Oracle E-Business Suite R12.x HRMS – A Functionality Guide

Oracle’s E-Business Suite Human Capital Management enables organizations to architect a global foundation for HR data and improved business processes.

The book starts by introducing Oracle Application E-Business Suite, its architecture, and how to set up the preliminary components such as roles, groups, and profile options. As you progress through the chapters, you’ll learn to define common data from an enterprise perspective, such as the unique structures for jobs, positions, job groups, and other business entities. As we move from learning the core HR structures, you’ll learn to implement people management concepts such as maintaining personal information, identifying assignments, managing assignments of personnel, changing assignments, and terminating an assignment or employee. By the end of this book, you will have a thorough knowledge of implementing a fully functional HR system based on strategic business needs, along with a detailed understanding of the key functions and benefits of Oracle HCM.

Who this book is written for
If you are a developer or functional consultant of Oracle’s E-Business Suite HRMS who wants to learn the logical flow of the processes involved in human resources and where Oracle HCM fits into the overall enterprise structure, then this book is for you. Basic knowledge of Oracle’s E-Business Suite components is essential.

What you will learn from this book
- Learn about the architecture of Oracle HRMS
- Define value sets, key flexfields, and descriptive flexfields
- Configure the payroll and provide knowledge of setting up payroll earnings and deductions in an organization
- Identify work structure components and their usage
- Create business groups, locations, and organizations
- Define the unique structure of business entities such as jobs, positions, and grades

Oracle E-Business Suite R12.x HRMS – A Functionality Guide

Design, implement, and build an entire end-to-end HR management infrastructure with Oracle E-Business Suite.
In this package, you will find:

- The author biography
- A preview chapter from the book, Chapter 5 'Job, Position, Pay Grade, and Payroll'
- A synopsis of the book’s content
- More information on Oracle E-Business Suite R12.x HRMS – A Functionality Guide
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His role included conducting CRP with end users, gathering requirements, building the best solution, demonstrating the solution to end users, conducting UAT, and performing a successful Go Live. He is also engaged in post Go Live support, if required.
Preface

This book is a functional guide for Oracle Application HRMS R12. This guide will help implementers to design, implement, and deliver an Oracle apps HRMS system for customers.

What this book covers

Chapter 1, Introduction to Oracle Applications E-Business Suite, introduces Oracle EBS and describes the architecture of Oracle apps. Along with the architecture, it will cover various modules that are part of the Oracle HRMS family. In addition to this, it will cover the Multi Org Concept in Oracle Application and an overview of multiple organization structure in HRMS, along with practical examples.

Chapter 2, Oracle Application System Administration, shows you how to create application users, responsibilities, custom menus, request groups, and data groups. You will also learn to create concurrent programs and to attach them to responsibility.

Chapter 3, Fundamentals of Flexfields / Value Sets, explains the basics of flexfields. You will learn to define values sets, key flexfields, and descriptive flexfields.

Chapter 4, Business Group, Locations, and Organizations, covers the concept of work structures in HRMS. You will learn the basics of business groups, organizations, and locations in HRMS.

Chapter 5, Job, Position, Pay Grade, and Payroll, deals with the concept of jobs and positions. It defines a job, position and position hierarchy. It explains the concept of people group and payroll terminologies, such as payment methods, salary basis, and payroll definition.

Chapter 6, Entering People Information, talks about creating a new employee and entering employee data and additional data using DFF and KFF. You will also learn the concept of person type.
Chapter 7, Entering Assignment Information, teaches you about entering assignment information, in which you will study various components of assignments. You will also learn about entering assignment-related information. Then, you will also learn about assignment statuses in Oracle HRMS and entering salary for employees.

Chapter 8, Terminations, teaches you about terminating an employee. You will also learn how to reverse terminate an employee. We will also see how to terminate an assignment rather than an employee.

Chapter 9, Absence Management, covers the basics of absence management in Oracle. You will study the configuration of absences in which you will learn about defining absence types, elements, and so on. You will also learn about entering absences by HR and employees. We will see the important concept of calculation of absence duration.
In the previous chapter, you learned the concepts of work structures in Oracle Apps HRMS. You also learned how to define a business group, organization and location, and so on. These learnings were more related to the organizational aspect. We will drill down more in this chapter to see actually what entities are involved in an organization. In this chapter, you will also learn about the concepts of jobs, position, and some fundamental concepts of payroll.

Job and position overview

The work structure provided by Oracle HRMS is quite flexible. It is used to represent the ongoing responsibilities and functions that an enterprise must carry out in order to meet its goals.

Jobs and position are important parts of your enterprise. They facilitate you to differentiate between duty and the person who performs those duties.

Jobs in Oracle HRMS are used to represent the task an employee performs in your enterprise and the necessary skills. An example can be shown as follows:

- Manager
- Developer
- Consultant
- Accountant
Position represents specific details of the job, for example:

- Assistant manager of operations
- Senior SQL developer
- Senior Oracle HRMS consultant
- Payroll accountant

When you actually start implementing Oracle HRMS, you need to decide whether to use jobs, position, or both in your organization. Both these entities are non-mandatory for an employee. An employee can have either of these, both of these, or neither of these.

Your organization will generally fall into one of three general categories:

- Rule-based
- Project-based
- Hybrid

For rule-based enterprises such as governments and schools, you control the employment, roles, and payment-related information according to the strict policies and procedures. In these organization types, roles are significant rather than individual. In rule-based organizations, where roles continue to exist after an individual leaves the organization, positions are used.

An IT company is an example of a project-based enterprise. In IT companies, employees are allocated to projects on a regular basis. Here, you have to manage people and their skill sets, instead of fixed roles. Therefore, in project-based organizations, where the role ends when an employee completes a particular project, typically, jobs are used.

A manufacturing company or a corporate is an example of a hybrid enterprise. In this type of company, people are assigned to fixed roles and others to more than one project. Hence, a hybrid enterprise uses both jobs and positions.

Therefore, depending on your requirements, you have to decide whether to use jobs or positions.

Now, let's see how to define jobs and positions.
Defining a job

Until now, you have learned the concept of using jobs in your organization. In this section, you will learn to define a job in Oracle HRMS.

Navigate to **US HRMS Manager | Work Structures | Job | Description**.

In the screenshot, you can see the form that is used to define a job in your organization or, you can say, in your business group. You can use this window to search for a particular job or to create a new job. Click on the **New** button to create a new job.

Before creating a job you can create a job group. Oracle HRMS organizes jobs in job groups. For each business group, there is a default job group; however, you can define additional groups if you want to. Some statutory reports do require job group as their parameter. Otherwise, there is no such significance of using a job group.
Creating a job group

To define a job group, navigate to **US HRMS Manager | Work Structures | Job | Job Group**.

To create a job group, here are the steps:

1. Enter a name for the job group.

2. Select the flexfield structure. This will decide the fields that are displayed in the **Job Groups** window when this job group is chosen. We have seen how to define the Key flexfield in *Chapter 3, Fundamental of Flexfields / Value Sets*, under the **Key flexfields** section.

3. Select a business group if required.

4. Check the **Master Job Group** checkbox if this is to be the master job group. This is used in Oracle Projects. The jobs within the master job group can have jobs from other job groups mapped onto them using Oracle projects.

5. Save your changes.

As we have now created a Job Group, we will use the job group to create a job.
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Creating a job
To define a job, navigate to US HRMS Manager | Work Structures | Job | Description.

Now, follow these steps to define a job:

1. Enter a date of your choice.
2. Select the required job group.
3. Enter a name for the job. This name should be unique. The name will have segments depending upon your definition of Job key flex.
4. To match employees to roles, which included qualification or valid experience, use the Requirement button to enter a job requirement.
5. The Valid Grades button is used to enter the grades to which job holders can be assigned.

In our case, we have created a job name Manager.Job 002 from 01-Jan-2014.

Thus, we have seen how to define a job. This job can be assigned to an employee in assignment information.
Defining position

As seen earlier, the concept of position in an organization. In this section, we will see how to define a position in an organization. Navigate to US HRMS Manager | Work Structures | Position | Description.

Follow these steps to define a position:

1. First, we need to set the effective date from when we want to create a position.
2. Then, enter the name of the position in the Date Effective Name field in the Position Details tab. This name must be unique or it will give you an appropriate error.
3. The next step is to enter the position type; there are four options for this field. These are None, Pooled, Shared, and Single incumbent.

Single incumbent means at a given point of time only one employee is allowed to hold that position in the organization.

In case of Shared, there can be more than one incumbent. This value will be as entered in the FTE field.

Pooled (public sector only) means the position is loosely defined, so rules about FTE and hours are not enforced by the system.
1. Select the None option in case you do not need to record position types.
2. In case the position is permanent in your organization. The example for such a case can be CEO.
3. Seasonal, as the name suggests, is used for one season each year (such as a summer teacher), so select the Seasonal checkbox for such cases.
4. As position can be for an organization or a job, enter the appropriate organization and job in the respective fields.
5. Enter the proposed end dates in case you know that the position will be transferred to another organization or job in the future.
6. Enter a hiring status.
7. A position can have a location. If not entered, it will be defaulted to the location of the organization.
8. Select a status for the position. This is an optional field.

The Hiring Information tab is used to enter further information regarding the position created. Enter the Head Count and the FTE information. Furthermore, enter the probation period, payroll name, grade, and salary basis (this information will be automatically populated on the person's assignment form when the position is assigned to a person).

In the Work Terms tab, enter the working hours and frequency used by this position. Also, enter the normal start and end time. In addition, you can also enter the supervisor, relief, and successor for the position.
Hence, we have seen how to define a position. There are still many fields used in defining a position, but they are not as significant as the remaining fields that we have seen before.

Now that you learned how to define jobs and position in Oracle apps HRMS, let's see the concept of position hierarchy.

Your organization may route transactions for data entry and approval using different chains of authority. One such chain of authority you can use is position hierarchy.

To define position hierarchy, navigate to US HRMS Manager | Work Structures | Position | Hierarchy:

Enter the primary name of the position hierarchy and enter the version number and start date of the hierarchy.

Query the top position name into the position block. The holder field will display the employee name holding this position along with worker type and employee number.

Now in the subordinate block, enter the immediate subordinate for the top position. To add a position below this added subordinate position, please check the checkbox.

To create a new version of an existing hierarchy, follow the same steps as creating a position hierarchy. Use the down arrow in the version field to move through existing versions of the hierarchy until you reach a version number where there is no data.
Chapter 5

To copy an existing hierarchy, you have to query the name and number of the new hierarchy and click on the **Copy Hierarchy** button. This is then followed by selecting the name and the version number of the hierarchy you want to copy.

To change the position of the hierarchy, there are three options. They are as follows:

- By adding a new position to the existing one, you have to query the hierarchy and the version you want to change. Then you need to query the parent position for the one you want to add, which is followed by selecting the new position in the Subordinates block.
- Change the top position in an existing hierarchy. Again, you have to query the hierarchy and version you want to change, then you need to query the new top position, and this is followed by selecting the previous top position in the subordinates block.
- You can also move a position and all of its subordinates within a hierarchy. To move a position, you need to query the hierarchy and the version you want to change, and then query the new parent position for the one you want to move. This is followed by selecting the position to move in the subordinates block.

In order to delete a positional hierarchy, one must begin by deleting the lowest level and working their way towards the top level.

You cannot delete a hierarchy if the other version exists or if any security profile uses it.

Thus, we have seen details about the position hierarchy.

In the next section, we will slowly move towards fundamental concepts involved in the Oracle payroll. Before that, let's see the most used entity in Oracle HRMS, that is, People Group.

**People Group in Oracle HRMS**

People Group is a **Key Flexfield (KFF)** in HRMS such as job, grade, and position. Oracle provides People Group KFF for several purposes. If an organization wants to group certain sets of people based on certain parameters such as benefit-eligible types, then you can use the People Group KFF.

People Group is mostly used to store benefit eligibility; however, it can serve many purposes in your implementation. It is one of the fields in the assignment form.
In *Chapter 3, Fundamental of Flexfields / Value Sets*, we have seen how to define KFF. People Group KFF segments can also be defined using the same detail mentioned in that chapter. All KFFs hold information in segments. You can configure a maximum of 30 segments.

The most important use of People Group is to link benefits to group flexfield segments. This will ensure that only employees within groups are eligible for that benefit.

Let me explain this with an example. Let's say your organization wants to pay a car allowance to a few eligible employees. You open a segment in People Group KFF to store this eligibility. This segment will have the value Yes or No. This value can further be used in payroll to pay car allowance for an employee.

Thus we can configure People Group in our business group to a maximum of 30 segments to store data for employees.

Now in the next section, we will see how to define a payroll for our business group.

**Defining payroll**

A payroll is a set of employees whose pay you process with a single frequency, for example, weekly, monthly, or semimonthly. You can define as many payrolls as you want to meet the requirements of your company. For example, your company has two different types of employee, one of which is paid monthly, and others are paid weekly; then you can define two payrolls for your organization. You can then place those employees on a payroll by assigning him or her to the payroll.

As per the HRMS design, every employee assignment must have a payroll attached to it though this field is nonmandatory.

The entity payroll tells the system about the payroll frequency/cycles, the valid payment methods, and the check dates to which the employee is entitled. Employees which fall into the same payroll share the same payroll frequency and pay dates.

Payroll has only one pay frequency, hence you must define at least one payroll for each pay frequency you use. The following table shows the valid period types for pay frequency:
Before defining a payroll, you need to have an additional setup. This additional setup is the setting up of a payment method for your organization.

Every organization has rules for its payment. Some organizations pay by check, some by deposits directly to your banks, and some even pay by cash. The method of payment that an organization follows in order to pay its employees is known as the **Organizational Payment method**.

The employee in your organization can select the method by which they would like to be paid every pay period. Some employees may opt to get their salaries in their defined bank account, some might want to have a check, or some may like to have half by check and half cash.

Each payroll binds together a set of valid payment methods. Therefore, the available options can be specific to each payroll.

The payment methods differ with the types of banks as well. For example, if your Company deals with three different banks, then it will require three different payment methods defined for each of the banks it deals with, even though all of the payment methods will be of the same type.
To define the payment method, navigate to **US HRMS Manager | Payroll | Payment Methods**: 

![Payment Method Window]

Enter the name of the payment method, enter the type such as cash, check, and so on. Enter currency, check third-party payment, if the payment is of the third-party payment type, and enter the bank details. The bank details will have information about the account from which the payments come.

Now, as we have defined the payment methods, the next step is to define a payroll. To define a payroll, navigate to **US HRMS Manager | Payroll | Description**: 

![Payroll Description Window]
So, the payroll definition is the screen where payment dates, check dates, consolidation set, a default payment method, and so on, are assigned to a payroll.

To create a payroll, follow these steps:

1. Set the effective date from when you want to define payroll. Your effective date must be on or before the first period start date of the payroll calendar.
2. Enter the name of the payroll.
3. Select the period type. This will tell the frequency of the payroll. The **First Period End Date** field is used by the system to determine the payroll dates (start date and end date).
4. The value in **Number of Years** will indicate the number of years the payroll will be effective. If you enter the value as 100, then the payroll will be valid for the next hundred years from the first period's end date.
5. The check date signifies the days after the end date, the checks will be cut. If you enter the value in this field as -3 then it means that the check will be cut 3 days before the payroll end date.
6. Enter the scheduled run date, which is an offset as well, is date as of which the payroll will be run.
7. Enter the cut off date, which represents the date after which no changes should be made to the payroll data in the application.
8. Enter the pay slip date. On this date, pay slips will be available online in self service HR to the employees.
9. Enter the payment method. This will be the default payment method of the payroll. This payment method will be used if an employee has not selected any preferred payment method in his/her assignment. In most cases, it is defined as a check.
10. Enter the **Suspense Account** and **Costing** information in the **Costing** section—cost allocation KFF is used to define costing segments. If the costing of a particular payroll or element is not charged to any account, then it gets added to the defined suspended account.
11. Check the **Negative Payment Allowed** field to determine whether negative payments can be done in case the employee's deductions are higher than earnings.
12. The **Multiple Assignments** check box tells the system whether to process an employee if the employee has multiple assignments with different payrolls to each assignment.
13. The **Period Dates** button will open a new form that will show dates for each payroll cycle along with the cut off date, check date, and so on. However, these dates can be changed (overridden) in this screen, in case the dates are to be changed for a given period.

14. The valid payment methods will list payment methods that the employee can choose from.

You have now learned about defining a payroll. In the following screenshot, we have defined a new payroll:

Now let's learn about salary basis in the Oracle payroll.

Salary basis is the duration for which the salary is quoted. There might be different types of employees in your organization in terms of payment. Some might be getting paid on an hourly basis, while others might be paid annually. So the salary basis defines the time span by which the salary is being defined. However, someone being on an hourly salary does not mean that the employee gets paid every hour, it means the employee gets paid per hour. If an employee is in an annual salary basis, he/she might get paid every month/week, based on the calculated salary per pay period.
To define salary basis, navigate to **US HRMS Manager** | **Total Compensation** | **Basic** | **Salary Basis**:

![Salary Basis](image)

Enter the name of the salary basis. This can be one of the following options:

- **Hourly salary**: This is paid per hour
- **Monthly salary**: This is paid per month
- **Annual salary**: This is paid per annum
- **Period salary**: This is based on the pay period

Enter the pay annualization factor and enter the factor with which the salary can be converted to the annual salary. For example, if the salary is monthly, then this field will be 12, for annual it will be 1, and for hourly it will be 2,080 (52 weeks x 40 hours each week).

Leave the field blank, if you are opting for period salary basis; an application will be able to figure this out based on the pay periods.

Enter the salary element in the element name field and enter the name of the input value that stores the basis. Do not use the pay value as the input value because Oracle payroll will now be completed does not calculate on the input value, if the pay value is assigned.
The grade rate is the placeholder of linking grade to the salary basis. The **Grade Rate Basis** range given in the grade rate must relate to a basis. That field gets populated here. **Grade Annualization Factor** is a factor of the grade rate based on the grade basis.

Thus, we have seen how to define a salary basis. In the following screenshot, we have created a new salary basis:

![Salary Basis screenshot](image)

### Summary

In this chapter, you learned about the concepts of jobs and positions. You learned how to define a job and position. Then we covered details about position hierarchy. We also covered the concept of People Group and came across some terminologies in payroll in which you learned about payment methods, salary basis, and payroll definition.

In the next chapter, you will learn about people management in Core HR. You will understand the hiring process and how to hire a person. Then you will learn the concept of person types in Oracle HRMS and about entering personal information in the application.
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