

Core HR and organization agility: the strategic value of administrative systems

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Human Resources (HR) processes can be divided into [two groups](#). **Strategic HR** processes used to align the workforce to deliver business results by improving how companies' source, select, develop, manage and motivate employees. **Administrative HR** processes used to fulfill contractual employment obligations such as managing payroll, providing healthcare benefits, and complying with legal regulations. The technology used for administrative HR is often referred to as the "Core HR" Platform¹. While Core HR systems are typically viewed from an administrative standpoint, they are becoming critical for supporting strategic HR initiatives.

Core HR systems are usually viewed as critical but non-strategic solutions. As a colleague told me, "no CEO ever praised their company's payroll system as a source of competitive advantage, although CHROs and CIOs get fired when these systems don't work". Core HR tends to be viewed similar to how people think of the plumbing in their home. A good day is a day when we do not talk about it. It only gets attention if it does not work or costs too much to maintain and fix.

The nature of Core HR systems leads them to be treated as a "necessary evil" in many HR/IT departments. HR leaders are often reluctant to drive an aggressive Core HR strategy since it is a solution where, to quote an [old song](#), "the dangers are double, and the pleasures are few". As a result, many core HR solutions consist of outdated, patched up on-premise systems that do what they have to do but little else. It is also common for companies to have multiple Core HR systems spread across the organization. Each division or region is responsible for building and maintaining their local system. What these companies may not realize is Core HR is becoming critical to creating the sorts of agile and adaptable organizations necessary to compete in the [digital economy](#).

The strategic value of modern Core HR systems comes primarily from two things: better user interfaces and better data. Mobile, intelligent and intuitive interfaces decrease [employee frustration](#). They also increase data accuracy because when systems are easier to access and use, employees are more likely to update system data. Modern Core HR systems also improve the ability to access and use data by integrating it into a single, consistent database. This gives companies more insight into who is in their workforce and how to manage them. The following stories illustrate some of the strategic HR benefits companies can achieve by moving to advanced, cloud-based Core HR solutions.

Organizational restructuring. A company had to significantly reduce its workforce costs in a short amount of time. As a result of implementing a cloud-based Core HR system, the company had integrated and standardized workforce data that used to be spread across multiple, regional systems. The Core HR system provided detailed information needed to quickly reduce costs while minimizing loss of critical talent. As one person put it, the Core HR system made it possible to restructure using a scalpel instead of a chainsaw.

Workforce cost control. A global manufacturing company was struggling to control operational costs. An audit uncovered significant issues associated with divisions being over-staffed, particularly in areas

¹ These systems are also called Human Resource Information Systems (HRIS). In my experience, the terms Core HR and HRIS are relatively interchangeable. Core HR may be more common when applied to cloud technology solutions.

that made extensive use of contract employees. Implementing a single cloud-based Core HR system incorporating data across internal and external employees made it possible for the company to ensure staffing levels aligned closely with manufacturing demand.

Acquisition integration. A company was pursuing an aggressive strategy to grow through a series of acquisitions. This created the constant challenge of integrating newly acquired employees into the organization. This included making sure each individual employee felt recognized and appreciated following the acquisition. The company realized it could leverage its Core HR solutions mobile interface as a tool for employee engagement. When newly acquired employees were enrolled in the company's payroll system they received a note from the company CEO with a message welcoming them to the new organization. This included a link to a social collaboration site where they could ask questions and access information relevant to newly acquired employees.

Talent mobility & workforce planning. An energy company migrating to a modern Core HR system leveraged a machine learning, natural language parsing tool to standardize thousands of different job descriptions that had been developed over decades. This provided the company with a single, consistent view of job requirements and skills found across their workforce. This enabled the company to more effectively manage talent, determine pay levels, and project future staffing needs.

Talent retention. Integrating Core HR data with talent management data enabled a company to analyze turnover by performance level. This makes it possible to identify and address areas where high performing talent was leaving faster than average or low performing talent. And to target engagement strategies that focused on things that mattered the most to people the company most wanted to retain.

Crisis management. A company integrated its Core HR data with GPS mapping technology to identify how employees living in different areas might be impacted by an approaching hurricane. It used this data to ensure employees were safe and to develop alternative staffing plans to maintain critical business operations during the storm.

When companies think about Core HR systems, they tend to focus solely on operational issues like system stability and cost efficiency. However, Core HR systems can also provide significant strategic value. This is particularly true for companies seeking to build increasingly agile, efficient, and adaptable organizations.