

## **New technologies (ICT) and new skills for human resources: finally moving towards a strategic role?**

### **1. New technologies and management of human resources: the current importance of the phenomenon and the research hypotheses**

The success of organizations today seems to be more and more tied to the ability to play on one's own wealth of knowledge (Drucker, 1993), focusing mainly on "knowledge intensive" activities and basing the competitive advantage on the skills of their own people (Prahalad, Hammel, 1990; Grant, 1991, 1996). Certainly, even in the past, knowledge has always represented a significant factor, however, what seems to characterize the current era is the fact that knowledge today is indissolubly tied to the more and more frequent and rapid processes of innovation and change (Castells, 1996). The inevitable consequence is that the ability to bring out someone's abilities, to manage their development and professional growth and to best use their knowledge represent a crucial factor in the survival of many organizations in the 21st century, in a competitive scenario characterized by high levels of uncertainty and continuous pressure to change.

In order to face an increasingly intense and unpredictable competition, to effectively meet the needs of extremely demanding and differentiated clients and to keep up with technological innovation, leveraging on people becomes absolutely necessary: very carefully following selection and development processes, making their knowledge available and guaranteeing throughout time a high level of involvement and commitment to the company's goals. In these "knowledge intensive" organizations, the management of people takes on a strategic importance and imposes abandoning the traditional logic of direct control (Watson, 1994), based on the idea that people are simply a "production factor" which, like any other resource – money, machinery -, is managed in terms of efficiency and strict supervision, in favor of a style based on indirect control (Watson, 1999). Indirect control implies building a strong organizational culture, which, affecting the level of decision-making premises, guarantees the alignment of individual and group actions with the needs and the objectives of the organization and it favors processes of empowerment and identification in the organizational community (Legge, 1995).

To effectively stand up to such a challenge, it becomes necessary to reconsider the overall relationship between specialists in the HR function and the line management (Hall, Torrington, 1998). In the first place, the skills that the specialists in the function have with regard to the human resources management must be brought out and made available to the entire organization: this implies progressively involving these specialists in the definition of overall strategies for the organization, through their entrance into the "button room" (Boldizzoni, 2000). Secondly, a partnership between

the human resources specialists and line managers is essential because they can build only by cooperating – through training and development activities, coaching, mentoring and communication – that climate of essential trust so that the logic of indirect control works. Thirdly, favoring the passage of some human resource management activities to the line is necessary (Hope-Hailey, *et al.*, 1997; Bach, Sisson, 2000), in this way the human resources specialists have more time and energy to support programs for strategically changing the company (Martinsons, 1994).

For the HR function the outlined scenarios definitely press for the need to undertake deep transformations from the point of view of logic, processes and action and functioning systems: if, in fact, it has been repeated for many years by now that human resources has become a strategic factor for competition (Pfeffer, 1994, 1998), it is also true that the *executives* in the department have almost never historically played the part of “strategic partner” (Lawler, 1995; Brockbank, 1999). The HR department has always been an “administrative” office, managed according to logic mainly inspired to control costs' and focused above all on the administration of personnel (Ulrich, 1997).

Today, however, the situation seems to be changing, as is proved by a broad series of studies, one after the other, since the second half of the 90's (Smith, Riley, 1994; Eichinger, Ulrich, 1995; Csoka, Hackett, 1998; Becker, Huselid, 1998, 1999; Wright, *et al.*, 1999); the HR department, born and developed to perform administrative duties, found it was being pushed to give itself new logic and organizational models to effectively perform its new role as a “business partner” (Ulrich, 1997).

Today, such a transformation process seems to be able to consistently benefit from opportunities offered by the new technologies (Lowler, Mohrman, 2001), through the planning and implementation of “electronic HR” (e-HR) solutions, which, according to the definition given by Cesaria and Cubello (2002), consists of “the application of ICT tools and functionality to improve the effectiveness and the efficiency of human resource management processes and to enhance Human Capital as much as possible”. The focus of this definition is therefore primarily on the opportunity offered by new technologies to improve human resource management in terms of both efficiency, by optimizing operative times and costs, and effectiveness, by searching for the maximum flexibility and quality of the services offered to their internal and external clients.

In particular, there seem to be three main vehicles of innovation, made possible thanks to the use of e-HR (Lowler, Mohrman, 2001):

- The automation of mainly standardized operative activities (think, for example, about all the administrative aspects), which could free up resources for activities of strategic importance;
- The personalization of the relationship with each individual employee (“one to one” logic), which could guarantee tailor-made solutions for each internal client;
- The availability of a large data base and powerful analysis tools, which could enable better founding effective decisions from the point of view of the strategic development of the organization.

In the light of these elements, some questions are raised that also represent the main research hypotheses:

- Is the *e-revolution* progressively directing the department toward that strategic role – demanded by more than one part – needed to support the development of the business and the growth of the organization?
- Is the introduction of new technologies dictated only by the search for a growing optimization of time and energy spent to complete some activities that characterize resource management or does it also lead to an overall review of the organization of the entire HR department, its processes and activities?
- Can the development of e-HR be simply reduced to the introduction and the use of a series of informatic tools for activities inherent to administration, selection, training, and development, or is it meant as a potential occasion to deeply innovate the logic of the organization and the action of the department, with an inevitable impact from the point of view of the culture and skills of its operators?

## **2. The main findings: the difficult journey of the human resource department towards a strategic role**

The main datum that came out of the research is that, if the human resource department definitely seems to be on the way of taking on a strategic role – thanks also to the impact determined by the introduction of new technologies -, in any case such a journey today appears rather complicated and still quite long.

The HR department, in fact, is today subjected to the strong pressure to change characterized by the attempt to find a new identity that is realized in the ability to give effective solutions, in terms of the services offered to both its internal and external clients. Only in this way does it seem possible to build new sources to legitimate the department in the eyes of the top management, the line management and the employees.

Two main lines can be made out in this evolutionary process (Ulrich, 2000; Lawler, Mohrman, 2001): one has a “structural” nature (hard) and the other has a “cultural” nature (soft).

On the structural side, the progressive organization of processes, activities and roles in the department are in three main lines:

- centers of specialized skills (they deal with ensuring the innovation of content and methodology in regard to the different levers of personnel management: training, selection, evaluation, etc.)
- centers of shared services (they deal with the management of the bureaucratic-administrative side)
- business partners (they guarantee the connection with the line, which they constantly analyze and interpret the needs of and offer continuous support to in order to reach the business results)

On the cultural side, the department is more and more often faced with the need to develop and orient its action logic in the direction of “service to the internal client” – the

ability to offer personalized and quality services to the different internal segments served – and of the “agent of change” – the ability to support the line in the management of processes of change, which tend to take on a permanent nature by now in the majority of organizations.

In this evolutionary picture, new technologies play an increasingly important role, the impact of which on department processes and activities has rapidly been changed in the last two or three years. If the second half of the 90’s celebrated the enormous entry of e-HR in the logic of cost control and efficiency gaining, starting from 2000-2001 the attempt, on behalf of the company, to use and enhance ICT in the support of strategic company development processes has become more and more widespread. Today, all of this is heavily weighing on the professional profile of the HR specialist, modifying and broadening the range of skills required.

The fact that these new use prospects, greatly connected to "development processes", can be traced to two main factors has clearly emerged from the research: on one hand, the greater efficiency in administrative processes frees up resources for activities with greater added value (training, evaluation of performance and potential, skills analysis, mobility/career, etc.); on the other hand, requests from the line are strongly evolving. The latter, in fact, increasingly expects the HR department to rapidly and efficiently provide them with personalized and quality services. It is clear the great potential of ICT in the planning and creation of such services to benefit different internal clients, in the logic of ERM (Employee Relationship Management).

The transformations described imply a deep change in terms of skills, sensitivity and mentality for those who work in HR. In particular:

- the need for all resources to acquire skills concerning the use of ICT in order to manage e-HR systems (both the more traditional ones tied to administrative management and above all, the more innovative ones tied to people development processes);
- the need to understand the logic and potential of ICT infrastructures in order to be able to "knowledgeably communicate" with internal/external suppliers of technology and in this way combine informatic architecture and solutions with real needs;
- the need to reinforce strategic skills and knowledge of the business: the introduction of technology as “e-greenfield”, i.e. an opportunity to rediscuss company processes and make them more functional for the business;
- the need to develop groupware skills in order to manage the company "community" (for example, those connected to the use of e-learning);
- the need to reinforce skills for the analysis, processing, interpretation and use of the vast amount of data made available.

Finally, a redistribution of tasks and activities between Human Resources and line functions appears inevitable, after the fact that the new technologies progressively enable people to move with a logic of self-service. It then becomes important for those working in HR to pass from a reactive logic of control to one which “promotes the responsibility of line managers and their personnel” to use services autonomously. In

other words, also thanks to ICT, it is about beginning a different relationship with the parties, in which the contribution of HR is more and more oriented in the direction of strategic consultation, not only with regard to the Top Management, but also to line managers and individual employees.

The question concerning how much weight ties of cultural and political nature will continue to have remains open: on one hand, if HR personnel will be able to change and modify their mentality and the way of proposing themselves, taking on an approach of internal consultants for the service of the organization; on the other, if they will be able to run the risk of giving up traditional power garrisons and risk the legitimation for their role on new and, up till now, unexplored sides.