

From Personnel Management to Business Execution: The role of technology in the next evolution of human resources

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2010 marks my 20th year working in the field of human resources (HR) and its related disciplines including talent management, staffing, performance management, organizational development, and whatever other terms you want to use for “getting employees to do what their company needs them to do”. Reflecting back on 20 years, I’ve noticed four major “truths” about this field.

- ✓ **The basic goals of HR have not changed in 20 years.** The purpose of HR is typically described as “getting the right people in the right jobs doing the right things”. If you are a forward thinking company, you might also add “in a way that supports the right development for what we want people to do tomorrow”. This comes down to doing two things well:
 1. Predicting employee behavior. Determining if people will be successful if they are placed in different jobs or given different sorts of assignments.
 2. Changing employee behavior. Getting people to act differently in the future than they have in the past so they more effectively support the needs of the company.

- ✓ **The HR profession and the diet industry have a lot in common.** Predicting and changing behavior is hard. As the divorce rate clearly demonstrates, people have difficulty predicting what they or others will do even when their life happiness is at stake. And anyone who has tried to lose weight can attest to the difference between knowing what behaviors you want to change and actually changing them.

The challenge facing HR is usually not one of knowing what to do, but one of getting managers and employees to actually do it. As a result our field much like the diet industry is prone to fads that promise miracle results if you just follow these simple steps. Many popular HR books even sound like diet books (e.g., “Who moved my cheese?”, “The carrot principle”).

- ✓ **Many line managers have little respect for their company’s HR department.** When I started in HR I wrongly thought line managers would be very interested in HR. Employees typically represent 60% or more of a company’s operating expenses, so I assumed managers would be interested in the department that is ostensibly focused on increasing employee productivity. What I soon learned is that while managers are interested in employee productivity, many do not view HR as being able to impact productivity. HR is often viewed as an administrative function that is more about rules and regulations than aligning employees around business strategies. Until HR is able to consistently and reliably improve line managers’ ability to predict and change employee behavior, we will forever be viewed as a necessary administrative burden rather than a key part of the company’s strategic business operations.
- ✓ **The HR field periodically goes through fundamental shifts in its self-identify, with each one leading to a significant increase in our ability to positively impact organizational performance.** The past 20 years have seen a steady shift in the field of HR from personnel administration to business execution. Of these four truths, this one has the most significance for HR professionals. To more fully explain how HR is becoming more business relevant and why, let’s go back and look at the four major generations of HR over the past 20+ years.

Pre 1990: Generation “Personnel Administration”. Prior to 1990, many HR organizations were almost entirely focused on personnel administration. This was due in part to the sheer amount of time required to manually administer HR processes before the widespread use of computers. Prior to 1990 many HR organizations were not even called “human resources”. Instead, they had titles such as Office of Personnel Administration or Personnel Department. The main focus of HR in this generation was how to efficiently process employee paperwork.

1990 to 2000: Generation “Human Resources”. Two things happened in the 1990s that led to personnel management being redefined as “human resources”. First, implementation of HR process automation technology significantly reduced the time needed to perform administrative HR tasks. This freed up HR organizations to focus more on topics related to strategic HR. This led to significant advances in the expertise found within HR related to predicting and changing employee behavior. Many of the talent management techniques that are now used widely were largely developed in the 90s (e.g., competency models, structured interviews, goal setting). Second, the widespread adoption of personal computers made it possible for HR organizations to utilize more sophisticated techniques to support key talent decisions related to hiring, promotions and pay (for example, using computer based tools to evaluate employee performance and assess job candidates). Throughout the 1990s the focus of HR shifted beyond simple personnel management to include processes designed to improve the quality of workforce decisions (e.g., selecting high performing employees, proactively managing employee turnover, and using job goals to drive employee development).

2001 to 2010: Generation “Talent Management”. Widespread adoption of internet systems in the 2000s allowed HR organization to share data across what had previously been independent HR processes. For example, automatically importing data collected during the hiring process into systems used to support ongoing employee development. Greater access to data enabled HR to shift from focusing on specific employee decisions to creating more integrated methods to increase workforce productivity. No longer was HR limited to being a series of isolated silos focusing on staffing, training, compensation and succession. Now HR could function as a set of integrated processes designed to ensure a steady supply of high performing talent in critical job roles.

2011 to ? : Generation “Business Execution”. As companies adopt more efficient and easy-to-use computing applications, HR organizations are spending less time administering HR processes and more time figuring how to use these processes to increase workforce productivity. HR is focusing less on simply keeping track of who employees are, and more on ensuring these employees are being used effectively to support the company’s short- and long-term business strategies.

The impact of HR technology on strategic HR can be likened to the impact that global positioning satellite (GPS) technology has had on the use of street maps. It takes information and knowledge out of folders and books where it was rarely accessed and puts it in the hands of decision makers when they need it in a format they can readily use. The result is HR departments are able to significantly improve how line-of-business leaders manage their workforces. This is shifting the role of HR from providing administrative support to enabling execution of business strategies.