Getting Started with Human Resources and Systems of Record (SoR)

Human resources is a vital department responsible for managing employee-related data. This presentation will outline goals, processes, and guidelines for HR information management, so you can learn how to best manage employee records without paperwork.

A 2018 AIIM study reports that HR processes are high value and high risk. Communications through the life of an employee's time with a company offer high value, but high risk stems from an organization's ability to access records quickly and to meet local, national, and industry compliance. Therefore, managing employee data in this department is critical to the success of any business.

HR departments need an efficient system to retain records securely and to increase workflow connectivity throughout three typical HR processes:

1. Hiring
2. Onboarding
3. Offboarding

These three processes can vary depending on company culture or expectations. However, HR professionals across all industries have three similar goals when managing employee information.

1. To improve accessibility,
2. To reduce costs,
3. And to enable compliance.

Since these goals are the foundation of any HR information management process, let's briefly talk about them before we jump into HR hiring, onboarding, and offboarding.

The biggest struggle in HR departments is finding employee forms and records. Timeliness in finding information effects the quality of HR communications, the length of review and approval processes, and employee morale. HR professionals should be able to find employee-related data in a quick and easy manner, which is why accessibility is such a key goal. The accessibility of employee information would, of course, be secured to comply with privacy regulations, but authorized personnel should have access to information with ease.

Reducing cost is also a very important HR goal; in fact, according to LinkedIn, managing HR paperwork costs an average of about $300 per employee annually, so if an HR manager has one four-drawer file cabinet completely full, it costs about $2,000 a year to maintain. Implementing an information management system that stores vital records in a safe place without the hassle of filing cabinets saves just as much money in retention as it does in time lost to retrieving information.

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If employee information is securely stored and easily accessible, the next major goal to attain is enabling compliance with local, national, and industry-specific regulations. Common regulations in HR stem from:

- The Occupational Safety and Health Administration (or OSHA)
- The Fair Labor Standards Act (or F-L-S-A)
- The Family and Medical Leave Act (or F-M-L-A)

With an organized information management system that allows HR departments to setup automatic retention policies and schedules, enabling compliance not only becomes a goal achieved, it becomes a breeze!

In order to achieve accessibility, to reduced costs, and to comply with regulations, it's HR's job to efficiently manage, verify, and retain employee-related data throughout hiring, onboarding, and offboarding.

Let's take a quick look at these three HR processes, and we'll talk about the types of information you'll need to manage at each stage in order to achieve your goals.

Hiring

When hiring, the manager seeks an individual with the qualifications that match the job description and a personality that will fit nicely in the company culture.

The hiring manager and HR professional cross paths often throughout this process because most applicant information is collected by the manager, and then later verified and retained by the HR professional once the offer letter is accepted.

The first step in the hiring process is establishing the job description for the open position, and retaining that documentation to use as a reference when the employee is hired to fill the position.

Job descriptions should be updated annually and any time the core components of a job change, so this information often changes frequently.

During recruitment and application, even more information is needed, such as screening questions for potential employees, and any application-related documentation. This of course depends on the job description, but application information usually pertains to the core skills needed for the role. This information could be posted for recruitment through online employment channels, on the company's corporate website, and even through university placement centers, creating multiple versions of the document that should be tracked.

Once a pool of candidates is created, HR typically collects and then filters the resumes from the applicants to narrow the pool of candidates interviewed by the hiring manager. Resumes are typically kept on file until a decision to hire has been made, and then they get shredded. Applications typically follow the same retention schedule, but are sometimes saved longer depending on the level of critical data collected. The application and resume for the candidate who is hired are always kept as the foundation for their employee file.

Following screening for basic fit by HR, the hiring manager will then bring in the best candidates for an interview. At this point they're verifying skills and further assessing the applicants' personality and experiences to see if they'd be a fit for the role and the company culture. Information at this stage might include interview documentation, and communications to other individuals who may be interviewing the applicant.

Assessments may include drug test records, or even the information collected to perform a background check.

The job offer letter is the final piece of documentation that concludes hiring. A copy of the offer letter is delivered to the candidate to sign, and then gets retained by HR.

Take just a moment to reflect on the typical hiring process just described. How does it relate to or differ from your own? For example, some companies use standard screening questions or assessments as part of their hiring processes. Take a moment, and complete the build-your-own HR processes worksheet included in the module, so that you have documented your own unique process.

Onboarding

Once an applicant accepts an offer, employee-related data and records are carried over into onboarding. The steps in the onboarding process are often combined in different ways, depending on the company and position being filled, but the employee-related data and records are typically consistent.

Before the candidate shows up for their first day on the job, some initial preparation is required. For example, a computer, email address and phone number, and desk typically require setup. This may also include collecting documentation such as computer manuals that the employee may need. It's important that the new employee feels welcomed and ready with all the tools they need to be successful.

The employee's first day is usually consumed with orientation, including a tour of the offices, and perhaps introductions to other employees. In addition, the new hire must complete certain documentation in order to begin work, including identity verification, such as an I-9 form and tax information like a W-2 form.

Often, the next step in employee onboarding is gathering information for payroll and benefit plans. This includes application forms for medical and insurance plans, 401K or 403B information, and other records related to company-specific benefits.

Think about how employee-related forms such as these circulate in your office. How are forms delivered to and collected from new hires during onboarding? Take a minute and jot down your thoughts on the worksheet provided for diagraming your own HR onboarding process.

In addition to these core employee records, other information may be added to each employee file. For example, at this stage, relevant training or certification records might be needed.

Are there specific trainings or certifications new employees complete once they've been hired at your company?

If so, how do you keep track of that progress?

As employees settle into their roles and start to grow with the company, performance reviews help track their progress, recognize milestones, and establish new goals and areas for improvement. All performance reviews must be retained within the employee's file. Both the employee and their manager should have access these performance reviews in order to track success and see progress against areas for improvement.

How organized and accessible are your employee performance reviews?

All of the employee information collected up to this stage can be used to help the employee plan for job growth with the company. If the onboarding records are not securely organized, traceable, and accessible, HR professionals and employees may not be able to effectively plan for success.

How do you organize and manage your employee files? And what would you change to make them more effective for employee success? Take a look at our onboarding workflow example on the **HR processes worksheet**, and using your notes from this lecture so far, start outlining your own process!

Here's an additional and important note: Employee engagement is the number one factor in productivity and retaining talent, so the foundation of information management during onboarding is engaging with company values through team building. If an HR department uses an inefficient or outdated information management system, their part in this process will likely start and end with mundane paperwork.

Using an updated solution, like a system of record, will—as AIIM reports— "Move HR professionals away from being the janitors of information to a more value-based approach."

Offboarding

Commonly known as 'termination', offboarding is the last process in HR. Termination may be involuntary, but can also include resignation or retirement. This documentation is often sensitive as it may refer to protected information, so keep listening to learn more about how to retain these records in compliance with regulations.

Offboarding starts when an employee hands in a resignation letter or a manager or company takes steps to end employment. These records are essential parts of an employee's permanent file.

A payroll end date must be established, and following the employee's last day, their status should be changed in their employee file.

For the remainder of this offboarding discussion, please feel free to take out your **HR processes worksheet** to start outlining your own offboarding workflow, and how it may differ from the provided example. Think back to information that you gathered in your own onboarding process, and think about how that information might need to be retained, destroyed, or managed as it's carried over into offboarding.

Whether the termination is voluntary or involuntary, information from IT, Benefits, Payroll, and others may be needed to ensure that the employee has been offboarded appropriately in order to secure company information, and retain the employee's records in compliance with regulations.

Some companies may choose to perform exit interviews with employees who resign. Just like interviewing job candidates during hiring, exit interviews create records which should be retained. Exit interviews may provide valuable information for companies looking to improve jobs or retention rates.

At this time, terminated and ongoing benefits are explained to the offboarded employee, and—if appropriate—retirement fund information should be made available to them as well.

Keeping track of records to comply with retention regulations is essential in this process. And, depending on how much notice an employee gives before their end date, you may find yourself running out of time

to retrieve and collect necessary information if your employee records are inefficiently managed. Don't wait until the offboarding process to properly organize and retain these records.

Do your HR professionals and managers tend to scramble during the offboarding? With an efficient information system to store, manage, and retain employee records in one place, offboarding should be a breeze!

Just by way of information, SCORE, a business education organization, offers these general guidelines for HR records retention. Keeping these records safe during retention periods is also essential, as IDC reports that data security is chief among HR information management concerns.

Think about how these retention policies are regulated in your HR department. Are there additional industry-specific regulations that you might need to include?

Now, sit back and imagine collecting, verifying, and retaining every one of those forms, records, and retention policies on paper with hundreds of records managed per employee an average-sized HR department manages tens of thousands of documents every year. This can tremendously effect the efficiency of the HR department, and slow down company growth.

Why waste all that time and money on paper-based processes?

AIIM reports that managing employee information via paper and in unorganized file shares leads to inefficient and error-prone HR processes. A System of Record is a perfect solution for HR professionals as it helps manage all employee-related data and retention policies automatically to achieve their goals.

This system is also the perfect liaison between HR, other departments, the manager, and the employee because it enables speedy information retrieval, and manages all three processes in one HR project.

With a system of record, authorized personnel can search by employee ID, or any relevant search term, and every HR document related to that employee will appear instantly. This way, employees can easily access their own information, without taking time out of HR's day to find a paper file.

This system is also more efficient than a file sharer, because HR can add retention schedules for each item, and setup automatic workflow to route information through hiring, onboarding, and termination processes.

Refer to your own workflows that you have created on the HR process worksheets, and highlight where you could save time and money by automating the flow of your HR information.

Now think about what's in your typical employee file, as well as your guidelines for entering that information. I encourage you to create a comprehensive list of these documents because, with a System of Record, you'll be able to fully customize an HR project to match your exact employee file, search terms, and guidelines. You can customize a project such as this with pre-created drop down menus, or you can create open fields that enable unique index titles and descriptions.

Now it's your turn…

Take some time to create a similar table using your list of employee-related documents that will be part of each employee file. Feel free to use your completed HR workflows as references when generating your unique list.

Are there documents that might be specific or unique to your HR department? I encourage you to be as specific as possible because a System of Record will allow you to keep your uniqueness and allow you to seamlessly integrate your own retention policies and workflows.

Create a table similar to the one displayed to see what your HR Project might look like in a System of Record.

Now that you're looking at your very own HR project, as well as three customized workflows for hiring, onboarding, and offboarding processes, you must be thinking, well, what are the benefits to using a system of record for HR? Let's take a look at how it works for Adams County School District 50.

They are a great example of success of moving from paper-based HR processes to an efficient information management System of Record. Their implementation increased employee morale and productivity, while saving HR time and money on new-hires and training.

After automating their workman's compensation and HR with an information management system, Adams County School District 50 gained 20% productivity improvement, increased records security, eased the burden of compliance audits, and eliminated the need to hire temporary employees.

With the tools and resources from this HR module, you could be the next HR success story!

Your information management system shouldn't just help HR organize records; it should help employees work better. After all, the department is named HUMAN resources, and not paper resources.

How might a switch from paper to digital records and process automation help you?

Contact us today!