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Aligning HRM with Line Management

Why integrate?

In the employee-centric and knowledge-based economy of today, it is very essential for companies to adopt a rational and long-term HR strategy. The HR strategy could link employee objectives with business priorities, establish line responsibility for HR outcomes and chart responsibilities for HR executives across all divisions in organizations. The key to success in the HR planning process is to have a long-term perspective for both the employee and organization and to involve the line management in the process.

Planning process

The 3 key requisites in an HR strategy formulation process are as follows:

1. The Chief Executive and the HR manager should outline employee role in their business. This should include employee contribution in making the organization competitive. There should also be a connection between the individual employee's values and personal objectives on one hand and the organization's vision, values and business strategy on the other.
2. A business division's people strategy is the second component of the overall HR plan. Each business division formulates its own plan. These should be incorporated into the short-term and long-term strategies of all the business divisions and major functions in association with HR and line executives.
3. It is critical for the organization to establish the extent of integration required among HR policies across the different business units to take the organization to the next level of performance.

Having realized the key dimension and scope of HR activities in the overall organizational strategic framework, companies have started outsourcing the routine and transactional roles of HR to third parties while retaining the core HR team for a strategic and partnering role. For example, many large organizations have developed new HR-organization structures to segregate routine and customer service work (like enquiries about leave, accumulated pensions benefits, compensation management, recruitment and so on) from the consultative and business association work. As a result, such companies have registered a great improvement in generating beneficial strategic results when the conventional generalist HR roles are taken over by more consultative organization-effectiveness roles, backed by small centralized staffs of expert resources and transactional-service providers.

Integration of HR plans with line business strategies

As is evident above, the success of organizational strategies lies in the seamless integration of HR plans with line business strategies of corporate and/or SBU teams. It is essential for line managers to take up employee issues during the planning process to

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enable the HR team to perform better on workforce-related issues. It is worthwhile to remember that success in the prevalent market environment necessitates line managers to take up ownership of workforce management decisions.

A smooth integration of the line management plan with that of HRM requires the HR team to adopt the following measures:

1. Identify the need for HR planning in the context of business objectives
2. Establish the possible workforce-related obstacles to the division's success and classify the workforce impact points into HR programs. For this purpose, 'workforce' should be analyzed in the larger context to identify the manpower required (skills, competencies and experience), the practices/systems/procedures required, the processes required (how work is executed) and the right organizational structure (reporting relationships).
3. Identify the disparity between manpower requirements and business objectives. Once the variances are identified, it is the top priority of the line team to work in collaboration with the HR team on finding solutions to plug the critical gaps.
4. Define the action plan and process. The SBU team should classify all intended actions in terms of procedures and take necessary measures for necessary supporting actions.
5. Develop standards to evaluate performance against action plans. This should be done on a sustained basis to ensure corrective action whenever necessary. If possible, performance standards should be associated with employee compensation and rewards.

Transition from a supporting role to a strategic function

Leading organizations that have successfully altered the HR function from a supporting one to that of a partnering and strategic role have observed the following:

- Incremental change may not lead to development. Evolution and adaptation of objectives, structure, processes and competencies are necessary to survive and grow in the midst of stiff market competition.
- The strategic and operational roles of HR generalist role should be clearly segregated.
- Line management should play an active role in long-term manpower issues along with the HR team to ensure the success of an organization. This might necessitate upgrading of work processes and job design.
- Transactional work should be outsourced to third party service centers.

In brief, a seamless transition of the HR function would necessitate the HR team to establish the strengths within the HR function that are essential for the successful implementation of actions in accordance with the organizational objectives and the business-unit people plans. The HR team should also train and involve the line managers to take ownership for various HR processes and outcomes. This involves formulation of



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action plans to identify gaps and guide the line management to successfully execute their HR role through an action-oriented approach.