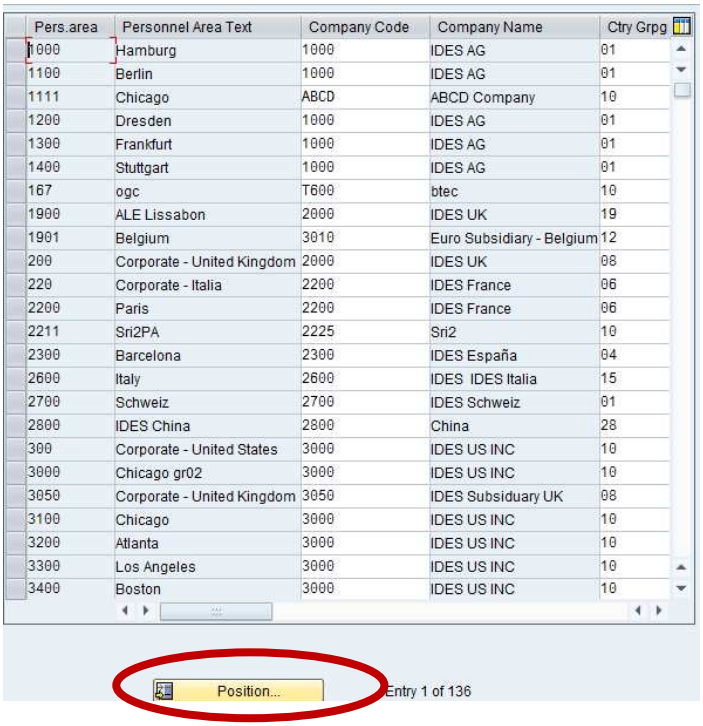
b. Assignment Personnel area to Company Code: You allocate each of your personnel areas to one company code.

When you create a personnel number, the corresponding company code is allocated to it in the info type Organizational allocation (0001), depending on the enterprise structure in which the employee is situated.

SAP Reference IMG->Enterprise Structure->Assignment->Human Resources Management -> Assignment of Personnel area to Company code



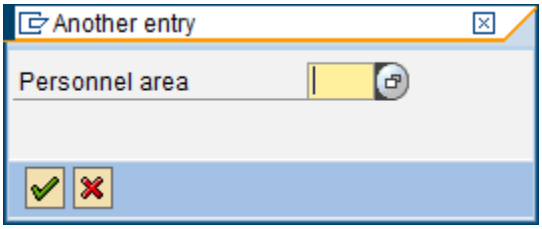
Click on execute button.



Pers.area	Personnel Area Text	Company Code	Company Name	Ctry Grpg
1000	Hamburg	1000	IDES AG	01
1100	Berlin	1000	IDES AG	01
1111	Chicago	ABCD	ABCD Company	10
1200	Dresden	1000	IDES AG	01
1300	Frankfurt	1000	IDES AG	01
1400	Stuttgart	1000	IDES AG	01
167	ogc	T600	btec	10
1900	ALE Lissabon	2000	IDES UK	19
1901	Belgium	3010	Euro Subsidiary - Belgium	12
200	Corporate - United Kingdom	2000	IDES UK	08
220	Corporate - Italia	2200	IDES France	06
2200	Paris	2200	IDES France	06
2211	Sri2PA	2225	Sri2	10
2300	Barcelona	2300	IDES España	04
2600	Italy	2600	IDES IDES Italia	15
2700	Schweiz	2700	IDES Schweiz	01
2800	IDES China	2800	China	28
300	Corporate - United States	3000	IDES US INC	10
3000	Chicago gr02	3000	IDES US INC	10
3050	Corporate - United Kingdom	3050	IDES Subsiduary UK	08
3100	Chicago	3000	IDES US INC	10
3200	Atlanta	3000	IDES US INC	10
3300	Los Angeles	3000	IDES US INC	10
3400	Boston	3000	IDES US INC	10

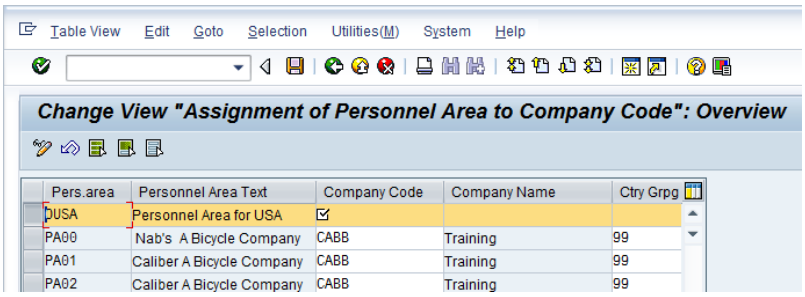
Position... Entry 1 of 136

Click on Position



Give your Personnel Area.

Press enter.

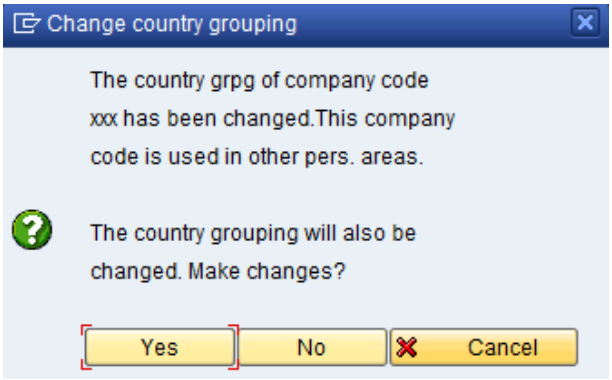


Give the following details:

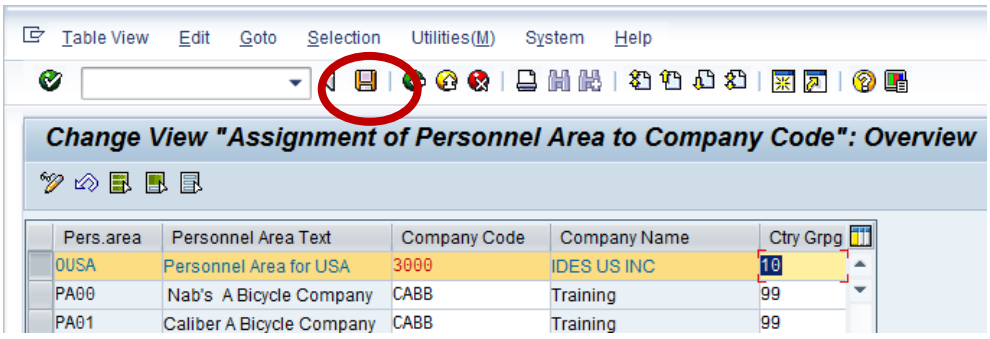
Company code: 3000

Ctry Grpg: 10

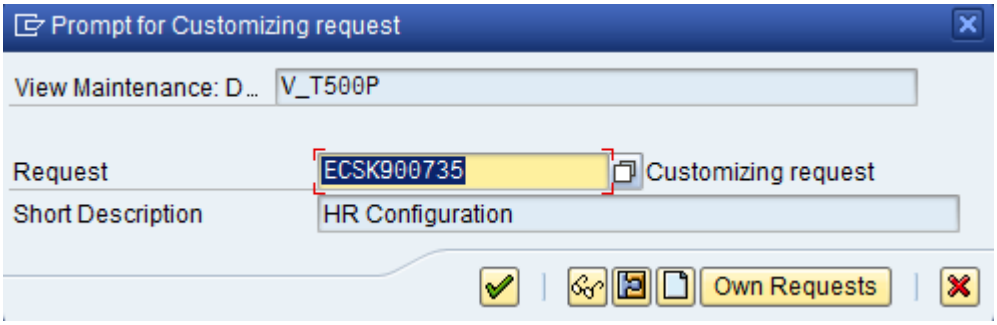
Press enter.



Click on yes button.



Press save button.



Press save button.

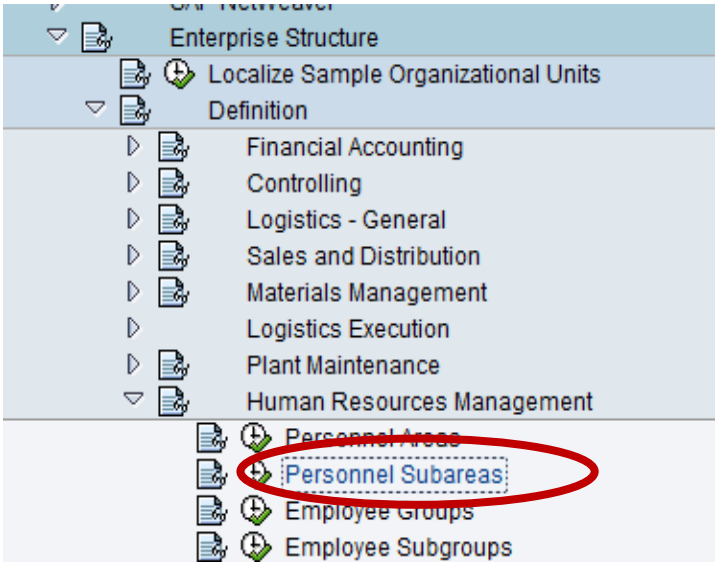
c. **Define Personnel Subarea:** A personnel subarea is an organizational unit that represents a specific area of the company organized according to certain aspects of personnel, time management and payroll.

The personnel subarea represents a subdivision of the personnel area. For instance, within each personnel area, the company has a variety of employees. Some are eligible for pay while others are not. Some are eligible for benefits while others are not.

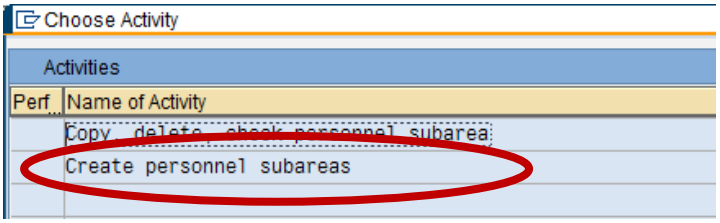
The following business sub tasks belong to the personnel subarea:

- Defining of pay scale and wage type structure
- Defining planned working hours
- Defining appraisal criteria

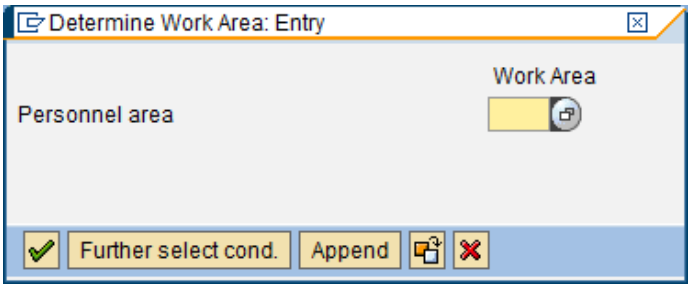
Menu Path: SAP Reference IMG->Enterprise Structure->Definition->Human Resources Management-> Personnel Areas



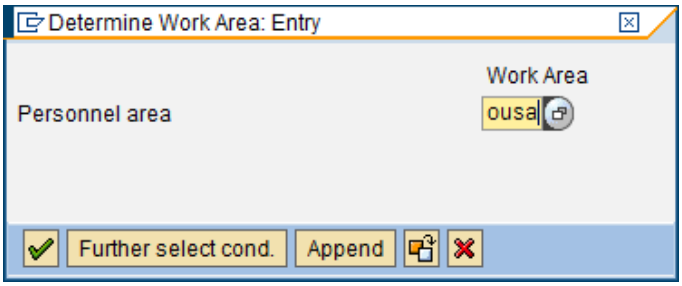
Click on execute button.



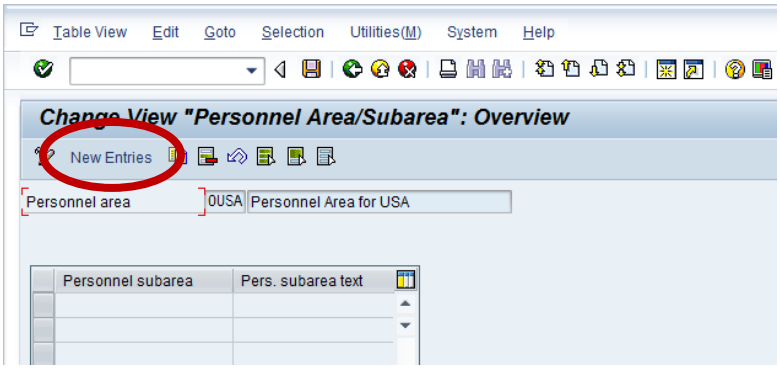
Double click on Create personnel subareas.



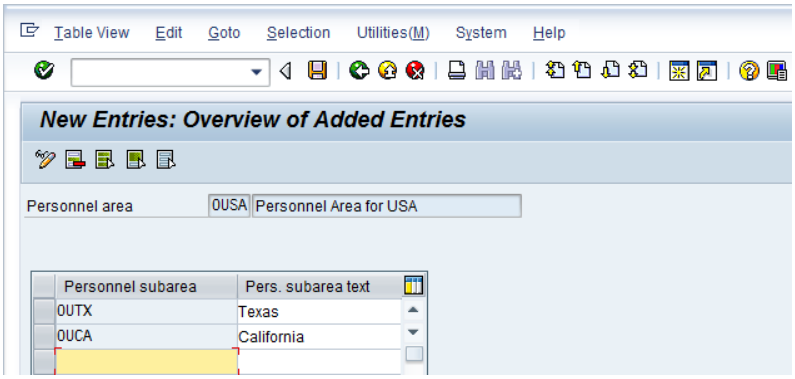
Give your personnel area.



Press enter.



Click on New Entries.



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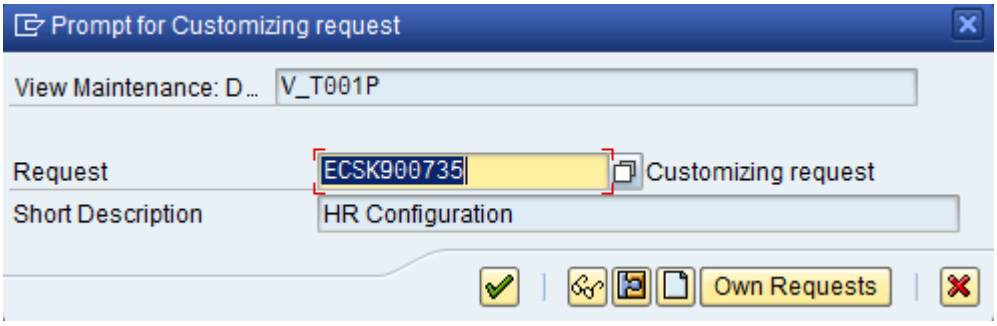


Press enter.

5. Personnel Structure: As opposed to the enterprise structure, which defines the organization from a legal and physical point of view, the personnel structure defines the organization from the employees' point of view.
The Personnel Structure is made up of the following elements:

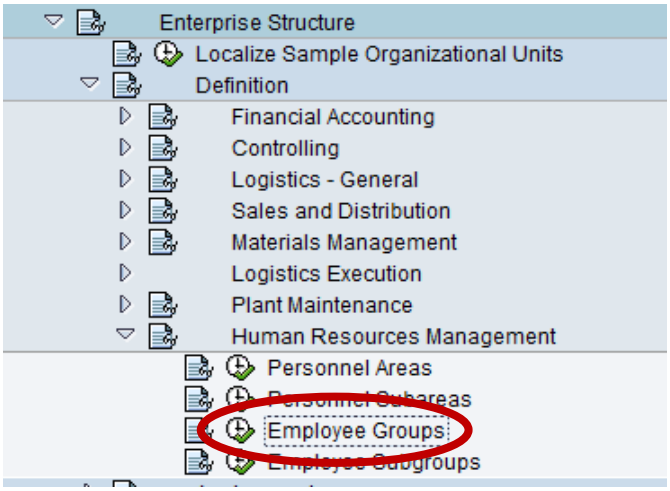
Employee Group: Used to classify employees into general groups for processing of pay, time, and benefits.
Employee Subgroup: A subdivision of the employee group. This allows further distinguishing of employees according to specific traits.

a. Define Employee Group: The employee group allows you to divide your employees into groups and allows you to define their relationship to the enterprise. The following essential organizational functions can be carried out using the employee group:

- generating default values when entering data; for example, for the payroll accounting area or for the basic pay of the employee
- generating a selection criterion for evaluations
- generating a unit for the authorization check

Example : You want to distinguish your employees between persons actively employed, pensioners and early retirees.

Menu Path: SAP Reference IMG -> Enterprise Structure ->Definition ->Human Resources Management-> Employee Group



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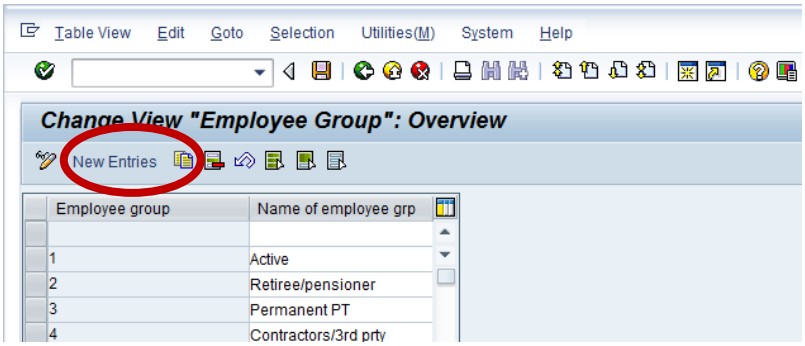

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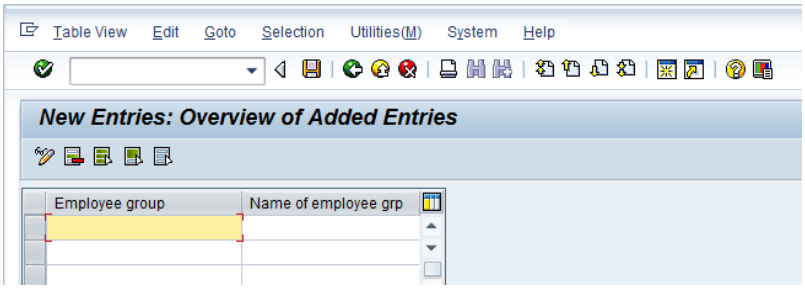

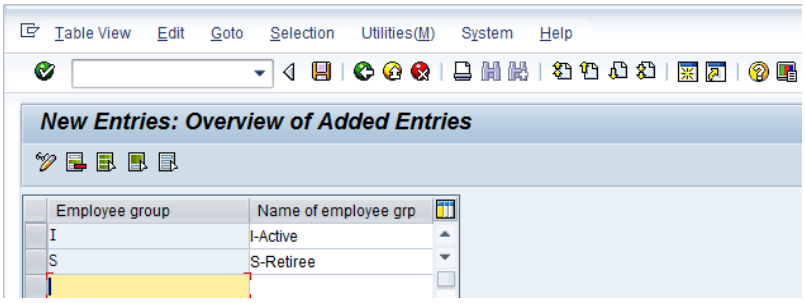

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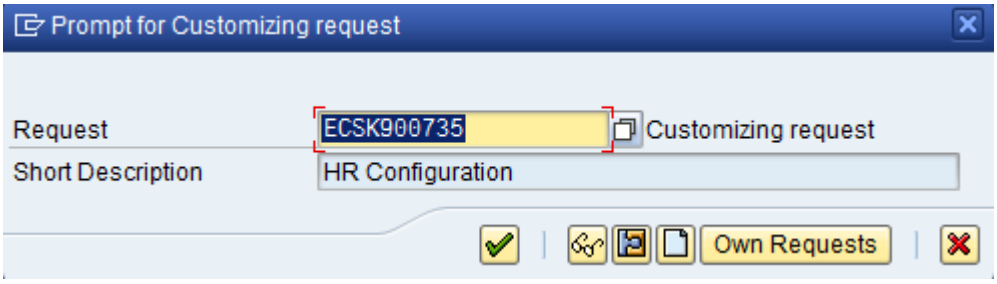

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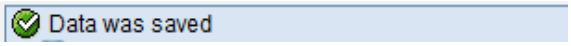

b. Define Employee Subgroup: The employee subgroup represents a subdivision of the employee group. When you define employee subgroups, you are essentially begun to set up your personnel structure.

Example: Within the employee group Active, you want to distinguish between industrial workers, pay scale employees, trainees and executive employees. This distinction enables you to do the following:

- You can carry out evaluations for which certain employee subgroups can be included or excluded.
- Certain personnel administrators should only be allowed to edit the data of certain employee subgroups.
- Depending on the employee subgroup, you can generate different default values in master data processing (for example, executive employees have entitlement to more leave than pay scale employees).