

Chapter 6.12

High Performance IT as Strategic Partner for HR Management

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INTRODUCTION

The constant growth of the role that information technology (IT) is playing in business today has led to the development of new business models and new business processes (Cline & Guynes, 2001). In the modern business world, characterized by such things as internationalization and cooperation between organizations from different industries, companies are faced with a great many challenges, including:

- The integration of data sources, applications, platforms, and businesses;
- The technological and organizational flexibility needed to respond efficiently to changes in the marketplace;
- The creation of systems that are reliable, robust, and flexible, and that are able to

keep pace with the changing needs of their users;

- Product and service quality.

As such, companies are increasingly recognizing the importance of effective IT management (Broadbent & Weill, 1997).

As human resources management plays a critical role for an organization's success (Jackson, Hitt, & DeNisi, 2003), all these mentioned challenges have implications for how human resources are managed. In particular, most of the human resources management has mainly focused on administrative aspects of HR (human resources) (Groe, Pyle, & Jamrog, 1996; Lawler & Mohrman, 2003). Moreover, although numerous studies have studied the potential for the human resource to be a strategic partner, human resources executives have not been strategic partners (Lawler, 1995; Lawler

& Mohrman, 2000). The information technology offers the opportunity to free up HR from much of these administrative activities. Then, the human resource function could significantly focus on participating to build the organization's strategy (Lawler et al., 2003). In fact, human resources information system (HRIS) allows, from one side, a self-service HR administrative activities, and, from the other side, HR to gather strategic data and information in order to contribute to the business strategy formulation. The Lawler et al. study (2003) shows how HR is most likely to be a full strategic partner when an integrated HRIS exists. The globalization of business, the development of more flexible organization structures, the further development of information technology are some of the drivers of the necessity for HR information systems (Groe et al., 1996).

In light of the previous, the goal of managing information technology resources is to be able to identify, select, and assess--and, when necessary, revise the initial decisions--a balanced, consistent set of IT products and services for both in-house users (employees and business owners) and external users (customers, suppliers, partners, and the community).

BACKGROUND

Many organizations may be investing in IT to reduce transaction costs and reduce the size of HR function, instead of make it a strategic partner. However, as mentioned in the previous chapter, it is clear the potential contribution of HR function in the business strategy formulation. In order to increase the strategic value-add of HR function, the following considerations should be taken into account by both HR and Top management: human resource is an information-centered activity; IT supports to increase HR focus on and capacity of planning, organizational development and organizational designs; IT supports to turn data into strategically valuable information; IT supports to increase the business knowledge of HR profes-

sionals (Groe et al., 1996; Lawler et al., 2003).

In order to create and manage IT resources, one must make certain decisions in terms of understanding the needs of the business, investing in and coordinating the various IT components, and being able to alter the composition of IT resources, as well as to manage and control these resources and their relationship to the business as a whole. It follows, then, that IT governance does not limit itself to merely managing the current state of affairs, but also necessarily implies an ongoing analysis and revision of the needs, limitations, and opportunities provided by IT in relation to general business objectives (Cegielsky, Reithel, & Rebman, 2005).

Therefore, it is important to have appropriate models for managing IT resources.

A number of authors (Brynjolfsson & Yang, 1996; Hitt & Brynjolfsson, 1995) have shown how investments in IT resources can be beneficial to productivity, which does not necessarily mean an increase in productivity for the entire organization.

Below, we shall put forth a six-part model¹, based on the competitive forces model and applied to IT resources, which can be used as a general point of reference in managing IT resources in a manner that best supports a company's business activities (Figure 1).

The first part of the model requires that we identify the products and services currently provided to the organization's various stakeholders (both internal and external) in order to analyze any gaps between these and the users' actual needs.

The second and third parts concern strategy:

- The strategy of the organization, the purpose of which includes determining which products and services are necessary in order to achieve general objectives;
- IT strategy, the purpose of which is to plan future needs in terms of IT products and services that are in line with the organization's strategic goals.

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