

Strategic vs. Administrative HR Technology: Advantages of having all HR processes on a single platform

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The field of human resources (HR) is often divided into two areas. **Strategic HR** processes used to align the workforce to deliver business results. Strategic HR is sometimes described as “getting the right people in the right jobs doing the right things the right way”. It focuses on things like hiring, developing and managing employees to support business goals. **Administrative HR** processes used to support contractual processes associated with employment of people. This includes things such as managing payroll, providing healthcare benefits, and handling the administrative and legal details associated with establishing and terminating employment contracts.

There is a tendency to discuss the two sides of HR as though one were more important than the other. The reality is we need both equally. Administrative HR is needed to employ people. Strategic HR is needed to ensure people are doing what we have employed them to do. Think of it this way. Companies pay people to do stuff. Employees will not do what the company needs them to do if they don't get paid. But why pay them if they are not doing what we need them to do?

Despite their interconnected nature, companies often treat administrative and strategic HR as two distinct areas. This is particularly true in terms of HR technology. Administrative HR processes such as payroll or benefits are performed on technology platforms frequently referred to as Human Resource Information Systems (HRIS). Strategic HR processes such as recruiting, developing, and managing employees are performed on platforms with names like Applicant Tracking Systems (ATS), Learning Management Systems (LMS), and Talent Management Systems (TMS).

The use of different HR technology systems limits the ability to integrate different HR methods. Even worse, it creates a silo'd mindset within HR departments. Functional HR heads compete against each other for technology resources. They argue over things like whether payroll management is more important than talent management, and downplay that the value of one process often depends on the other. Arguing over the relative importance of strategic vs administrative HR systems is a bit like arguing whether clean air is more important than healthy lungs. But as long as HR departments use multiple technology systems, HR leaders will spend time competing to get technology resources to make their particular part of the HR world easier and more efficient. They will also spend less time collaborating on ways to increase the productivity of the workforce.

The advent of cloud-based HR technology is changing this by providing technology platforms that support administrative and strategic HR processes on a single system. This decreases internal conflict within HR departments over technology resources. It also enables greater HR process integration such as linking staffing processes to development processes to build stronger talent pipelines. Putting administrative and strategic HR processes on a single technology platform also creates some valuable and often unanticipated benefits such as:

- **Creating more accurate and interesting HR data.** Because administrative HRIS technology supports ongoing operations like payroll, much of the data in these systems undergoes considerable quality control to ensure it is accurate. HRIS technology usually contains the most up-to-date information about who is working in the company, what jobs they are in, where they live, and how much they

are paid. But this data is often relatively uninteresting in terms of telling us about employee productivity or potential. For example, a company might use their HRIS to learn they have 500 employees with the job title “Level 1 Customer Service Advisor”. But the HRIS may not have any data on the performance levels, career goals, or retention risk of these employees. In contrast, strategic HR technology systems contain significant information about employee performance and potential. But data in strategic HR systems tends to be less current and accurate than HRIS data. This is because many strategic HR processes occur quarterly or annually (e.g. succession management) and do not have the near-term financial impact associated administrative HR tasks like payroll processing. Consequently, less effort is put into maintaining the quality and accuracy of strategic HR data compared to administrative HR data.

Having administrative and strategic HR processes on the same technology platform enables creation of data sets that are both more accurate and more interesting. It combines the accuracy of HRIS data with the rich information gathered by strategic HR processes. This enables companies to run powerful reports such as “turnover by performance level across departments”, “promotion rates tied to specific employee competencies”, or “employee retention risk percentages across job types”. The result is much greater insight into the capabilities, strengths and weaknesses of the workforce.

- **Embedding HR solutions within the context of workforce challenges.** HR organizations seek to enable line leaders to more effectively manage their workforces. A historical barrier to this goal was the fact that systems used to identify workforce challenges were separate from systems used to implement workforce solutions. For example, managers might be given reports or dashboards containing data from administrative HRIS systems related to employee turnover or staffing levels. But the systems supporting the staffing and management processes that impact turnover and staffing levels were contained in different technology platforms. Managers would learn about workforce challenges in one system, but would need to go to a different system to address these challenges.

Putting administrative and strategic HR processes on a single platform allows companies to place reports about workforce challenges alongside the tools used to address these challenges. This shortens the link between the cause, effect, and solutions to workforce issues related to staffing, development, or retention. For example, a business leader can be given a report showing a high level of vacancies in certain roles based on HRIS data, and then be directed to tools in the same system that support recruitment of external hires or development of internal employees. Because everything is provided in one place there is less delay between identifying issues and taking action to solve them.

People within HR departments tend to distinguish themselves based on the processes they support. For example, thinking of themselves as compensation experts or staffing experts. But few people outside of HR departments make this distinction. HR is not multiple things to them. It is a single department. And non-HR people find it frustrating when different HR processes fail to talk to each other, or when tools used for one HR process are completely different from tool used for another HR processes. As one business leader told me, “the only thing that integrates our HR department are the poor employees who actually have to use all the different HR processes”.

Looking backward, companies had to implement multiple systems because no single system could effectively support all elements of HR. HR technology often did more to create HR silos than to enable integrated HR methods. Looking forward, HR technology has reached a point where a single platform

can be used to support administrative and strategic HR processes. The benefits of an integrated approach are multiple. Integrated HR methods drive more effective results by leveraging multiple levers to drive positive workforce change. They also create a more coherent experience for the managers and employees who have to use HR methods. Technology has made it possible for HR to be the integrated function everyone wants it to be. But HR leaders must embrace an integrated mindset if we are to achieve this goal.