The Big Human Resource Strategy

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Abstract

The economic roller coaster we've ridden over the past 20 years has brought many challenges to Human Resources. Not the least of these has been the struggle to define - and redefine - the relationship between employers and employees. Since the early 90s, employees have evolved from personnel to resources, from costs to assets, from hired hands to associates, from workers to thinkers, from cogs in the industrial machine to cogs in the customer service machine.

There can be another, more constructive way for organizations to think about their employees: as consumers of the company's mission, culture and reward programs. External customers trade with companies based on their perceptions of the value proposition represented by the organizations' products and services. Similarly, internal consumers (employees) select organizations for the value proposition they offer. People come to work with a mental briefcase full of something employers want: the human capital (skills, talent, knowledge and behaviours) employees own. This intangible asset, combined with other organizational resources, creates value for the enterprise. In return for this currency, employers provide a bundle of enticements to get people in the door, to encourage them to be productive and to discourage them from taking a job across the street.

Keywords: business objectives, employee behaviour, internal consumers, intangible asset, human resources, organisational resources

I. INTRODUCTION

THE business organisation of today as it stands, or more accurately runs, is witnessing transformation across multiple dimensions- accelerated speed of decision making; massive complexity in the marketplace, among customers and within sales channels; and a lack of adequate and timely insight to deal with it. As more and more organisations collect and analyse more and more data to achieve their business objectives, 'big data' has entered the business mainstream from being just a buzz word. While the most commonly narrated success stories for big data would be from marketing, transaction processing, or fraud detection, it does present huge opportunities to increasingly complex functions such as human resources.

The key goals of improving employee capabilities and driving better performance remain personal insight driven. With an unprecedented amount of information now being captured by organisations or being made accessible from external sources (web communities), organisations have the opportunity to use big data-enabled solutions to kill two birds with one shot – a) create a 360-degree employee view encompassing both structured and unstructured data like demographic, psychographic, feedback, performance data; b) harness that data to generate insights on how employee behaviour drives organisational goals, and more importantly; c) identify the fundamental levers for the desired employee behaviour.

In a sense, this has been a very positive change. Increased competition requires all companies to get better at what they do. In order to now attract and retain the right talent, companies need to create the right environment, engage each employee in the purpose of the organisation and enable them to feel valued. It is no longer enough to rely on the legacy of the past. Positive change has also arrived in the form of diversity. Institutions which are unable to attract and embrace different talent will struggle to excel and may not grow. Rather than just complying with the bare minimum of standards, employees are now looking for organisations that offer far more. Flexible working practices, crèche facilities, wellness and volunteering programmes, diversity and inclusion committees and a focus on new hires are all necessary to get and keep the best people.

II. DATA-CENTRIC HR STARTEGY

Big data can be used in many ways by companies of different sizes to analyse and share meaningful HR insights that help inform HR strategy and positively impact the business. However, big data strategies can be difficult to implement. The advancement of mobile technology enables information to be accessed, evaluated and shared anywhere, anytime. As a result, processing, compiling and making sense of data is becoming increasingly hard. A recent survey found that HR leaders are struggling to keep pace with the emergence of new technologies, naming it as one of the top complexities that they regularly deal with. Yet, the ability to streamline technology systems and platforms will enable organisations to harness data and release its true value. Here are five steps on how you can successfully execute a data-centric HR strategy (Figure 1) in your organisation:

Fig. 1.   Steps to execute a data-centric HR strategy

A. Make sure the HR strategy is fully associated with the business strategy.

In order to properly use people data to inform HR decisions, you need to align the data to the problem that you aim to solve. For example, if acquisition of top talent is a business priority, you will need to focus on selecting data that will help form best practice for recruitment. By using intuitive technology platforms that help better understand how these complexities impact recruitment, learning and development needs, HR will be better placed to develop a people strategy tailored for the business's needs.

B. Identify the gaps in your data and co-relate the data you need to help overcome current and future business challenges.

Data needs to be analysed thoroughly so that trends are correctly identified. If you don't pass your data through a fine refinery you may actually hide business-critical information. When analysed correctly, data can reveal the most surprising – and potentially contrary - insights. For example, aggregated people data – say absence rates – provides a company-wide figure but within that there could be areas of extreme high and low absence which would provide something concrete to act on.

C. Bring processed information together to provide greater insight and value

Understanding which data is needed is only the first part of the solution – extracting the *right* data can be a challenge. As anyone in HR knows, taking data from several different tools and compiling the information in one place can be a

huge administrative burden. Furthermore, finding relevant data in this scenario has become a taxing process.

HR software and analytics can aggregate and connect the data flow of the employee's journey – from the first step in the recruitment process right through to the different phases of the learning process. This will help HR department spot trends and patterns to identify both challenges and opportunities.

D. Put in place an incremental data-centric strategy

For those at the first step of putting a data-driven HR strategy into place, it is often best to make the case for using data in one crucial scenario or department first. By monitoring the impact on the business of the data-driven decision, a case can be made for a more widely spread data-centric approach in order to associate strategy with business impact.

E. Consistently monitor and analyse data over time

The application of data in the business must be consistently monitored so that it is possible to inform and adapt the HR strategy on an ongoing basis - keeping up with ever changing people complexities and needs. By analysing data over time, you will be able to predict future needs and develop the right strategies for the upcoming challenges.

III. THE REAL ROLE OF HUMAN RESOURCES

Having established that these five steps form the core work of strategy implementation, the question now remains: exactly whose work is it? Certainly HR has a necessary role in helping the business to address each of these jobs, but it is not the task of HR to carry them all out. HR should follow its own initiative to complete those tasks it can, and a solid partnership with the executive line will see to the rest. Put simply, HR must establish itself as the driving force behind the strategy implementation effort.

On the flip side, though it is within the ability of HR to fulfil many of the requirements of steps one and two, the executive line should be far from uninvolved. Employees, in all honesty, would rather be lectured and inspired by line leaders than they would by HR. HR, meanwhile, has the power to generate opportunities to bring employees together with managers and executives, leading from behind the scenes.

Management will have the greatest success in implementing strategy given a:
- Thorough understanding of the strategic objectives
- Willingness to make sacrifices in order to achieve the strategy
- Common view regarding what parts of the organization must change

- Commitment to a systematic plan of employee management, support, and inter-departmental relations that will cultivate efficient execution of the strategy

If any of these elements are deficient, it is the job of HR professionals to urge the management group to address these issues and suggest means of bringing the group into greater accord.

IV. LINKING HR STRATEGIES AND PRACTICES TO STRATEGIC REQUIREMENTS:

For corporate, business and HR strategies to be integrated well, it is apparent that the top management, business heads and HR professionals need to work closely with each other. In most of the companies mentioned above, the lead and the philosophy have come from the vision and strongly-held beliefs of the CEO with HR professionals in an important, but essentially complementary role. There are five ways in which HR professionals can enhance their ability to contribute to this integration process.

A. HR professionals must concentrate on understanding the business environment and the key strategic issues faced by the company

HR professionals need to be able to anticipate issues that will be of concern to the top management before they actually come on the table. They also need to build credibility with the top management. With the increasing uncertainty in the business environment, and the volatility of different markets, organisations are increasingly forced to take drastic decisions at short notice such as the rapid downsizing of the airline industry post September 11, 2001. To be mentally prepared for all possibilities, to be able to give a clear picture of changes to fellow employees, and to be able to look ahead and foresee changes on the horizon that could involve changes in HR policies and practices, understanding the business environment and the key strategic issues faced by the company on a continuing basis is essential.

B. HR professionals must get more involved in the nitty-gritty's of the business, i.e. in operational details and issues

In many prominent companies, managers from line functions have taken over major responsibilities for HR and, by all reports, are doing a good job of it. Line managers with a good track record enjoy almost immediate credibility with people across the organisation. They are also seen as being able to focus more on performance issues. In a highly competitive environment, few organisations want to make any compromise on performance. In this context, HR professionals have no option but to get their hands dirty by understanding as much of operational issues as they can. If opportunities arise to move into a business or operational

role, they should be pursued with alacrity. Better understanding of operational concerns will also help HR professionals play a more useful role in training and development, transcending behavioural training programmes and "leadership". This is particularly important in an era when domain knowledge and technical expertise are becoming more important.

C. HR professionals must have an integrated look at the people in the organisation, bridging the gap between HR and IR (Industrial Relations)

Manufacturing organisations are becoming more compact and relying more on manufacturing technology (automation, CNC machines, and cellular plant designs) to ensure output and quality. The worker on the shopfloor is becoming more qualified, multi-skilled and is operating more and more expensive equipment. In service organisations such as call centres and other remote service providers, inspite of the repetitive nature of the work, employees see themselves more as professionals than blue collar workers. This is therefore an opportunity for HR professionals to bring a single HR perspective to the organisation, and to cast aside the confrontational mindset often inherent in the HR paradigm.

D. HR professionals must see themselves as knowledge workers and who facilitates the flow of knowledge within the organisation

Organisations are increasingly dependent on leveraging knowledge from within the organisation to be competitive in the marketplace. Documentation and sharing of such knowledge helps organisations do this effectively. Performance appraisal processes and incentive systems need to reflect the importance of this activity. Besides creating such systems within the organisation, HR professionals need to first internalise the knowledge creation and dissemination mindset within themselves.

E. HR professionals need to transform themselves from a support paradigm to a value creation paradigm

To be recognised as an important contributor to the performance of the company, HR contributions need to be measured in the right framework. Unfortunately, HR professionals often measure themselves in a very limited way such as "we hired 120 people" instead of "we enabled the addition of an additional Rs. 5 crores to the EVA of the company". Human resource valuation may never enter balance sheets, but concepts like EVA are here to stay, so HR has to find ways of linking itself to such measurement concepts.

V. CONCLUSION:

The role of HR has been to maximise the contribution of people towards business goals through development and execution of the right people policies and procedures. As organisations continue to evolve, there is a surge to play a more strategic role in ensuring larger outcomes, both at the individual level of the function and at the collective level of the business. The HR of the future has to be more evidence-based rather than precedence-based, to bring the required change and be strategic. This is where big data works as a catalyst in enhancing the function's ability to manage increasing complexity in a faster decision making environment while identifying the linkages between the overarching business goals and HR strategies in an organisation.

VI. ROAD AHEAD:

As HR teams come up with evidence-based people strategies, HR functions move up the maturity ladder from being reactive to predictive. Big data opens up new opportunities for HR to collaborate with functions such as marketing and technology like never before. This way, the HR team should adopt strategies that are business result-oriented to become true strategic partners to the businesses of the future and even to sustain the existing businesses.

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