

Technology in Human Capital Management

How can you achieve value for money, add and create value for your organisation? Jon Ingham explains how it can be done through a people centred approach to business management.

Technology can be used to support people management in three main ways: value for money, adding value and creating value.

Human resource information systems (HRIS) can be used to provide basic functionality and a common view of data which can help HR increase the efficiency of its activities. Doing this may not improve customer satisfaction or help deliver business results but the increased efficiency is still useful value to have.

An example in the recruitment arena would be improving a staffing process by automating relationships between suppliers, HR and line management to reduce the time to fill vacant positions. A training and development example would be implementing a learning management system (LMS) to improve understanding about take-up of training to meet compliance needs.

Using technology to improve the measurement of people management also helps to improve efficiency. Data warehouses can be used to ensure a single and correct source of data is provided from across enterprise resource planning (ERP) and other systems. Business intelligence or workforce analytics systems can simplify access, monitoring, analysis and reporting on this data. Technology can also help with presentation of the data through a portal based user interface, providing information according to the role and preferences of the user.

Most use of IT in people management has concentrated on value for money. So, for example, the CIPD's 2005 people management and technology survey (CIPD, People management and technology: progress and potential, 2005) found that 'the five most popular reasons for introducing an HRIS are: improving the quality (91%), speed (81%) and flexibility (59%) of information, reducing the administrative burden on the HR department (83%) and improving service to employees (56%)'.

Adding value

Adding value is about helping an organisation to implement its strategies by translating business objectives into people management activities. Technology helps people

management add value by enabling activities that an organisation was not previously able to undertake.

recruitment example is helping a business achieve its growth objectives by implementing a web-based recruitment campaign to fill a number of new positions. A development example would be extending learning to home or other non-office based workers through mobile learning and podcasting – developing skills in places where this used not to be possible.

Although most focus within HR has been on using technology to improve efficiency, adding value has been increasing in priority. Thirty nine percent of the CIPD's respondents reported improving productivity as one of their reasons for introducing an HRIS.

Creating Value

It is the last of the three approaches to people management that forms a basis for HCM. Here, HR generates value for the business through its own activity, rather than by how its activities support the business as a whole. So, whereas adding value provides an organisation with the ability to implement business objectives, creating value develops new capability that enables the organisation to set different or more stretching business goals.

Creating value is supported by technology that helps to extend an organisation's differentiation and competitive advantage. The actual technologies may be no different from the adding value ones described earlier, but they are used in a different and transformational way.

A recruitment example of creating value is developing an employer brand to position an organisation as an employer of choice, and by doing so, significantly increasing its potential to grow. Technology might help this by enabling the organisation to develop relationships with new job candidates or to develop more meaningful relationships. An example is Cisco's attempt to win over prospective job seekers by putting them in touch with existing employees through the 'make friends @ Cisco' campaign.

An example of creating value technology in training and development is the BBC's use of e-learning and social technologies to enable managers to look up good practice ideas, share stories and build on other managers' experiences as part of the broadcaster's ongoing leadership development programme.

Selecting technology for HCM

Developing value through people management and technology requires that technology is selected as part of an integrated process starting with the business strategy,

cascading through an HCM strategy and only then developing an HCM technology strategy to support these.

Taking this approach is likely to mean moving beyond basic ERP and other generic HR systems to best of breed solutions that provide superior functionality in specific areas which support an organisation's chosen competitive strategy.

As strategies differ from organisation to organisation, even similar organisations in the same sector may find they have different 'creating value people management technology' needs. One organisation might use a best of breed solution focusing on workforce planning and recruitment; another on performance management and e-learning, and another on career development. Some organisations may find they need to invest in a range of these solutions. But many organisations will find it most appropriate to focus on one or two areas of people management that support their competitive advantage, rather than to spread their resources thinly.

The need to keep strategy responsive to external business changes is increasingly supported in these solutions through the use of software as a service (SaaS). So organisations can easily change their best of breed solutions as they create new strategies to fit with their environment.

Technology for people management may also create value simply by placing organisations on the leading edge of developments. Web based HR and learning technologies are changing so fast that simply having access to, and implementing, these technologies effectively may be enough to provide further competitive advantage through people. An example is the use of collaborative web 2.0 media, including wikis, blogs and virtual environments which offer organisations potentially huge but largely unknowable opportunities to improve their social capital.

Strategic partners in HCM will not allow themselves to be seduced by these technologies but will remain open to their potential value in people management.

By Jon Ingham

A strategic approach to Human Capital Management

In previous articles (HCM, March/April and May/June 2007), human capital management (HCM) guru Jon Ingham described how a strategic approach to HCM harnesses human capital as a valuable intangible capability which provides the basis for ongoing competitive advantage.

Strategic HCM focuses on people's capability (human capital) as well as the organisational infrastructure (organisation capital) and social relationships (social capital) that support this. HCM is also concerned with the future state, looking at what needs to

be different and then working backwards from this future position. This means that HCM strategies are often different from those developed from within a human resource management (HRM) perspective, which focus largely on people management activities and with the current state.

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