3SIXTY INSIGHTS

Concrete vs. Abstract HCM: A New Way for Organizations to Look at HCM

There are two hemispheres to human capital management (HCM). Much as the left brain is logical and mathematical and the right one emotional and creative, one hemisphere of HCM is concrete, whereas the other is abstract. To be successful, you need both. In the concrete hemisphere are all the elements of HCM that make HR a cost center and most of today's financially quantifiable value. In the abstract hemisphere is everything that inspires most to enter the HCM profession in the first place. Though some are more apparently the playground of one hemisphere or the other, in their expression, most domains of HCM have abstract and concrete elements to them. Organizations must recognize and acknowledge that there is much intrinsic value to approaching HCM abstractly. The return on a dedication to doing so is survival.

Research Overview

3Sixty Insights recently published a research note on the areas of inquiry the HCM practice plans to pursue in the coming months. The first and current research initiative for the HCM practice at 3Sixty Insights is an investigation of the concrete and abstract elements and aspects of HCM. Through interviews with end-users of HCM technology and vendors of it, 3Sixty Insights' goal is to explore the many potential permutations of concrete and abstract HCM. Of interest is how much concrete and how much abstract HCM factors into the rationale that organizations use to develop successful business cases for HCM deployment. Several questions are guiding this analysis:

- Where is the delineation between Concrete vs. Abstract aspects of HCM?

- In evaluating solutions for HCM technology, what abstract and concrete aspects of them are the most important to building a business case?

- In buying decisions, how do concrete and abstract HCM factor into the approaches to building agreement among internal stakeholders in finance, IT, line of business, and the executive suite?

- Of the benefits found in abstract HCM, are there any that are financially quantifiable?

- Are concrete HCM's benefits solely direct, or are some resistant to financial measurement?

- What are the innovative ways organizations have managed to quantify the seemingly unquantifiable when it comes to employees' feelings?

- What will concrete and abstract HCM look like in five years and beyond, and will they become less distinguishable?

Research Hypothesis | The Essentials of Employing People

As 3Sixty Insights has posited, one hemisphere of HCM is concrete, whereas the other hemisphere is abstract (3Sixty Insights *a1 – Research Agenda 2020-2021: Human Capital Management*, November 2020). Each hemisphere is essential to successfully employing people; each appeals to an entirely different human need. Following is an elaboration.

Concrete HCM - The Nuts and Bolts of HCM: The concrete is obvious: You have to pay your people accurately—or else. You need to track employees' performance and learning. You also need an efficient, effective way to schedule their

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hours or otherwise plan and account for their labor, no matter what. You must comply with regulations no matter how seemingly unnavigable they are. These are examples of the nuts and bolts of employing people. Without these, you'd be hard-pressed to offer employment in the first place. This is concrete HCM. The consequences of failing here are expensive in ways traditional bean counters appreciate.

Abstract HCM - The Feelings of HCM: In contrast with concrete HCM, where accounting can easily measure HCM's impact on the business in basic ways, abstract HCM deals in something else: how the employee, the organization's talent, feels. This is about the employee experience, or the talent experience—two terms gaining traction in the market space. Looking at employment from the employee's point of view is at the crux of abstract HCM. The subtleties of this, the worker's experience, can't be automated. Often, they cannot be readily quantified in a financial sense, and the most difficult aspects to build a business case around. This talent experience is abstract.

Dual Edges Across Most of HCM

To employ a cliché, most of HCM is a dual-edged sword with an abstract and concrete benefit and approach almost everywhere. It is, put differently, a mistake to designate any area or aspect of HCM as solely abstract or concrete in its impact. There's more abstract HCM in the area of the talent experience, yes, but there is concrete HCM to be found in the talent experience, too. Similarly, concrete HCM is readily apparent in payroll, but there is also abstract HCM in payroll. Table 1 presents several examples of how this duality of these two hemispheres permeates most of the conventional silos of HCM.

	Concrete	Abstract
Payroll	• Indispensable for employing people	• On-demand pay relieving employees' levels of stress
Time & Attendance	• Necessary for determining how much to pay employees	• Lack of modern technology for it leads to frustrations among staff and damage to the employer brand
Scheduling	• Lack of accuracy in labor forecasting thwarting organizational attempts to align labor expenditure with incoming revenue	• Producing more agreeable schedules for retail staff, machine learning improves employees' work-life balance and translates to better customer treatment
Benefits Administration	• Suboptimal technology scuttling efficient regulatory compliance resulting in undue administration and costly fines incurred	• Helping employees to make sense of potentially complex benefits packages, thus minimizing their time spent on navigating the process
Performance Management	• Efficient processes and related technology minizine potentially debilitating administrative loads for HR staff	• Continuous or ongoing performance and simple, impromptu feedback cultivating understanding and goodwill
Talent Acquisition	• Shortened time-to-fill improving ratio of recruiter labor expenditure to new-hire	• Present first impression of organizational culture to future employees, thus bolstering survival of employer brand
Learning	• Tracking and assigning training to help ensure compliance with various industries' complex regulatory landscapes	• Fueling and enabling employees' career development to attract staff valuing this

Table 1

Abstract HCM—Further Clarification

Some will notice that abstract HCM generally falls under the employee experience, a welcome moniker gaining traction of late. The events of 2020 have strengthened this traction and increased organizational decision-makers' receptivity to abstract HCM. In the long term, companies' very ability to stay in business is at stake and underserved when the organization pays attention mostly or only to concrete HCM. 3Sixty Insights hypothesizes, therefore, that the most successful employers understand and treat concrete and abstract HCM as an interplay, and that this acknowledgement is spreading.

Put differently, a preponderance of circumstantial evidence can be enough to prove a case; and 3Sixty Insights argues that a preponderance of abstract HCM in the field, especially now, is itself proof that the aspects of HCM that accounting doesn't or won't account for in the general ledger are nonetheless of great interest to buying decision-makers and critical to organizational success.

In addition to seeking answers to the questions posed earlier in these pages, 3Sixty Insights is also interested in exploring the following specifically with regard to abstract HCM:

- Instances in which customers identified and benefitted from an abstract aspect of HCM after becoming a client

- Examples of customers who selected a vendor specifically for something abstractly beneficial about the solution—i.e., for a rationale not necessarily quantifiable from a financial standpoint

- Success stories wherein multiple, diverse internal stakeholders were able to reconcile their disparate concrete and abstract needs to agree on a solution that addressed their challenges holistically

- Senior business leaders' experience in synthesizing concrete and abstract HCM to help reconcile their organizations' competing needs

- The business case—examples of the fundamental benefits, efficiencies, and ROI stemming ultimately from abstract HCM

Call to HCM Vendors and End-user Organizations

3Sixty Insights is looking for candidates willing to share their experience as part of our research process. Selected end-user organizations will not only become part of the research, but if they wish, may also be profiled in our published research as use cases, case studies, and quotes. Furthermore, those who wish to remain anonymous in anything 3Sixty Insights publishes may do so. To provide insight or become a research candidate, please email research@3SixtyInsights.com.