Alignment of Information Technology and Human Resources Strategies

K.F. Dery
University of Sydney, Australia

D.A. Samson
University of Melbourne, Australia

INTRODUCTION

Increased productivity within modern organizations over the past two decades has largely been generated by more effective use of information technology. However, the increase in technological capability has necessitated a wide range of organisational changes. These changes to process and work structure have implications for the recruitment, remuneration, reward, skill levels and general management of people. Therefore some of the greatest challenges have been associated with integrating and aligning information systems with the appropriate human resources management strategies.

While it is widely accepted that new information systems will have an impact on the management of human resources there is a significant lack of conceptual frameworks and practical guidelines to integrate all aspects of human resources policy with those of information systems strategy. HR and IT strategies should ideally be aligned in their competitive goals in order to maximise technology investment effectiveness.

This article provides a framework to:

(1) identify and analyse the degree of alignment between HR and IT and
(2) identify the enablers and inhibitors to the alignment process.

BACKGROUND

There is recognition in both academic and business practitioner literature that Human Resource (HR) management issues play a major part in the realization of improved business performance from Information Technology (IT) investment (Zuboff, 1988; Peters, 1988; Keen, 1991). While there is significant evidence of intent to align HR and IT activities, firms experience difficulties in the implementation process. There is therefore a need to better understand the relationship between the strategic planning and implementation of IT and the associated management of HR, to ensure that the firm has the capacity to maximize the opportunities enabled by technology innovations.

As contingency views of the role and activities of the HR and IT functions gained momentum, many management theories recognized the importance of aligning IT and HR with organization strategy to change work practices and increase productivity (Becker, Huselid, & Ulrich, 2001). New theories of management and organization process re-designs suggested by Business Process Redesign (Hammer & Champy, 1993; Davenport & Short, 1990), Knowledge Management (Nonaka, 1991; Ambrosio, 2000; Pfeffer & Sutton, 2000), and Virtual organizations (Ashkenas, Ulrich, Jick, & Kerr, 1995), were technology driven but required significant organizational change to implement successfully. People management was frequently cited as the reason for failures in the implementation of these management theories (Ambrosio, 2000), yet to date little is known about the issues that surround gaining alignment between the organizational demands of the technology and the strategic management of people.

CASE RESULTS AND ANALYSIS

A series of four Australian companies were examined in detail using case studies that described an IT project. While the unit of analysis was the firm for comparative purposes, the IT project was used as a lens to gain more specific insight into the minds and actions of executives' as the project was instigated, planned and implemented.

Each of these projects had significant implications for the HR strategy and therefore in each case we might expect to see some evidence of alignment in the planning activities and implementation programs between the IT and HR executives. Table 1 below summarizes the cases, the IT projects and implications for HR strategies.

Table 1. IT project selection for each company

	Mbank	**PFS**	**WxPress**	**Snax Ltd**
IT Project	On-line mortgage application system	On-line superannuation fund management system enhancement	On-line retail ordering system	R&D system to co-ordinate recipe development, ingredient sourcing and labeling
Implications for HR	Processes previously dominated by data entry and validating, now restructured with a greater focus on analysis and assessment skills. Additional opportunities to restructure jobs with part-time /job sharing rosters.	Organization built on corporate relationships moving to longer term relationships with individual policy holders. Increased complexity of consumer demands. Current bias favouring administrative skills moving to financial advisory skill requirements.	Customer contact staff initially employed for ability to communicate by telephone with customers, now required to move to a written medium and provide the same degree of advice and information.	Specialist operators detailing, proofing and checking compliance on labeling and recipe development will no longer be required in their current form. Potential for significant job redesign based on more co-operative, process driven systems.

(i) Identification and Analysis of the Degree of HR/IT Alignment

A series of unstructured interviews with executives in each company from IT, HR, user groups and senior executives were conducted. These were analyzed in conjunction with written evidence to create indicators that we might expect to observe in an organisation where HR and IT was aligned. The indicators included factors that suggested that (a) the organization intended to align the activities of HR and IT and (b) the behaviours that contributed to an organizational state of realized alignment. These two views of alignment are consistent with Reich and Benbasat's (1996, 2000) work that examined the intellectual (intended) and social (realized) perspectives of alignment, and will be further discussed in this paper.

Indicators of alignment were identified as:

a. Evidence of intellectual (intended) alignment between HR and IT strategies as evidenced by:

- written plans,
- internal consulting processes,
- reporting structures,
- regular meeting arrangements,
- other regular activities that suggest that the company's strategic requirements were being considered in the activities of the HR and IT functions.

b. Evidence of social alignment (executive understanding and actions) as evidenced in the following factors:

- Regular communication between IT and HR executives.
- Company requirements that a representative from HR be included in all IT project teams.
- Written and verbal evidence that the CIO understood the importance of HR strategies to effectively implement the IT strategy.
- Understanding by the HR manager of the IT strategy and the implications of that strategy for the management of people in the organization.
- Recognition by the senior executives that having HR strategies built around the requirements generated by changes in IT was critical to realizing the rewards from the investment in the IT strategy.

Each case was assessed according to the alignment indicators identified above using both self assessments and documentary evidence. The findings were used to position each company on a spectrum of intellectual and social alignment (Figure 1).

Despite some indicators in written documents and discussion that alignment was intended between HR and IT, there was no evidence in the cases of systemic processes that ensured HR input into IT strategies and projects. Any social alignment observed was based on

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