Five Advantages of Using a TRUE HRIS linked to your Payroll

When looking for an HR system, some organizations consider the HR module offered by their payroll service provider. This may be a convenient option, but there is another option, one that specifically addresses HR's needs: a fully-functional HRIS, a true HRIS that can talk to your payroll system. Via a payroll link, data transfers electronically from one system to the other thus eliminating duplicate data entry.

Here are five advantages of using a fully-functional HRIS, separate but linked or interfaced to your payroll system:

1. A true HRIS (linked to your payroll) meets the needs of the HR department.

Payroll and HR are separate functions that have different needs, and those needs, especially on the HR side, can evolve quickly. An integrated HR/payroll system may not be easily adjusted to meet the evolving needs because changes on the HR side may adversely affect the payroll side. On the contrary, a separate HR database (linked to payroll) can be adjusted easily without affecting the Payroll database. This would not be easy to do if both HR and Payroll are on one integrated database. It is likely that HR's needs will be unmet thereby relegating HR staff back to using spreadsheets for their data analysis needs.

An example of this is HR's usual practice of tracking employee benefit plan enrollment, coverage level and benefit plan costs, while Payroll is interested in tracking deduction codes and employee deduction amounts. Payroll may want to roll multiple benefit plans into a single deduction code, which may conflict with the detailed benefits enrollment data that HR needs.

Another example is organizational analysis. Payroll and Finance may want to create an organizational and departmental structure that optimizes financial reporting. HR, on the other hand, may want a database supporting an organizational structure that can analyze and generate reports based on position type, training needs, or health / safety / environmental issues.

2. A true HRIS enables HR projects to move forward independent of payroll.

HR projects and Payroll projects may compete for the same resources. For example, if HR is introducing a new performance review process and Payroll is changing the quarterly accruals, the same staff may be needed to support both projects. Payroll will almost always prevail because of urgency of their issues. With an interfaced solution, different personnel support HR and Payroll systems, so there is no competition for resources. In the case of HRSource™, our technical support team takes care of HR's needs.

3. An interfaced solution provides the "best of breed" for HR and for Payroll.

If a payroll company is offering an integrated HR solution, the HR piece may have limited features. Does it have recruiting, applicant tracking, and hiring/onboarding functions? Does it track training, licensing and certifications with auto alert feature? Does it track historical data past the most recent 12 months? The Lilly Ledbetter Act of 2009 underscores the need for properly documenting Pay and Performance Management practices to protect the company from possible pay discrimination lawsuits. It is important that the HR staff conduct a detailed analysis of the payroll product's HR features to make sure HR's needs are sufficiently met.

4. An interfaced solution ensures a support staff that knows their areas of expertise.

If a payroll company is offering an integrated HR solution, the Payroll Company's support staff may be less familiar with HR-related issues and the HR features of its software. When you call to describe your HR-related question, you may not get knowledgeable HR support staff to help you resolve your HR issue. Furthermore, the Payroll support staff may not be current on HR regulatory changes.

5. An interfaced solution reduces your dependency on your payroll vendor or payroll service provider.

If for some reason you are unhappy with your payroll vendor or the service that is provided, you have the option to change your payroll company without disrupting your HRIS system and vice versa.

Conclusions

Remember that the goal is to eliminate having to enter the same data twice. When evaluating "interfaced" vs. "integrated" solutions, make sure HR's needs are met. Finally, evaluate for VALUE.   Value =   the ratio of performance/price.

Initially an "integrated" HR/Payroll solution from one vendor may seem like a good option, but upon further analysis, there are some disadvantages to HR. With an "interfaced" solution, HR has more options, you get the best of both worlds (both for HR and for Payroll), and each database is optimized for its specific function and organizational role.

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