Strategic HRM Is What Matters

Don't let little strokes fell great oaks: Make sure your HRM strategy has strong roots before outsourcing. By Naomi Bloom

One of the great debates in HR is over what is "strategic" and what is merely "administrative" with respect to HR management (HRM) processes. Strategic processes are considered worthy of executive attention, expensive conferences, and academic research and articles. Administrative processes are considered beneath the attention of senior management except when cutting costs or, heaven forbid, when something goes wrong. Oddly enough, this debate goes on without a rigorous or consistent definition of "strategic" or "administrative" HRM.

What might be an interesting but not harmful debate when organizations control their HRM processes and delivery system becomes extremely important when organizations enter into a comprehensive HRM BPO contract. After all, if you don't know the difference between what's strategic and what's administrative, how do you ensure that your outsourcing arrangements don't hobble the former even as you're offloading the latter?

Strategic HRM is not hard to define. It consists of processes that make important differences—e.g., increasing organizational revenues/profits and achieving business outcomes. Strategic HRM occurs when HR methods improve the performance of individuals, teams, or organizational units. Thus, strategic HRM:

- Better defines and organizes work roles;
- More accurately models work role-specific knowledge, skills, abilities, and other characteristics (KSAOCs);
- Improves generation, selection, deployment, motivation, and retention of KSAOC-rich persons;

- More flexibly deploys KSAOC-rich nonemployee workers (consultants and contractors);
- Improves generation, collection, sharing, and deployment of organizational knowledge;
- More effectively utilizes electronic performance support systems (e.g., knowledge bases, analytics, and performance coaching applications);
- Motivates the workforce toward desired behaviors, outcomes, and KSAOC growth via compensation plans and work environment programs;
- Improves forecasting and development of KSAOCs;
- Improves the design and execution of performance management and leadership development programs;
- Creates a work environment that removes barriers to and encourages effective and innovative performance;
- Improves relations with labor organizations and with the workforce; and
- Offers better day-to-day coaching, mentoring, assignment, development and career planning, and performance management.
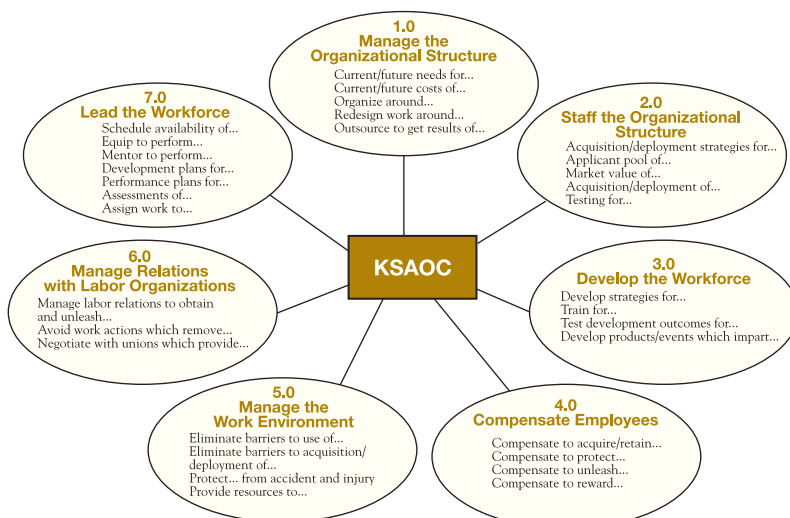
Not surprisingly, KSAOCs are at the heart of strategic HRM and must be at the heart of your HRM processes if you're trying to do anything strategic. Whether you're evaluating HRM software for in-house implementation or evaluating the HRM delivery systems of BPO providers, you won't get strategic HRM support unless your vendor or provider has a KSAOC-centered platform.

The figure in this column provides a simple "test" to determine to what extent your outsourcing provider's platform (or your software vendor's offering) offers a KSAOC-centric approach to HRM. For each of the seven highest level HRM processes, the examples of what occurs in those processes can only be completed by having an agreed-upon vocabulary for KSAOCs with which to replace the "... ." Furthermore, the relationships among these highest level processes are all about KSAOCs—attracting and developing them in the workforce, organizing work around them, encouraging their use via compensation plan design, and creating an environment conducive to their use every day.

Once the connection between KSAOCs and strategic HRM is clear, it is important to address how *not* to lose this connection through short-sighted outsourcing of "administrative" HRM processes. My next column will discuss how you can outsource, offshore, or move administrative processes online without hobbling your ability to achieve important business results through strategic HRM. **HRO**

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1.0 Manage the Organizational Structure
Current/future needs for...
Current/future costs of...
Organize around...
Redesign work around...
Outsource to get results of...

2.0 Staff the Organizational Structure
Acquisition/deployment strategies for...
Applicant pool of...
Market value of...
Acquisition/deployment of...
Testing for...

3.0 Develop the Workforce
Develop strategies for...
Train for...
Test development outcomes for...
Develop products/events which impart...

4.0 Compensate Employees
Compensate to acquire/retain...
Compensate to protect...
Compensate to unleash...
Compensate to reward...

5.0 Manage the Work Environment
Eliminate barriers to use of...
Eliminate barriers to acquisition/deployment of...
Protect... from accident and injury
Provide resources to...

6.0 Manage Relations with Labor Organizations
Manage labor relations to obtain and unleash...
Avoid work actions which remove...
Negotiate with unions which provide...

7.0 Lead the Workforce
Schedule availability of...
Equip to perform...
Mentor to perform...
Development plans for...
Performance plans for...
Assessments of...
Assign work to...

KSAOC

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