



TenStep Supplemental Paper

22 February 2010

HR with the “T”

Strategically aligning IT and HR...

With the advent of technological innovations, how could an important function like HR remain untouched? HR changed drastically as a function over a decade ago when technology converted all its manual, paper-based operations into online self-service based functions that are simpler for employees and itself to access information. The automation included functions right from benefits enrollment to vacation management. After celebrating its success, HR is now forging ahead to create a more flexible and competent workforce that leverages IT to its full potential.

Human Resources and Information Technology?

For all those people who advocated the dissimilarities between HR and IT more than the similarities, here’s a shocker - HR and IT have more than a couple of things in common. For starters, both have enough potential to provide Organizations with a definite advantage. Secondly, both have had a tough time fighting for corporate identity. Finally it’s their take on outsourcing that gets them together again.

The HR –IT partnership has come a long way from being a mere transactional one to being transformational, contributing immensely towards corporate makeover. The integration of the two functions has gotten *Human Capital Management (HCM)* to the center stage. Organizations are increasingly strategizing to leverage HCM to enhance the bottom-line.

Human Capital Management

Through HCM Organizations strategize to recruit, train and retain the best employees thereby gaining a long-term competitive advantage. HCM is fast becoming a popular HR strategy that effectively leverages employee potential, especially in knowledge-based businesses. The concept remains yet to be extensively implemented by machine-intensive industries where employee potential still remains under-utilised.

In many industries, HR still needs to break free of the “maintenance” tab and rise to the executive. It would be therefore wrong to expect a smooth transition for HR. There are bound to be technical snags, which however can be overcome by deploying assistive technology. One company, for instance, rated IT integration as its top priority for streamlining its HR functions. Similarly, another firm created an HR technology department with an intention of bringing together IT and HR functions in order to enhance work efficiency of both functions.

Many companies are attempting to automate their hiring processes, making them paperless and better organized. Some will even hire an external IT consultant for assistance. The software being implemented can help in speeding up the recruitment process by posting job requirements on to more than 2000 career sites including external recruitment consultants. In addition, the job requirements are also circulated internally encouraging



TenStep Supplemental Paper

employee referrals. Furthermore, it also provides HR with critical metrics as, cost per hire and total recruitment cost. Financial facts on HR activities prove important when HR heads try to build a business case for initiatives in the boardroom.

Another advantage of reducing paperwork and manual work time is that HR managers get that much more spare time to think about issues that would directly or indirectly impact business profitability. HR managers can then indulge in major restructuring moves that engage workforce creativity and expertise. Automating HR systems to hire the best in the least possible time without compromising on quality is the crux of HCM. This system also helps HR curb the corporate attitude of filling in fast without really catering to the quality of hires by easing out the recruitment pressures.

Implications

The need to automate HR activities has allowed IT to take over from the traditional HR methods. Most HR products today are an extension of ERP (Enterprise Resource Planning) that revolutionized the execution of HR activities a few years ago. The new software is now deviating from automating traditional HR functions to providing measurement systems that draw a straight line from HR performance to corporate performance. The metrics they provide are useful for HR budgeting especially in the case of the training function where Organizations can use the figures to alter their training budget.

Another significant implication of IT–HR integration is the reduction in HR staff. With most HR functions getting automated, the requirement of the HR staff has also been reduced. Those who remain on board are more occupied with providing metrics that strengthen HR’s strategic role. For instance, presenting figures that support high internal employee mobility can support HR’s training budget since enhanced internal mobility implies that the organization need not look outside for talent, as its workforce is adequately equipped.

The HR-IT integration thus has a strong business case. IT provides a strong foundation for HR to build its strategic potential, while HR provides IT with an opportunity to go beyond its transactional role. Despite the convincing case for integrating the duo, the partnership still remains fluid. The reasons for this state are many. Disagreement over choosing vendors to suit IT needs of HR is one of the most common factors. In addition, perceived lack of IT support is another reason that prevents HR from letting IT takeover.

Nevertheless, the HR-IT marriage is long overdue and is bound to happen soon. Organizations therefore should gear up to witness a new version of HR that has an extended technical arm along with an IT division that is quickly becoming more human.