

HR



Modern HR must take on many roles to demonstrate competence and effectiveness, say DAVE ULRICH, JON YOUNGER, WAYNE BROCKBANK and MIKE ULRICH, who celebrate 25 years of research. Can HR turn base metal into gold? A first cut of the results...

Additional interviews by DAVID WOODS

attitude with an

Any good HR professional wants to be better. This begins with a desire to improve, followed by a clear understanding of what it requires to improve.

As the number of global HR professionals climbs close to one million, so it becomes important for this relatively new profession to define what it means to be effective. HR effectiveness matters more than ever, because leaders of businesses and not-for-profit organisations increasingly recognise the importance of individual abilities (talent), organisation capabilities (culture) and leadership as key to their success. HR professionals should become insightful advisers and architects on these matters. In a constantly changing world, there has never been a greater need to identify what HR professionals must be, know, do and deliver to contribute more fully to their organisations.

Since 1987 – 25 years and still counting – we’ve chronicled what it means to be an effective HR professional. Our 2012 data set marks six waves of data collection that trace the evolution of the HR profession (see box, right, on methodology).

This research is important because it defines what it means to be an effective HR professional: not just knowing the body of knowledge that defines the profession, but being able to apply that knowledge to business challenges.

In this round of research, we have identified six domains of competencies HR professionals must demonstrate to be personally effective and to have an impact on business performance. These competencies respond to a number of themes facing global business today:

- *outside/in*: HR must turn outside business trends and stakeholder expectations into internal actions
- *business/people*: HR should focus on both business results and human capital improvement
- *individual/organisational*: HR should target both individual ability and organisation capabilities
- *event/sustainability*: HR is not about an isolated activity (a training, communication, staffing, or compensation programme) but sustainable and integrated solutions
- *past/future*: respect HR’s heritage, but shape a future
- *administrative/strategic*: HR must attend to both day-to-day administrative processes and long-term strategic practices.

Our research found that by upgrading their competencies in six domains, HR professionals can respond to these business themes and create sustainable value (see Figure 1, right). These six HR competence domains come from assessment by

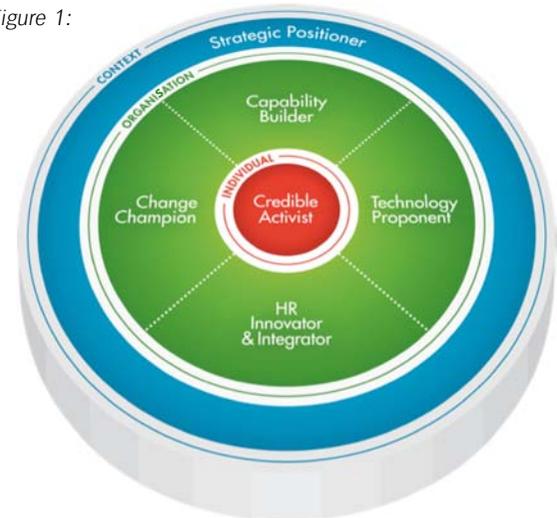
HR competencies research methodology

To define competencies for HR professionals, we have relied on focus groups, theory and research and experience to identify what HR professionals should know and do. In 2012, this work resulted in 139 specific behavioural competencies. To determine if HR professionals possessed these competencies, we used a 360 methodology, where HR professionals filled out a self-report survey and then invited both HR and non-HR professionals to assess their ability to deliver these competencies. In addition, the survey had two outcome variables: personal effectiveness (compared to other HR professionals you have known, how does this participant compare?) and business performance on an index of seven dimensions of business success.

Our 2012 data set on competencies for HR professionals is a unique partnership with the leading HR professional associations in Australia (AHRI), Latin America (IAE), China (Jobs51), India (NHRD), Middle East (ASHRM), Northern Europe (HR Norge), and South Africa (IPM).

We had a total of 20,013 respondents from 635 business units. Some 17,385 associates completed the survey (these are HR peers and colleagues of the HR participants) and 2,628 HR participants took part.

Figure 1:



1 Change champion

While never an ardent supporter of the business partner model, I am excited about this latest bold definition of the knowledge and abilities necessary to make HR the change champion in a modern business. HR in most UK companies is far from a change champion and is more likely to be seen as the corporate anchor designed to absorb and neutralise initiatives with the now infamous 'the policy says no'.

The boldness in this competence is clearly designed to shake both line managers and HR out of the belief that doing the work of managing people is a bureaucratic burden and a drain on organisational energy. At last, in bold print, we are declaring there is a natural link between internal human capacity and pace of change – a bold statement of intent that challenges every HR professional into not just assisting with change but initiating it and accelerating it.

Tweaking around the edges will only lead to empty, false promises. HR needs a new way of carrying out its MOT and this competence goes a long way to ensuring we overhaul from the ground up. It's a daunting task, made all the harder by our own self-deception that we are already energetic experts of change. Measured against this competence, many of us will be found wanting.

Graham White, HRD, Brighton and Sussex University Hospitals

HR professionals and line associates (more than 20,000 global respondents) of 139 specific competency-stated survey items.

■ **Strategic positioner.** High-performing HR professionals think and act from the outside/in. They are deeply knowledgeable about external business trends and able to translate them into internal decisions and actions. They understand the general business conditions (eg social, technological, economic, political, environmental and demographic trends) that affect their industry and geography. They target and serve key customers of their organisation by identifying customer segments, knowing customer expectations and aligning organisation actions to meet customer needs. They also co-create their organisations' strategic responses to business conditions and customer expectations by helping frame and make strategic and organisation choices.

■ **Credible activist.** Effective HR professionals are 'credible activists' because they build their personal trust through business acumen. Credibility comes when HR professionals do what they promise, build personal relationships of trust and can be relied on. It helps HR professionals have positive personal relationships. It means to communicate clear and consistent messages with integrity. As an activist, HR professionals have a point of view, not only about HR activities, but about business demands. As activists, HR professionals learn how to influence others in a positive way through clear, consistent and high-impact communications. Some have called this 'HR with an attitude'. HR professionals who are credible but not activists are admired, but do not have much impact. Those who are activists but not credible may have good ideas, but not much attention will be given to them. To be credible activists, HR professionals need to be self-aware and committed to building their profession.

■ **Capability builder.** An effective HR professional melds individual abilities into an effective and strong organisation by helping to define and build its organisation capabilities. Organisation is not structure or process: it is a distinct set of capabilities. Capability represents what the organisation is good at and known for. HR professionals should be able to audit and invest in the creation of organisational capabilities. These capabilities outlast the behaviour or performance of any individual manager or system. Capabilities have been referred to as a company's culture, process, or identity.

HR professionals should facilitate capability audits to determine the identity of their organisations. Capabilities include: customer service, speed, quality, efficiency, innovation and collaboration. One such capability is to create an organisation where employees find meaning and purpose at work. HR professionals can help line managers create meaning, so that the capability of the organisation reflects the deeper values of the employees.

■ **Change champion.** As change champions, HR professionals make sure that isolated and independent organisational actions are integrated and sustained through disciplined change processes. HR professionals make an organisation's internal capacity for change match

**In an increasingly
changing world, there
has never been a greater
need to identify what
HR professionals must
be, know, do and deliver
to contribute more fully
to their organisations**

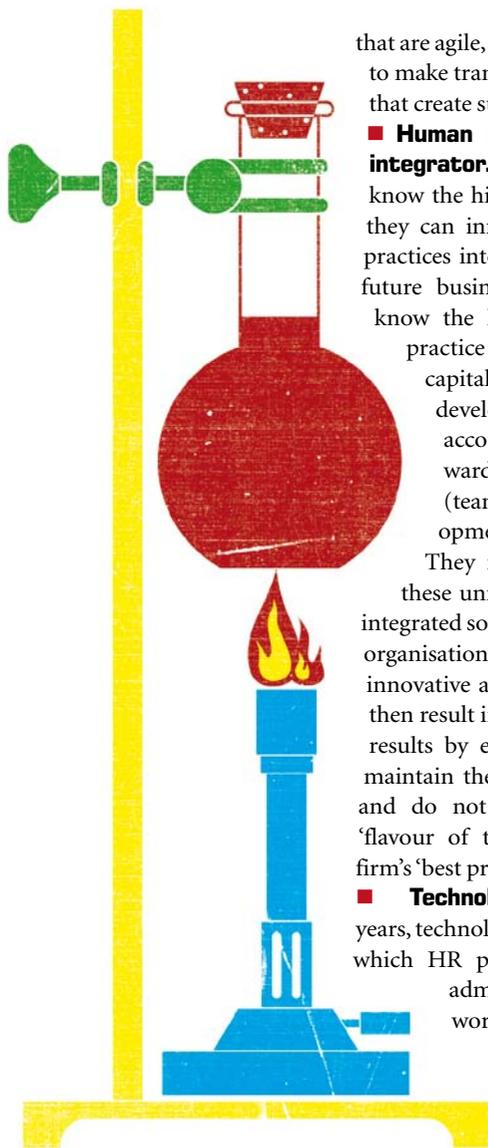
or lead the external pace of change. As change champions, HR professionals help change happen at institutional (changing patterns), initiative (making things happen) and individual (enabling personal change) levels. To make change happen at these three levels, HR professionals play two critical roles in the change process. First, they initiate change, which means they build a case for why change matters, overcome resistance to change, engage key stakeholders in the process of change and articulate the decisions to start change.

Second, they sustain change by institutionalising change through organisational resources, organisation structure, communication and continual learning. As change champions, HR professionals partner to create organisations

Table 1: HR competencies and performance

Impact of HR competencies on perception of HR effectiveness and business performance

	Mean score on this competence domain (1 to 5)	Impact on perception of HR effectiveness (beta weights scaled to 100%)	Impact on business performance (beta weights scaled to 100%)
Strategic positioner	3.89	17%	15%
Credible activist	4.23	22%	14%
Capability builder	3.97	16%	18%
Change champion	3.93	16%	16%
Human resource innovator and integrator	3.90	17%	19%
Technology proponent	3.74	12%	18%



that are agile, flexible, responsive and able to make transformation happen in ways that create sustainable value.

■ **Human resource innovator and integrator.** Effective HR professionals know the historical research on HR, so they can innovative and integrate HR practices into unified solutions to solve future business problems. They must know the latest insights on key HR practice areas related to human capital (talent sourcing, talent development), to performance accountability (appraisal, rewards), organisation design (teamwork, organisation development) and communication. They must also be able to turn these unique HR practice areas into integrated solutions, generally around an organisation’s leadership brand. These innovative and integrated HR practices then result in a high impact on business results by ensuring that HR practices maintain their focus over the long run and do not become seduced by HR ‘flavour of the month’ or by another firm’s ‘best practices’.

■ **Technology proponent.** In recent years, technology has changed the ways in which HR people think and do their administrative and strategic work. At a basic level, HR professionals need to use technology more efficiently to deliver HR administrative systems

2 Capability builder

At my organisation, we have a big focus for 2012 on our organisation capability review. The HR department will be working with divisional directors to examine what the business is going to look like, the key themes of growth and where we are going to focus.

This work keeps HR completely in line with business strategy.

We are helping our managers take control to help HR move further up the value chain. Growing a business is more than just organisational development, but HR’s role as a capability builder is fundamental. It is not just about building strategy, but starting with a strategic direction.

HR departments have to work much harder in aligning themselves with businesses and putting managers in charge of issues such as disciplinaries.

There is also capability around branding. One thing that stuck out to me about Ulrich’s comments was the role of HR in helping employees find meaning and purpose at work. Their role should be to reflect company values and HR should not do this on behalf of the company. But we need to be clear – as HR directors and as executive managers – what values are a cultural fit.

Dina Knight, HR director E2V

3 Innovator and integrator

HR needs to play a strategic, innovating role. People-led innovation is top of the agenda for organisations that want to focus on employee engagement, development, talent management and greater levels of productivity. Retaining the best people, driving efficiency, innovating and simplifying structures/processes to maximise business output and effectiveness are now seen as key business drivers.

Cafcass values and welcomes the strategic input from the HR service, which is fully integrated into the wider business, supports strong performance management and wider staff engagement and talent management. There is a golden thread in all aspects of the work:

staff sickness has reduced by 40% in the past two years, while the number of care cases has increased by 50% in three years. Over two years, the organisation has reduced spending by over £8 million by streamlining corporate functions and protecting resources that support our frontline staff, who work with over 150,000 children each year.

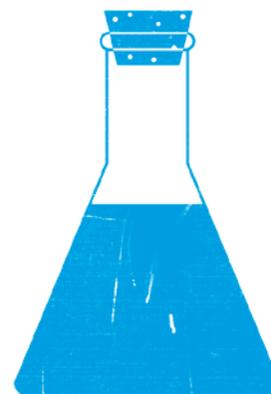
The key element for any good HR service is the ability to fully integrate into the business and adapt quickly to changing circumstances, be at the forefront of the organisation development agenda (OD) and drive cross-functional working and improvement.

Jabbar Sardar, director of HR and OD at Cafcass

Table 2: analysing the six HR competencies

Sub-factors for HR competence on individual effectiveness and business success			
Sub-factors for the six HR competency domains	Mean (1 to 5)	Individual effectiveness 100%	Business success 100%
Strategic positioner			
Interpreting global business context	3.83	4.4	4.2
Decoding customer expectations	3.83	4.4	5.2
Co-crafting a strategic agenda	3.96	6.3	4.6
Credible activist			
Earning trust through results	4.36	6.9	4.0
Influencing and relating to others	4.24	7.0	4.1
Improving through self-awareness	4.08	6.5	4.7
Shaping the HR profession	4.13	4.4	2.9
Capability builder			
Capitalising organisational capability	4.03	5.4	5.3
Aligning strategy, culture, practices and behaviour	3.94	5.3	6.1
Creating a meaningful work environment	3.94	4.1	5.2
Change champion			
Initiating change	3.94	5.4	4.8
Sustaining change	3.91	4.7	5.7
HR innovator and integrator			
Optimising human capital through workforce planning and analytics	3.95	5.5	5.6
Developing talent	3.83	4.0	5.3
Shaping organisation and communication practices	3.94	5.8	5.6
Driving performance	3.87	4.7	5.2
Building leadership brand	3.87	4.9	5.4
Technology proponent			
Improving utility of HR operations	3.72	2.9	5.0
Connecting people through technology	3.77	4.6	6.3
Leveraging social media tools	3.68	2.7	4.7

Organisation is not structure or process: it is a distinct set of capabilities. HR professionals should be able to audit and invest in the creation of organisational capabilities



4 Strategic positioner

I have always said HR professionals would never see themselves as lacking influence or strategic impact as long as they operate as business leaders first and foremost – business leaders that lead change through people. We have to be as commercially-minded as the commercial director and have a confident grasp of financial and operational measures and levers.

HR is uniquely positioned to have an objective view of all elements (internal and external) of the organisation and to understand how each element interacts with the other. As a result, the HR director should operate as the key strategic support to the CEO or MD when it comes to developing business strategy and to making key strategic decisions.

The HR director should be the lead facilitator when it comes to bringing together all leaders in the organisation to ensure key functions are working effectively and making commercial decisions in a joined-up way. In many ways, I think of the HR director as the organisational design engineer who has the vision and skills to create a business that is connected functionally and emotionally, where people and processes work seamlessly together to deliver the customers' requirements in a rapidly changing environment.

David Frost, group human resources director, Produce World



such as benefits, payroll processing, healthcare costs and other administrative services. HR professionals also need to use technology to help people stay connected with each other. Technology plays an increasingly important role in improving communications, organising administrative work more efficiently and connecting inside employees to outside customers. An emerging technology trend is using technology as a relationship-building tool through social media. Leveraging social media enables the business to position itself for future growth. Those who understand technology will create improved organisational identity outside the company and improve social relationships inside the company. As technology exponents, HR professionals have to access, advocate, analyse and align technology for information, efficiency and relationships.

Because these six domains of HR competence respond to the external trends we identified, they have an impact on both the perception of the effectiveness of the HR professional and on business performance where the HR professional works (see Table 1 on p23).

This data shows that to be seen as personally effective, HR professionals need to be credible activists who build relationships of trust and have a strong business and HR point of view. They also have to have a mix of competencies in positioning the firm to its external environment (strategic positioner), doing organisation capability and culture audits (capability builder), making change happen (change champion), aligning and innovating HR practices (HR

integrator) and understanding and using technology (technology proponent). These competencies explain 42.5% of the effectiveness of an HR professional.

We found that this same pattern of HR competencies holds true across regions of the world, across levels of HR careers, in different HR roles and in organisations of all sizes.

HR competencies also explain 8.4% of an organisation's success. But it is interesting that the competencies that predict personal effectiveness are slightly different to those that predict business success, with insights on technology, HR integration and capability building having more impact on business results. The key issue is for HR professionals and departments to work together and to mutually reinforce their efforts so they collectively achieve high performance.

These findings begin to capture what HR professionals need to know and do to be effective. They are further refined in Table 2 (p24), which shows the specific factors within each of these six domains and how they affect both perceived effectiveness of HR professionals and business success.

Some implications of the data for HR professionals include:

- Learn to do HR from the outside/in, understand social, technological, economic, political, environmental and demographic trends facing your industry and knowing specific expectations of customers, investors, regulators and communities – then building internal HR responses that align with these external requirements
- Build a relationship of trust with your business leaders by knowing enough about business contexts and key stakeholders to fully engage in business discussions, by offering

HR professionals who understand technology will create improved organisational identity outside the company and improve social relationships inside the company

innovative, integrated HR solutions to business problems and by being able to audit and improve talent, culture and leadership. Earn trust by delivering what you promise

- Understand the key organisational capabilities required for your organisation to achieve its strategic goals and meet the expectations of customers, investors and communities. Do an organisation audit that focuses on assessing key capabilities your company requires for success and their implications for staffing, training, compensation, communication and other HR practices
- Make change happen at individual, initiative and institutional level. Help individuals learn and sustain new behaviours. Enable organisation change by applying a disciplined change process to each organisational initiative. Encourage institutional change by monitoring and adapting the culture to fit external conditions. Be able to turn isolated events into integrated and sustainable solutions.

Table 3: HR department's role in success

The impact of characteristics of an HR department and business success		
To what extent are the following true of your HR department?	Mean (1 to 5)	Relative weighting on business success (100 points)
Interacts effectively with the board of directors	3.67	7.7%
Has clear roles and responsibilities for each of the groups within HR (eg service centres, centres of expertise, embedded HR)	3.65	7.6%
Aligns the structure of the HR department with how the business is organised	3.64	7.8%
Ensures HR initiatives enable the business to achieve strategic priorities	3.62	9.7%
Develops an HR strategy that clearly links HR practices to business strategy	3.61	9.2%
Ensures the different groups within HR work effectively with each other to provide integrated HR solutions	3.50	8.2%
Effectively manages external vendors of outsourced HR activities	3.49	8.3%
Invests in training and development of HR professionals	3.46	7.3%
Ensures HR is a cultural role model for the rest of the organisation	3.42	8.4%
Holds line managers accountable for HR	3.38	8.2%
Connects HR activities to various external stakeholder expectations (eg customers, investors)	3.25	8.9%
Tracks and measures the impact of HR	3.22	8.8%

5 Technology proponent

Technology is absolutely key for HR. All organisations are thinking about social media and we have seen corporates – and governments – brought down by social media. We need to embrace technology.

We found it interesting, when we launched an engagement survey online for the first time, that 80% of staff were engaged, and this gave me the courage to use technology more.

We are moving further towards social media. It is a key skill for HR people to use online technology and social media for recruitment. We are in the process of advertising for a social media manager and had

advertised the post through social media. But we found we had to fall back on more traditional means of advertising. HR needs to take a gradual approach – not all employees are tech-savvy, so it is important to give people time to get used to engaging with social media.

Last year, we launched 'iFactory', an internal social media system to challenge staff to come up with innovative ideas, rate each other's ideas and comment on them. This has the ability, not just to engage employees and aid internal communications, but to help the business.

Paula Jordan, HR director at McCarthy & Stone

6 Credible activist

The idea of HR people as ‘credible activists’ has the ‘wow factor’ for me – it is so positive and proactive.

It says so much about what we are trying to do at my organisation, because we have been educating our HR people about the business and this is totally on our agenda.

I came from a commercial background before I moved into HR and I look at other parts of our business from their side. The idea of being a credible activist takes knowledge-building to the next level, because it is about educating HR – and then doing something with that knowledge. This is truly partnering the business.

I am the HR business partner to the operations director and we have been working together for eight years. He knows what I can do.

He asks me to attend every monthly [operations] meeting, because I can give knowledge and act as a sounding-board.

If an HR department has this trust from the business, it will be invited to more meetings, because it will be known for giving sound advice. We need to take HR out of the perception of being a ‘blocker’, because managers come to us with problems. We have to add value to the business.

Sheena Webster, head of HR at Alliance Healthcare

- Innovate and integrate your HR practices. Innovation means looking forward with fresh and creative ways to design and deliver HR practices. Integrate these practices around talent, leadership and culture within your organisation, so HR offers sustainable solutions to business problems. Evolve your organisation’s HR investments to solve future problems.
- Master technology, both to deliver the administrative work of HR and to connect people inside and outside to each other. Make social media a reality by using technology to share information and connect people both inside and outside your organisation.

We also found that an effective HR department has more impact on a business’s performance (31%) than the skills of individual HR professionals (8%). HR professionals need to work together as a unified team to fully create business value. The specific requirements of an effective HR department and their impact on business success are shown in *Table 3*.

Conclusion

We are optimistic about the present and future of the HR profession and we have empirical reasons for our optimism. We now have specific insights on what HR professionals need to know and do to become better and more effective at delivering value to employees, organisations, customers, investors and communities. We know the HR department should excel at helping businesses be successful. **HR**

DAVE ULRICH is a professor at the Ross School of Business, University of Michigan and a partner at RBL Group, a consulting firm aiming to help organisations and leaders deliver value. He has published widely and this year was ranked number one in HR magazine’s list of most influential international thinkers.

JON YOUNGER is a partner of RBL Group and leads the strategic HR practice area. WAYNE BROCKBANK is partner emeritus at RBL Group. He has been a clinical professor of business at Ross School of Business and a consultant and executive educator at RBL. MIKE ULRICH is a research associate at RBL Group, focused on research methods and statistical analysis.

