



Survey report June 2005

# PEOPLE MANAGEMENT AND TECHNOLOGY PROGRESS AND POTENTIAL

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# Introduction

Developing and managing the interface between people and technology is one of the most critical issues facing the HR function today. Accordingly, in this year's survey we have examined progress in several key areas and considered the future challenges. We let the survey results speak for themselves – set out in the next section. We are grateful to the Institute of Work Psychology, University of Sheffield, for the thoroughness of their approach and quality of their analysis. We also, for the first time, offer some reflections on the task ahead. These form a separate section at the end of the report. We hope that they will help to stimulate thinking on the positive actions that the profession must now take to grasp a window of opportunity.

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# Summary of key findings

The CIPD 2005 *People Management and Technology* survey considers current and emerging trends on how information technology is changing people management and development practices. It builds on the findings of the previous surveys by examining the progress and prospects in the use of human resource information systems. This year's survey is broader in scope. We have also examined the use of electronic communication in delivering HR policies and procedures and the use of technology as a tool in the workplace. Data was obtained from HR professionals in over 300 organisations via a paper questionnaire and supplemented by ten telephone interviews. Further details of our methodology and approach are given at the end of the report.

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## **The implementation and use of human resource information systems (HRIS)**

- Seventy-seven per cent of respondents say that their organisation has an HRIS. Most of these systems are not integrated with other IT systems in the wider organisation.
- Absence management (85%), training and development (75%) and reward (75%) are the three functions most likely to form part of an HRIS; they are also the three most likely to be run as an integrated system.
- The five most popular reasons for introducing an HRIS are: improving the quality (91%), speed (81%) and flexibility (59%) of information, reducing the administrative burden on the HR department (83%) and improving services to employees (56%).
- On the whole, HRIS appear to be delivering expected or better than expected results.
- Just under half (46%) of respondents say that managers outside the HR department use their organisation's system, and a third (32%) say that employees are expected to use aspects of it.
- Over a quarter (28%) consider that their system is difficult for the HR department to use.
- Almost all (94%) find their systems to be fairly or very reliable. There is a positive relationship between good project management at the design and implementation stage and the perceived reliability of the resulting system.
- For 68% of respondents the introduction of a new HRIS came in on time and for 89% their introduction of HRIS was achieved within budget. There is a very strong positive relationship between good project management and whether or not the introduction of the HRIS is achieved by the deadline.
- If respondents were to introduce an HRIS again, they would seek greater integration, more clarity with providers and more training of staff before implementation.

### **HR use of IT for internal communication**

- Seventy-one per cent of respondents say that their organisation possesses an intranet system; the larger the organisation the more likely it is that they have one.
- The main purpose of HR intranet systems appears to be the provision of information (98%) and the downloading of forms (88%).
- Seventy-four per cent of respondents consider that their intranet system is a reasonably effective or very effective tool of communication with employees.
- Twenty-two per cent say that their organisation has an HR self-service (HRSS) system and in three-quarters of these cases this forms part of the HR intranet system. Its two main uses are to allow employees to update their personal information, and to apply for jobs online.
- In cases where an HRSS system is in place, only 64% say that all their employees have access to it.
- A substantial majority of HR professionals see the introduction of an HRSS system as a benefit. The most frequently expressed view is that it reduces the administrative burden and gives them more time to address strategic issues.

### **Technology in the wider workplace**

- Software used for data capture and manipulation is the most readily identified type of technology that employees use in their day-to-day work. Technologies that serve operational functions are mentioned far less frequently.
- Access to, and use of, a PC at work is becoming more the norm than the exception. Just over half of respondents say that upwards of 80% of their workforce has regular daily access to a PC. Only in manufacturing and production firms is the average percentage of the workforce with regular daily access to a PC significantly lower than in other sectors.
- In approximately half of organisations, when new technology is introduced, decisions are taken without reference to the HR function. HR professionals are more likely to be involved at later stages; for example, in job design and training.

# The implementation and use of HRIS

An HRIS can be defined as a computer-based information system for managing the administrative and strategic processes related to an organisation's employees. The successful implementation and use of an HRIS should reduce the administrative burden undertaken by the HR function and allow it to undertake a more strategic role. Respondents were asked how such systems are managed, how effective they are and how their effectiveness could be improved.

## The extent of implementing an HRIS

Seventy-seven per cent of respondents say they have an HRIS – this is a similar finding to the 2004 CIPD survey. Of those with an HRIS, the following applies:

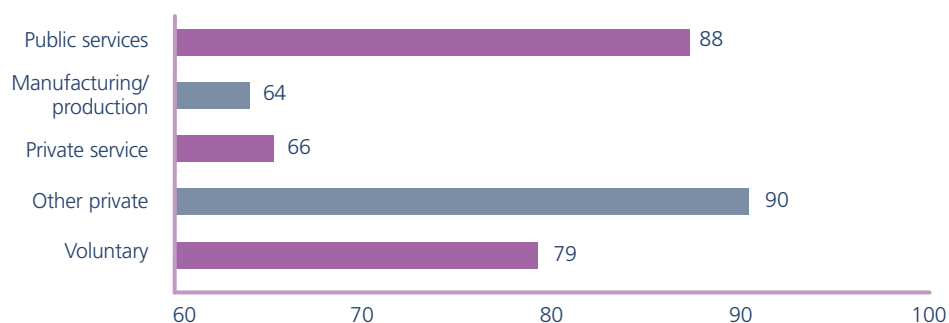
- Fifty-four per cent have a single HRIS covering several HR functions integrated across the functions, but not with any other IT system within the wider organisation.
- Sixteen per cent have a single HRIS covering several integrated functions and integrated with other IT systems within the wider organisation.
- Twenty-four per cent have two or more stand-alone HRIS covering different HR functions, not integrated with each other or with other organisational IT systems.

- Six per cent have two or more stand-alone systems covering different HR functions, integrated with other IT systems across the wider organisation.

The majority of respondents therefore do not have systems that are integrated with the other IT systems in the organisations.

Figure 1 shows there to be a significantly lower level of adopting HRIS in the manufacturing and production and private service sectors compared with all other major sectors.

Figure 1: Percentage of organisations with an HRIS in each sector



### Reasons for introducing an HRIS

The amount of time that HRIS have been in use in respondents' organisations varies from under one year to 25 years. The majority (97%) of organisations have had their system in place for ten years or less; the average age of systems is just over four years.

The five most popular reasons for introducing an HRIS are: improving the speed, quality and flexibility of the information available to the organisation, reducing the administrative burden on the HR department and improving services to employees (see Table 1). These are the same top five reasons given by those responding to the 2004 survey. The importance of these systems to produce HR performance metrics and for reporting on human capital has increased in the past year, with 55% and 42% of respondents, respectively, reporting these as reasons for introducing an HRIS.

### Intended users of the HRIS

Other than HR department personnel, it's interesting to note that, in nearly half (46%) of the organisations, line managers outside the HR department are expected to use the HRIS, as are employees in a third of organisations (32%) (see Figure 2).

Table 2 indicates that the functions for which HRIS are most frequently used are absence management, training and development, and reward. HR strategy, expenses and communication are mentioned least often. However, as Table 3 shows, expenses, absence management and communication are the HRIS functions most frequently integrated with other organisation-wide IT systems. This shows very little change from the pattern found in the 2004 survey.

Table 1: Reasons for introducing an HRIS

	Percentage of respondents
Improving quality of information available	91
Reducing administrative burden on the HR department	83
Improving speed at which information is available to the organisation	81
Improving flexibility of information to support business planning	59
Improving services to employees	56
Producing HR metrics/measures for performance improvement	55
Aiding human capital reporting	42
Improving productivity	39
Reducing operational costs	35
Managing peoples' working time more effectively	26
Enabling employees to access HR information	25
Facilitating the achievement of external standards (eg Investors in People)	19
Improving profitability	16
Reducing headcount	8
Complying with supply-chain partner requirements	5

Figure 2: Intended users of the HRIS (%)

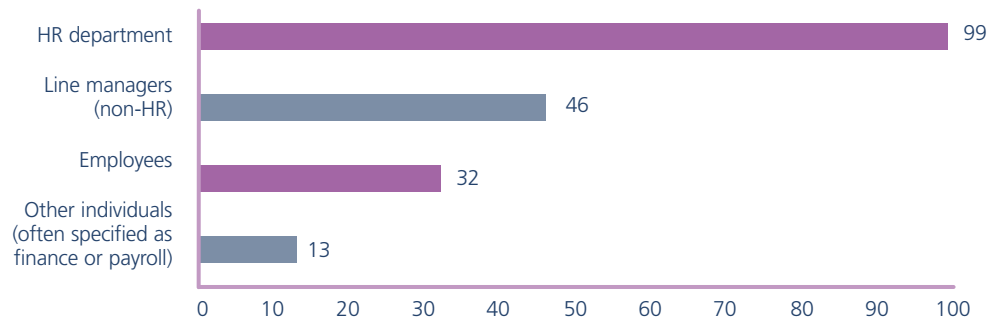


Table 2: Organisations' use of their HRIS

Function	Percentage of organisations
Absence management	85
Training and development	75
Rewards	75
Managing diversity	57
Recruitment and selection	51
Other (usually payroll, but also pensions, accidents, work and medical history)	50
Appraisal/performance management	47
HR planning	29
Knowledge management	25
Expenses	19
HR strategy	18
Communication	18

Table 3: Organisations' use of their HRIS

Function integrated with organisation-wide IT systems	Percentage of organisations
Communication	36
Expenses	34
Absence management	34
Training and development	34
Reward	33
Recruitment and selection	26
Appraisal/performance management	26
Knowledge management	26
Managing diversity	19
HR planning	17
HR strategy	17
Other (usually payroll, but also pensions, accidents, work and medical history)	15

### Variations in the use and integration of HRIS

Different sectors generally use their HRIS to perform similar functions, except in the following three areas:

- Recruitment and selection – 59% of public sector organisations use their HRIS to support recruitment and selection, compared to only 28% of private sector manufacturing companies.
- Managing diversity – 70% of public sector organisations use their HRIS to help them manage diversity, compared to only 40% of private sector manufacturing companies.
- Expenses – 33% of public sector organisations use their HRIS to deal with expenses compared to 9% of private sector service companies and 7% of private sector manufacturing and production companies.

Statistical analysis shows that the extent to which different HR functions are integrated with IT systems within the wider organisation seems to differ marginally between sectors. However, the larger the organisation the more likely they will have a higher proportion of the HR functions listed integrated with IT systems in the wider organisation.

Analysis also shows that the greater the proportion of functions that are integrated as part of an HR department's HRIS, the more likely it is that the system will also:

- aid human capital reporting
- comply with supply-chain partner requirements
- improve profitability
- reduce headcount
- deliver against economic criteria.

### Reasons for lack of integration

Where appropriate, the telephone interviewees were asked why they had stand-alone HRIS within their departments and why they hadn't integrated them within the wider organisation. This is a summary of the main themes of their replies.

As with the qualitative data that resulted from the 2004 survey, reasons given for non-integration revolve around money, power and historical timing. Systems are bought to fulfil functions as need becomes pressing at different times, and these different systems do not 'talk to each other'. The cost of starting from scratch, buying one new system that would run all the necessary HR functions and integrate with other organisational IT, is often seen as prohibitive. Also, when stand-alone systems are working well, there is a fear that an integrated system may not work as well.

Integration of IT between HR and different organisational departments is also likely to mean compromise for some. This serves as an additional brake for those who want to spend their department's budget on meeting their own department's needs. For example, when decisions about HR software are made by the accounts department to suit their own purposes, the software often fails to meet the needs of HR. Organisation-wide integration increases the number of compromises that have to be made.

Additionally, it's felt that organisational integration of IT compromises confidentiality, and that HR can lose control of the information.

## HRIS performance

HRIS appear to be delivering expected or better than expected results in the majority of cases when considered against the reasons for their introduction. However, the reduction in the administrative burden is, in a third of cases, less than might be expected.

Statistical analysis indicates that the effectiveness of the HRIS can be judged against the 'economic criteria' and 'information criteria' seen in Table 4. 'Economic criteria' include the following:

- The HRIS manages people's working time more effectively.
- The HRIS reduces operational costs.
- The HRIS improves productivity.

- The HRIS improves profitability.
- The HRIS reduces the headcount.

'Information criteria' include the following:

- The HRIS reduces the administrative burden on the HR department.
- The HRIS improves the quality of information available.
- The HRIS improves the speed at which information is available to the organisation.
- The HRIS improves the flexibility of information.

Detailed examination of the data shows that HRIS are delivering slightly but not significantly better against information criteria than against economic criteria.

Table 4: Performance of HRIS against expectations

Reasons for introduction	Percentage of respondents reporting...			
	Not at all	Not as good as expected	As expected	Better than expected
Improving the speed at which information is available to the organisation	2	22	62	14
Improving the flexibility of information	6	27	59	8
Improving services to employees	10	27	59	4
Reducing the administrative burden on the HR department	3	33	54	7
Aiding human capital reporting	11	24	58	7
Improving productivity	14	24	58	4
Improving the quality of information available	2	32	52	14
Reducing operational cost	14	26	53	7
Facilitating achievement of external standards, eg Investors in People	19	25	55	1
Producing HR information for performance improvement	9	35	46	10
Managing employees' working time more effectively	18	30	48	4
Improving profitability	27	21	51	1
Enabling employees to access HR information	34	21	43	2
Complying with supply-chain requirements	41	20	37	2
Reducing the headcount	36	26	36	2

Moreover, where an HRIS is delivering on information criteria, there is a very strong likelihood that it delivers on economic criteria as well. There is also a significant positive relationship between good project management when a system is introduced and its subsequent delivery against both economic and information criteria.

**HRIS user-friendliness**

The majority of respondents report that they don't experience difficulty using their systems, but over a quarter (28%) consider that their system is difficult for users in the HR department, and 16% report that the system is difficult for non-HR users (see Table 5).

**HRIS reliability**

Thirty-six per cent find their systems fairly reliable and 58% find them mostly or very reliable. However, the higher a respondent rates their organisation's project management at the introduction of the HRIS, the more likely it is that they will also give the resulting system a higher rating for reliability.

**HRIS introduction**

Most respondents (89%) report that the introduction of HRIS is achieved within budget. For the rest, their overspend is usually between 10% and 20% of the figure they originally estimated. For 68%, the introduction of HRIS comes in on time. For the rest, its introduction usually takes between three and 12 months longer than expected.

As might be expected, there is a positive relationship between good project management and whether or not the introduction of the HRIS comes in at or under budget. There is also a very strong positive relationship between good project management and whether or not the objectives for the introduction of the HRIS are met.

Respondents were asked what they would do differently, with the benefit of hindsight, if they could implement their HRIS again. Greater integration, more clarity with providers and more training of staff before implementation seem to be the strategies that experience has shown are needed when introducing an HRIS. To increase outsourcing is an option that few would take (see Table 6). This result isn't surprising. To quote a forthcoming CIPD Executive Briefing, *HR Outsourcing: The key decisions*, (CIPD, 2005): 'in recent years, there has been a lot of noise about its benefits and there have been several high-profile deals, although the incidence of HR outsourcing still remains relatively low and some problems have also been reported.'

All the findings on system introduction are consistent with the findings from the 2004 survey.

Table 5: HRIS user-friendliness

User	Percentage of respondents reporting...		
	Easy to use	Neither easy nor difficult	Difficult to use
HR department	41	31	28
Other departments	46	38	16

Table 6: If starting again, what would be done differently?

	Percentage of respondents
Integrate with our organisation-wide IT system	71
Clearly specify levels of service with providers	71
Integrate separate HRIS	67
Organise more training before implementation	63
Undertake a more thorough provider-selection process	57
Negotiate more with providers over price	49
Organise more effective training in project management	49
Establish more control of contracted projects	40
Bring more in-house	37
Organise more effective training in contract management	28
Outsource more	13

### Tips on HRIS introduction

The telephone interviewees who had at least one HRIS installed in their organisation were asked the question, 'What advice would you give to those considering installing an HRIS?'

The following is a summary of the suggestions they offered:

- Make sure you really know what you need, and what you are likely to need in the near future so you can give clear guidelines to the software provider.
- Involve end-users and other stakeholders in the decision-making process.
- It's useful to include a member of staff with IT expertise on the decision-making team, even if they're not HR professionals.
- Go for something clear and straightforward that adds value. Don't go for all the 'bells and whistles', they may cost more, take more time to administer and you will probably end up not using them anyway.
- Evaluate the range of systems on offer in terms of how they report, and how easy and quick it is to produce the types of report you need on a regular basis. Look at how reports are presented; can you download them into an Excel spreadsheet or into Access so that you can manipulate the data yourself? How easy is it to do mail merge with the information reported?
- When buying an off-the-shelf system, don't customise it unless it's critical. Each time the system is upgraded, it's these modifications that may cause you difficulties. If you do have modifications, budget for these to be managed on an ongoing basis.

# HR use of IT for internal communication

An HRIS is one way in which technology is affecting the delivery of HR services in organisations. Another, sometimes related, development is the use of an intranet system as a tool for HR to communicate with managers and employees across the organisation (this is sometimes known as a portal). This communication channel may include 'self-service' to allow employees and managers to update data or download information themselves.

## The extent of intranet implementation

An intranet system is one where computer terminals are linked so that they can share information within an organisation or within part of an organisation. The scope of the information that can be shared across terminals can be limited to preserve confidentiality and this security can be enhanced by using passwords.

Respondents were asked what phrase they use to describe this facility. They were not presented with a list of alternatives but simply asked to write the name they use. Not surprisingly, 'intranet' is the name most frequently used to describe such a system. Either it is used alone or in conjunction with such words as 'employee', 'corporate', 'staff', 'HR', 'site', 'in-house' or the organisation's name or function, eg 'trust' or 'college'. The next most common name is 'portal'. Only a few have specific names for their systems that are either derived from the name of the software used or relate to a description of the function it serves in the organisation, eg 'infor-net', 'virtual office', 'the source'.

Whatever word is used to describe the intranet system, 71% of respondents say that their organisation possesses one, and the larger the organisation the more likely it is that they had one. The highest percentage (88%) of intranet use is found in the public sector; the lowest (46%) in the voluntary sector. Intranet use is between 65% and 70% of organisations in the private sectors.

Table 7: Use of intranet systems

Purpose	Percentage of respondents
To provide access to HR information	98
To provide a facility for downloading forms	88
To provide a facility for staff feedback	48

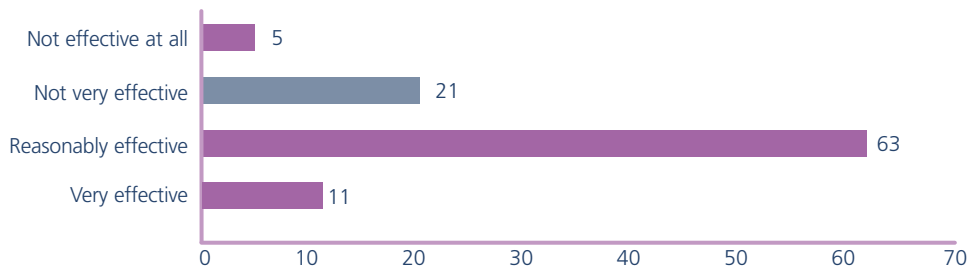
### The HR functions of an intranet service

As shown in Table 7, HR departments are most likely to use their intranet system as a facility for employees to download forms and for providing HR information to employees.

### The effectiveness of intranet systems

The majority of organisations feel that their intranet is an effective method of communication with employees (see Figure 3).

Figure 3: Perceived effectiveness of an intranet as a tool for communicating with employees (%)



### Tips on intranet introduction

Those who participated in the telephone interviews offered the following suggestions on introducing an intranet system:

- Make sure 'there is a real purpose for it, not someone's bright idea.'
- Only include information that staff need and want to know and keep it fresh and up to date. Costs for regular updating will need to be built into the budget.
- Make it easy to navigate.
- Use incentives such as running a quiz with a small prize where the answers can only be found on the intranet.
- Make PCs available in rooms off of communal areas or shop floors with the intranet page as the default for those with no access to a PC in the normal course of their work.
- Encourage use of the net for decent, legal surfing outside of work hours to get them used to the web. The intranet is then accepted as an 'organisation-specific www'.
- Make space for staff to advertise items for sale or for organising social events.
- Once training has been given, be firm and refuse if people ring to ask questions that can be answered by the web. 'The more mature the workforce the more training you will have to do.'
- 'Ignore change management at your peril or it can become the company's most expensive screensaver.' People will display the intranet as their screen, but not use it for the purpose intended.
- Make sure that those who are not computer literate are not marginalised. Provide personal hard copies and notices on boards for important information.
- Evaluate its use and efficiency and effectiveness at regular intervals through staff surveys.

### **The use of an HRSS system**

Intranet systems can allow employees not only access to information but also the facility to interact with the system to input information or make choices of their own. This can be described as a human resource self-service (HRSS) system. Twenty-two per cent of respondents say their organisation operates one of these systems and, for 79% of these, it forms part of the intranet system described above.

### **HR functions served by an HRSS system**

For respondents, the purpose of HRSS systems are set out in Figure 4. The two main uses were found to be to allow employees to update their personal information and to apply for jobs online. Being able to request training, access e-learning opportunities and the submission of time management information are the next most popular functions for an HRSS system. Few use an HRSS system for answering queries, claiming expenses or administering flexible benefits. Presumably answering queries usually requires more than an automated response. Using an HRSS system for claiming expenses and administering flexible benefits schemes is not common in UK organisations.

### **Access to the HRSS system**

Employees can only use a system if they can access it. This involves access to a PC (preferably private access in cases where confidential data is being exchanged), keyboard skills and IT literacy sufficient to use the PC, and knowledge of how to access and use the HRSS system function. For job types that make PC access difficult, eg non-office based, and employee groups that do not normally possess keyboard or IT skills, it may be difficult to provide access to a PC. Only 64% of respondents with an HRSS system report that in their organisations all employees have access to the HRSS system, and only 32% of respondents say all their employees have been trained to use their system.

### **The effect of HRSS systems on the role of HR**

Respondents were invited to comment on the effect the HRSS system has on the role of HR. They were not presented with a list of alternatives but simply asked to submit their comments.

Examination of the comments revealed that the great majority of those who answered this question see the introduction of a self-service system as a benefit to them. The most frequently expressed view was that it reduces the administrative burden on the HR department. Others built on this theme, to the effect that such systems give them more time to address more strategic issues as illustrated by this quote:

'It enables HR to focus support on key areas of organisational development, structures and capability to deliver business requirements.'

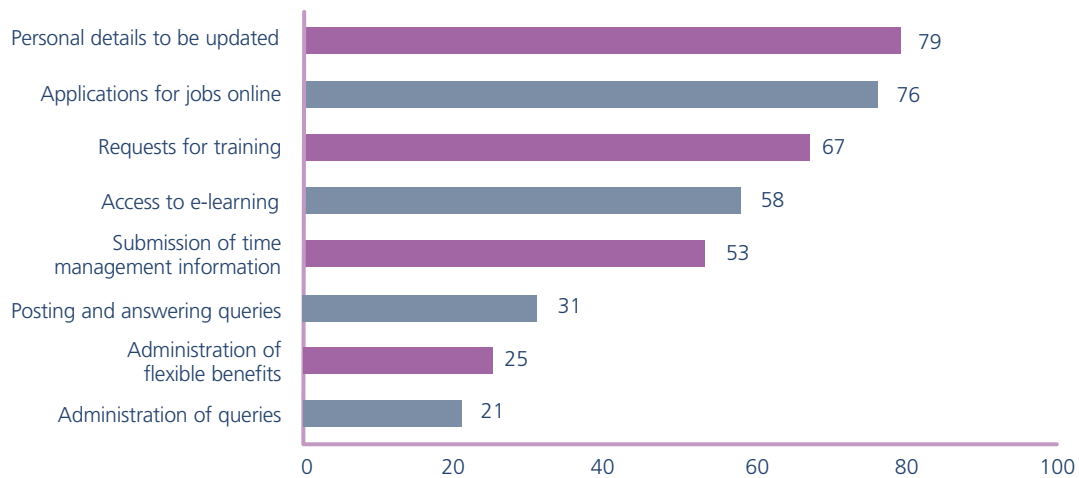
On a less positive note a few considered that for them the HRSS took up more of their time, as illustrated by this quote:

'Increases time spent at office, thus reducing time available for face-to-face contact. Increases the training/coaching time to cope with software/admin changes. Increased training activities for systems management, increased costs for HR section due to computer services on software development.'

A few also considered the negative implications of systems that no longer require the number of HR staff they did previously, and consider that devolving responsibility to other managers and to staff reduces the HR function; in some cases to that of a call-centre operation. One respondent articulated this view in the following terms:

'Increased devolution to line managers. Reduction of numbers of staff employed in HR function. Recruitment centrally in department and not by local businesses. Creation of call-centre approach to HR.'

Figure 4: Uses of the HRSS system (%)



### Tips on introducing HRSS systems

Those who participated in the telephone interviews offered the following advice to any HR department thinking of installing an HRSS system:

- Limit what employees and managers can change.
- Make sure it is possible to find out who has made what changes.
- Train people, then watch them use the system for the first few times. After training, give staff something positive to do with their own data and check to see if they have done it.
- Don't think that HR self-service will cure all pains, it will highlight your more shaky processes and could make your job more complicated to begin with.

# Technology in the wider workplace

This year, for the first time, we asked questions on the role of the HR department/function in the selection, development and implementation of new technology in the wider organisation, beyond the HR department itself. Technologies for the purpose of this section include production, performance management, support for the delivery of a service, communication, knowledge-sharing and shared working within the organisation etc.

## Types of technology in current use

Respondents were invited to indicate the principal types of technology that employees use in their day-to-day work. They were not presented with a list but were asked to write down their answer. The vast majority of respondents mentioned software that fulfils a data capture and manipulation function (eg Microsoft Office) as well as the hardware to run them (eg PCs, laptops and palmtops). Almost as many mentioned communication technology: communication software run from a PC (eg intranet or e-learning packages), and hardware such as phones and fax, mobile phones, blackberries, video-conferencing facilities and even tannoy. Graphic and photographic technology was the next most frequently cited (photocopiers, scanners, electronic white boards, video, CCTV, OHPs etc).

Less frequently mentioned were technologies that serve operational functions. These are computer-assisted design, engineering, manufacture and production

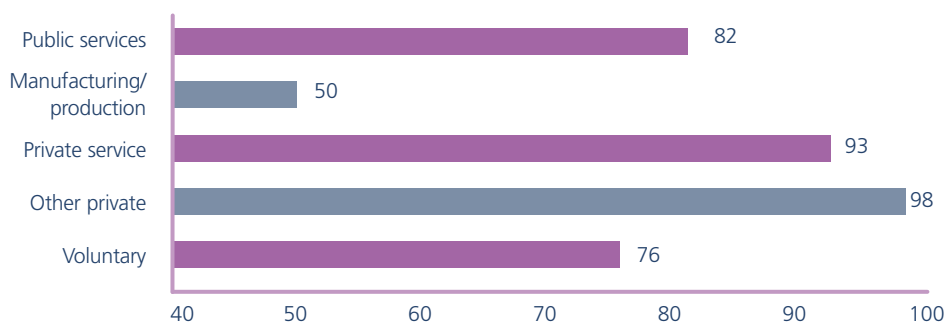
systems, security systems, tills, medical technology, testing equipment, and plant or satellite navigation.

## Employee access to a PC

Given this growing emphasis on data capture and manipulation, it's not surprising that respondents report that access to, and use of, a PC at work is becoming the norm. Just over half of respondents say that upwards of 80% of their workforce have regular daily access to a PC.

Only in the private, manufacturing and production sector is the average percentage of the workforce with regular daily access to a PC significantly lower than the other sectors (see Figure 5). Public sector, private sector other than manufacturing and production, and the voluntary sector are similar, with a median reported PC access for employees of 75%.

Figure 5: The median percentage of those with regular access to a PC in each sector (%)



### HR involvement in introducing new technology

Table 8 considers the type of HR involvement in the decision-making process prior to the introduction of new technology. Irrespective of organisational size, in roughly half of organisations, decisions to introduce new technology are taken without reference to HR.

HR staff are more likely to get involved at the next stage; the organisational development associated with the new technology, once the decision to go ahead has been made. This might include job design or redesign, training, informing staff and discussing the implications of the necessary changes, or managing, monitoring and reviewing the change process. HR is less likely to be involved in a pilot implementation or process design.

### Reasons for non-involvement of HR

Our telephone interviewees were asked why they didn't get involved in decisions when technology was being introduced in the wider organisation. Most answers to this question were variations on the themes of 'it's nothing to do with us,' 'decisions of that sort are taken at departmental level,' and 'I don't have the expertise in the operational area under discussion so I would not have anything positive to contribute.' There was also some indication that non-involvement of HR may be due to operational departments wanting to have complete control over how their own budget is spent.

If they were involved, the telephone interviewees were asked what benefits their involvement provided to the organisation. They saw the benefits of the human

element being factored into the decision-making process right at the start as leading to fewer problems during implementation. They saw their involvement as an 'indication of where HR sits in an organisation.' One interviewee thought that non-involvement of HR in other organisations may also be an indication of the preferences and interests of those who choose HR as a career.

Table 8: HR involvement in decision-making processes prior to the introduction of new technology

Type of involvement	Percentage of respondents
Strategic planning when the requirements of new technology are proposed	44
Strategic planning when the requirements of new technology are discussed	52
Selection of new technology if it is to be bought in	43
Development of new technology if it is to be developed in-house	46

Table 9: HR involvement in the introduction of new technology

Type of involvement	Percentage of respondents
Identifying training needs	87
Communicating about the organisational and people changes expected to happen	84
Designing new jobs arising from the introduction of new technology	83
Redesigning jobs arising from the introduction of new technology	83
Managing training delivery	90
Organisational development	76
Discussion among staff about the implication of the changes	68
Piloting/evaluating a pilot implementation	48
Process design	34

Table 10: HR involvement in the implementation of new technology

Type of involvement	Percentage of respondents
Managing ongoing training	83
Managing the change process	71
Monitoring the effectiveness of the change process	63
Reviewing the change process as required	66

# The people and technology challenges

Finally, in the course of the telephone interviews, respondents were asked what they considered would be the next big issue for the role of HR as the use of technology continues to increase. They answered either from a general or a personal perspective. Here is a distillation of those personal views with quotes where appropriate.

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- As more information is stored on electronic databases, more will be affected by the Data Protection Act. 'It is difficult to get a decent reference these days (about a prospective employee). No one is prepared to tell you anything.'
- Internet and intranet abuse will need to be addressed.
- IT will pave the way for more flexible benefits systems for employees.
- There will be more homeworking and virtual teamworking. 'We will need more remote access to information as we become less office-based.' Not as much office space will be needed, but employees will miss out on the social benefits of working life. 'They will miss out on the gossip.'
- For some, HR will become a call-centre operation, which will need a different set of skills.
- Lack of IT skills among HR professionals will slow progress. 'HR will need more cyber understanding.' IT should therefore be made part of professional HR development and training. 'There needs to be more recruitment or in-house development of an HR IT functional application person, as application architects to help with the changes.' There needs to be an HR IT qualification.
- Power will be based in IT. 'HR needs to get in and control IT information systems, not have them imposed upon them.' 'HR IT is not being driven by HR but by finance and others, because HR are not moving things on.' 'They need to give up their empires or the rest of the business will walk round them.'
- Increased use of IT will lead to fewer HR administrative posts and change career paths. Administration used to be the route into an HR professional role. As this talent pool will no longer be available, 'operations is the best talent pool to recruit from.' HR professionals with a background in an operational function would be best placed to fulfil a strategic role on the management team and put HR in the forefront of organisational decision-making.
- Increased use of IT will alter the relationship between HR and operational managers. Operational managers will have to do more of what the HR manager used to do, they will need to develop better people management skills and not rely on the HR manager to solve problems they themselves have caused. 'HR needs to move up into a business partnering role and help managers to manage, not do it for them.'

# Background

## Method

A total of 5,000 HR professionals (one per organisation from a sample of the public, voluntary and private sectors, stratified by size and sector) were surveyed using a paper questionnaire – responses were received from 332 of those surveyed. Of the sample, 4,000 (80%) were CIPD members. The survey was later augmented by a series of telephone interviews of a small stratified sub-sample of ten of the questionnaire respondents.

The questionnaire covered:

- reasons for change to IT systems
- use and integration of the HRIS function
- change management processes
- how well the system meets organisational needs
- future expectations for system development and change
- HR implications.

Where appropriate, reference has been made to the results obtained from the 2004 sample. However, a statistical comparison of 2004 with 2005 was avoided as any differences could well be due to the differences between the two samples.

The percentages noted throughout the report relate only to those who responded to the survey and replied to the particular question at issue.

## Profile of respondents

Of the 5,000 questionnaires distributed, replies were received from 332 (7%). There were responses from HR professionals in each of the major organisational sectors (see Figure 6) and an almost equal spread of responses from organisations of different sizes (see Figure 7), where 'Small to medium' are organisations of under 250 staff, 'Large' means organisations of between 251 and 1,500 and 'Very large' means organisations of over 1,500 staff). Three per cent of respondents were consultants who provided HR advice and services to organisations other than the one in which they were employed. However, 9% answered questions in the consultants section indicating that they operated as consultants for some of their time.

Figure 6: Percentage of respondents from each sector

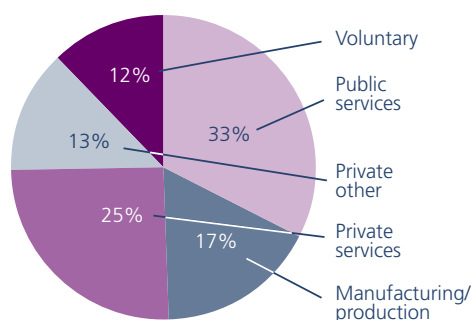
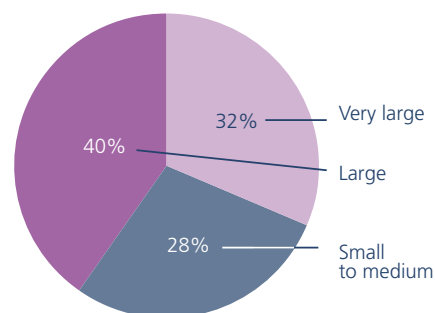


Figure 7: Percentage of respondents from each size of organisation



# Reflections

## Where are we and where are we going?

The CIPD 2005 *People Management and Technology* survey is more ambitious in its scope than any of its predecessors. And rightly so. This is an appropriate time to reflect on the issues and challenges that lie at the people and technology interface. There is nothing new in suggesting that the implementation and application of new technology in the workplace presents both opportunities and problems. However, the rapid evolution of information and communication technology (ICT), and the arrival of the Internet in particular, takes these challenges to a whole new dimension – and makes them more urgent. Exciting new possibilities have emerged from this revolution for people management and development professionals. We can become much more effective players in the organisation and gain increased influence.

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New opportunities follow from the changing economic and business context. The nature of competition has changed. Advantage is increasingly derived from knowledge workers drawing on their expertise for the medium- and long-term, or service workers applying their skills to the immediate benefit of the customer. Human capital, however defined and measured, is one of, if not the most critical component of company value. Indeed, one recent research study estimated that the value of human capital represented over 36% of total revenue in a typical organisation (Matthewman and Matignon, 2005). While systems, processes and patents and other non-tangible assets are important for business success, competitive advantage and service delivery will increasingly be built through a combination of people and technology. The HR professional has an indispensable role in managing this interface.

Our 2005 survey sets out to explore the current state of awareness and readiness of the profession: where are we and what do we need to do? Previous people management and technology surveys have concentrated on one aspect of the topic: the

effectiveness of HRIS. This year, we've continued to monitor progress on these systems but we've explored other areas as well, including how technology is influencing the communication that takes place between HR and the employees in the organisation. And we've investigated some broader issues on the introduction of new technology in the workplace.

Alongside the survey, we undertook interviews with HR professionals and other staff in organisations who were finalists in the 2004 People Management Award.

Information from the interviews and from the survey allowed us to construct an 'aspirational scenario' of the future for people management and technology. Technology in the workplace has many facets and there will be differences between sectors. What is desirable in high-tech consultancy will look very different from what is needed in low-cost manufacturing. Most of the organisations that we encountered, however, are striving for the ideal scenario set out on the next page.

## **The aspirational scenario**

### **Our ideal world looks like this ...**

The HR department has always been at the forefront of efforts to make the maximum use of technology in achieving business objectives. Indeed, HR has acquired a reputation for understanding technology that extends beyond the people management and development applications.

This reputation was established as a result of the successful implementation of an HRIS. This system is now regarded as essential for managing all administrative and strategic HR processes related to the organisation's employees. It provides information that allows all stakeholders to make informed decisions. At the centre, the data, which is readily available in an up-to-date format, is mainly used to measure and monitor labour productivity and development. Agreed metrics on the organisation's human capital are given high priority by the board and these are produced, with minimum effort, as a routine item. The HRIS is fully integrated with the other information systems used in the organisation and draws its data from the same single source (or data warehouse).

Line managers, who are fully trained in the system, regularly use the HRIS to obtain the information they need at local level for effective staff management. Reports on key items that effect labour costs and productivity, and on development, are produced automatically. These figures are monitored across the organisation by HR and also used in any benchmarking exercises.

Line managers access such information through the portal ('YourownHR'). This is available as one component of the corporate intranet 'Corpscreen'. Passwords permit different levels of access to information held in 'Corpscreen'. All staff, irrespective of level, can use the system to obtain information on HR policies and procedures, download and print forms; the interactive facility allows them to choose their benefit package, book holidays and training courses. 'Yourlearning' contains a range of customised e-learning modules. Staff also give feedback on aspects of HR policies which concern them and take advantage of the FAQ (frequently asked question) facility. Thus, freed from many of the administrative chores, the HR department is able to concentrate on the strategic people issues that affect the business.

There is an online area where managers can access tools to help them better manage change locally; they know they can call on HR expertise to advise and assist with larger, more complex, projects.

'Corpscreen' is also used to communicate business policies and commercial updates. So that this involves two-way communication, and is not seen as top-down, there are facilities to raise questions by email and participate in online discussion groups.

Effective change management has underpinned the success of all these initiatives. HR is involved in managing, maintaining and reviewing change processes and providing ongoing training. To smooth all processes, a joint forward-planning committee has been established with the IT department. Where new technology is being introduced, for example, in production or at the point of sale, HR is involved at an early stage to consider the people implications.

The organisation has an excellent reputation in the labour market because of its use of advanced technology to support flexible working.

### Aspirations and reality

The dream scenario may seem to many to be an unattainable ambition. However, one of the interesting features of our recent discussions with organisations is that their thinking and actions seem to be pointing them towards this scenario. There is widespread realisation of what modern technology can do to deliver business goals and of what the HR function needs to do to make this happen. Different organisations are operating in different environments and moving from different starting points; they do, however, share similar objectives. One common problem they experience is a lack of sufficient organisation consideration for the people technology interface – as opposed to technology itself. Analysis of the survey data shows just how far we have to go as a profession.

Technology offers a way of capturing, analysing and reporting on information which assists in the management of labour – at both the company and local level. Currently considerable efforts are in place to provide unit managers with relevant, accurate and timely information.

**Sally Mason, HR Director, Reward,  
Compass Group**

There are two dimensions to effective people management technology. The back-office dimension is about delivering an administrative service efficiently and cheaper; the front-office dimension is about delivering a better customer experience – in whatever form is appropriate.

**Sharon Doherty, HR and Organisations  
Director, Terminal 5**

### The state of the HRIS

Three separate topics were considered in the 2005 survey. The first, HRIS strategy, performance and implementation, repeated many of the questions included in previous surveys. In 2005, over three-quarters of respondents (77%) stated that they had an HRIS. Of these, 54% reported that they had a single system in which data from HR functions were held in one database and 24% reported that they had a number of HRIS within their own databases. Only 16% of those with an HRIS said that it was integrated with an organisation-wide IT system.

A variety of reasons were cited by respondents for introducing an HRIS. The top five, in order, were: improving the quality of information available (91%), reducing the administrative burden on the HR department (83%), improving the speed at which information is available to the organisation (81%), improving the flexibility of information to support business planning (59%), and improving services to employees (56%). All laudable and worthwhile aims – but are we being sufficiently ambitious? Does HR know enough about the issues involved? Do they have the power to influence the forward path? Other questions revealed that respondents were generally satisfied with the performance of their HRIS against these criteria and that most systems were implemented on time and within budget.

From an HR point of view the emphasis is on making informed decisions. Data is needed on productivity, development and resources. If it is timely, accurate and easy to use, it can generate information on the key performance indications.

**Sally Mason, HR Director, Reward,  
Compass Group**

In my work I may use information that is drawn down from HR systems – whether an internal BAA system or a system produced by contractors to BAA. It is the quality and relevance of the data that matter, not its source.

**Eugene Grimes, Cost Verification  
Manager, Terminal 5**

I inherited the current HRIS when I arrived at the company some eight years ago. It offers stand-alone reporting on HR activities and does not relate to other packages, for example, finance, that are used in the company. In two years' time, the parent group will be implementing a global roll-out of an enterprise system, including the HR module. My main priority in the initial period of transition will be ensuring that the time accounting system is maintained and that people get paid.

**Adrian Roberts, HR Co-ordinator,  
Schaeffler Group**

So, should our profession be satisfied with the progress of these technological enablers? Some words of caution are needed. First, it should be recognised that organisations with an HRIS were more likely to complete and return the survey questionnaire. Second, because the majority of HR systems in existence are stand-alone; they may not necessarily be an important feature of the organisation's 'information architecture'.

A recent report in the Economist (2005), drawing on research from Bain & Co., suggested that the biggest change in management tools over the last decade has been the rise in tools that rely heavily on the use of IT. This growth is led by enterprise resource management/customer relationship management systems. However valuable the information they produce, effective people management and development is not the primary focus of these systems. But if separate information is

produced from a stand-alone HRIS, it raises the question of how much impact it will have on the important organisational strategic decisions.

In short, while we may be satisfied with our systems and the information they produce for the HR function, we must ask if we are being sufficiently demanding in terms of our requirements for up-to-date HR information. Are we concentrating too much on reducing the administrative chores and insufficiently on HR as a critical business driver? It's noticeable that less than half of respondents gave aiding human capital reporting (42%) or improving productivity (39%) as reasons for introducing an HRIS.

### **HR's use of IT for internal communication**

It is universally accepted that the availability of the Internet and intranet systems have created powerful new possibilities for internal and external communication and for business transactions. To date, most of the focus has been on business to consumer (B2C). The UK Government has put much energy behind its e-Government initiative and there have been some high-profile failures (see, for example, National Audit Office/Department of Health 2005). Though they have received less attention, business to employee (B2E) communications and transactions can also be transformed through technology enablers. HR information and applications can be channelled through the PC at the individual's desk. If they can be designed and implemented successfully, such HR portals (as they are sometimes called) will have a major impact on the HR function. They could reduce the administrative burden and provide more scope for HR to play a strategic role.

In the second section of the 2005 survey, 71% of respondents said they had an intranet system that HR uses for communicating with employees and others. This was either described simply as 'the intranet' or the term 'intranet' was used in conjunction with another term (for example 'employee', 'staff' or the organisation's name); the term 'portal' was used in some organisations. The highest percentage of positive responses came from the public sector. The main purpose of these systems was access to HR information, with just over 98% answering 'yes' to this option. Some 88% indicated that their intranet offered a facility

for downloading forms, but under half (48%) said that it offered a facility for staff feedback. Good examples and good intentions exist – as are evident from the quotations on this page. Clearly there is a long way to go and a lot to learn as we advance to make maximum use of such facilities.

The newly appointed Chief Constable of Merseyside, Bernard Hogan-Howe, has recently introduced a Chief Officers Intranet Forum: this is a bi-weekly slot – 09 00 to 10 00 on a Tuesday – where anyone in the force is encouraged to send an email question, with a guarantee that it will receive a reply within the same day. The Chief Constable is also recording and making available a weekly video clip.

A project is in hand to extend the information made available to the individual and to line managers ... including appraisals, a manager's view of employee records and training records. The addition of some of these suggested enhancements will ensure that the HR portal becomes part of everyday life and is much more use to staff and managers. You can make massive amounts of information available but for some purposes many people will prefer human contact. They will always want to ring up or come up and discuss something of importance to them.

**Graham Cooper, Head of Human Resources, The Met Office**

Effective systems can assist in making isolated staff feel closer to the organisation, if they have the same access as those at the centre.

**Neil Price, Operations Resource Manager, The Met Office**

### Technology in the workplace

The third section of the 2005 survey consisted of a number of questions on technology in the workplace. What is HR's role in the selection, development and implementation of new technology – whether it is used for production, communication, knowledge-sharing or any other purpose? The feedback from the interviews undertaken with organisations served to show how the opportunities and problems that can arise can only be understood in the context of the organisation. But one general observation can be offered. Respondents were asked to indicate the principal types of technology that employees use in the workplace. The overwhelming majority mentioned software involved in data capture and manipulation. We are indeed operating in a knowledge economy.

More generally, the challenge facing the organisation in the introduction of new technology is the same challenge it faces in introducing any change – it requires a willingness to strive for high performance and a willingness to learn. The value of new 'technological tools of the trade' can only be determined by those who use them. All parties, and especially immediate managers, need to create an effective climate in which people are encouraged to welcome new technology and explore the possibilities of new tools. In short, they must be ready, willing and able to change and to learn (see Reynolds, 2004).

Despite the wide-ranging nature of this section of the survey, it is evident that good practice is about the effective management of change. This is a well-researched area for the HR function. 'We know what good practice looks like – the only problem is doing it,' (Molloy and Whittington, 2005). The survey showed that respondents were generally involved in implementing technology-related change processes: 71% said that they might be involved in managing the change process, 63% in monitoring its effectiveness and 66% in reviewing the process. A higher percentage, 83%, said that they might be involved in managing the ongoing training. For respondents who are not involved in any of these activities, however, their influence on important business change activities must be correspondingly limited.

I need to have adequate equipment – a baton, handcuffs and appropriate body armour. Beyond this, the most important item is ‘airwave’, which allows me to communicate. If it speeds things up, if it saves time, if it works and it is reliable – then it will catch on quickly.

**Dave Murray, Constable,  
Merseyside Police**

### Some conclusions

As is the case in almost every CIPD survey, there is good news and bad news. As a profession, we’re increasingly specifying and using our own IT systems. But there is a transformational as well as transactional potential for IT systems in HR and we may not be advancing sufficiently on the former.

Managing the people and technology interface effectively offers a great opportunity for the profession. Many HR departments are pursuing a progressive agenda, and examples of good practice are evident. For others, however, there’s a long way to go. Some, it appears, may not have even recognised that there’s a journey to be undertaken. To summarise such disparate results from a wide community may not be possible, but the following list may help you develop your own agenda:

- Competitive advantage and service delivery can be built through a combination of people and technology.
- An effective HRIS is critical to HR delivery at a strategic level.
- The human resource professional has an indispensable role in managing the processes involved.
- An effective HRIS should provide both central and local information.
- The information must be timely, relevant and up to date if it is to be valuable; it must fit within a strategic context of key performance goals, so that it can assist in reporting on human capital.
- An intranet, or HR portal, provides great potential for communicating policies across an organisation. In the long term it should not be viewed simply as a vehicle for top-down information. Engaging ‘users’ in the HR and technology processes is critical to an intranet system’s success.
- User preferences and experiences should be taken into account at all stages in the design and implementation of the portal.
- Don’t be depressed if your systems to date fall short of the ideal – so do everyone else’s! The important thing is to be proactive in seeking and regularly achieving improvement.
- Technology-led change is a fact of modern business life. Apply effective change management principles at all times.

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# Notes

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