Human Resource Competencies

RISING TO MEET THE BUSINESS CHALLENGE

Dave Ulrich, Wayne Brockbank,
Dani Johnson, & Jon Younger

The **RBL** Group

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No one doubts that the bar has been raised on human resources. The HR profession began with HR professionals focusing on terms and conditions of work so that employees would feel fairly treated. Today, the business world faces enormous change, and HR professionals must do more than manage employee terms and conditions. As the bar has been raised on HR, some lament that HR professionals cannot meet these higher expectations, and HR should be discounted or downsized and its functions automated or outsourced. We believe that instead of denigrating HR, we should upgrade HR professionals and HR departments to meet the challenges that confront contemporary organizations. To respond to the raised bar, we propose how HR professionals can rise to meet these new business challenges. We begin with a brief synopsis of the business context that raises new expectations of HR, and then we report the results of our research on over 10,000 respondents around the world that defines what HR professionals must know and do to deliver value.

CHANGING BUSINESS CONTEXT

Similar themes surface in conferences focused on the world of business. Globalization has made the world a global village, with new markets offering new challenges and opportunities, especially in China, India, Brazil, and Russia. Global issues like trade barriers, exchange rates, tariffs, and distribution become important elements of managerial choice. Technology has increased accessibility, visibility, and connection. The connected world is smaller, changing rapidly, and transparent. Employees represent increasingly diverse demographic backgrounds. In some parts of the world, employees are aging more than in others. Employee expectations are constantly rising as they gain in education and skills. Customers have become increasingly segmented, literate, and demanding. As they have greater choice, they become more selective about with whom they will work. Investors have become increasingly attuned to and actively concerned about not only financial results, but also intangible value creation. Competitors come from both traditional large global players and increasingly smaller innovators.

Many spend enormous amounts of time specifying these trends and their implications on business in general and HR in particular. Most of these trends are outside the control of any one individual or any one company. They occur in both predictable and unpredictable ways. They affect all aspects of business from how to fund a firm to how to position the firm in customers' minds and how to engineer and deliver products. They also affect human resources. HR's legacy was to monitor terms and conditions of work through industrial relations, then to design systems and practices that shape how people are treated in an organization. With this orientation, HR professionals had little reason to be more than casual observers of business trends. Now, the HR profession is being asked to help businesses compete, and to do so, HR must not only observe, but understand and adapt to these business trends.

HR COMPETENCIES OVERVIEW

For HR professionals to respond to changing business conditions, they must demonstrate new competencies. HR professionals who would have been successful in previous decades would not be effective today. We have worked for the last 20 years to identify the competencies that enable HR professionals to respond to the business conditions. HR competencies are the values, knowledge, and abilities of HR professionals. HR professionals with the right competencies will perform better. They will be more likely to engage employees, to serve customers, and to create intangible shareholder wealth. HR competencies define what is expected from those who work in HR and form the basis for assessment and improvement in the quality of HR professionals.

Since 1988, we have been working to track the ever-evolving competencies of HR professionals. When we began our work in the mid- 1980s, the primary effort to study broad-based HR competencies was by Patricia McLagan, sponsored by the American Society of Training and Development (ASTD). Her work initially examined competencies of HR development professionals, and then she generalized that work to all HR

professionals.[1] At the same time, many companies worked to create their own internal HR competency models. This work would generally start by identifying high- and low-performing HR professionals and then interviewing these two groups around critical incidents to determine which values, knowledge, or abilities distinguished the two groups in order to develop competencies that would lead to high performance.[2]

Out of these independent efforts grew many frameworks for HR competencies, but there were relatively few efforts to define HR competencies for HR professionals across firms, industries, or geographies. We began our research on competencies with the desire to resolve three issues:

1. Define the competencies that add the greatest value to key stakeholders.
2. Figure out how HR professionals develop these competencies in the fastest and most effective ways.
3. Determine how HR competencies and HR practices align to business performance.

To address these issues for the HR profession, we chose to do a large-scale survey (Human Resources Competency Study, or HRCS) of HR professionals and their HR and non-HR associates. This work has resulted in five waves of data collection (1988, 1992, 1997, 2002, and now 2007).[3] At each "wave" we used the same basic methodology for data collection based on a 360 methodology. We sent surveys to HR professionals (participants), who then gave them to their colleagues (associates). These surveys asked about the competencies and performance of the HR professional and the performance of the business where the HR professional worked. HR professionals are being asked to help businesses compete, and to do so, HR professionals must not only observe, but also understand and adapt to these business trends.

DEMOGRAPHIC RESULTS

The 2007 round, Round 5, of our research has about 1,700 participants and 8,300 associate raters in six regions around the world.[4]

These respondents represent three groups:
1. Participating HR professionals completed the survey in evaluating themselves.
2. HR professionals who are peers or associates evaluated the participating HR professionals.

3. Non-HR associates who are generally line executives and internal customers evaluated the participating HR professionals.

These groups provided the opportunity to look at different perspectives regarding HR as a profession, the HR department, and the competencies needed by HR professionals to be effective in their organizations.

Since these data represent a large cross section of the HR profession, we can make some general observations about the evolving profession.

Gender. There has been explosive growth of women in the profession since 1987. Since we last collected our data five years ago, this profession underwent a dramatic change from being male-dominated to being female-dominated. However, some of this may be accounted for by sampling more global and smaller companies. Gender scholars who study organizations tell us that this change has real consequences, both positive and negative, for the profession and the future of HR. On the positive side, the historical bias against women in the profession has shifted. A more equal representation of men and women in a profession often reflects less tolerance for underperforming men in a profession, and thus indicates an increase in quality standards. On the other hand, the feminization of an occupation sometimes also leads to "male flight" from the occupation, which can again lower the standards and quality of employees. In addition, male flight from an occupation is also typically related to decreasing prestige and wages. However, much of what is known about gender in occupation is based on data from the late 1990s. The next round of our own data will be very important to see whether these trends continue. The gender trends over the next five years in this profession are extremely consequential, not just on the future of our profession but on research and information about gender in occupations in a more broad way. We are optimistic. We believe that the increasing percentage of women in this occupation reflects an ongoing commitment to high quality.

Education. Most of the HR professionals in this sample have a college education (78% in Round 5 of HRCS). While this number has dropped somewhat compared to previous rounds of the study (87% in 2002; 90% in 1997), the study continues to draw on HR professionals with higher education.5 This may explain the high performance ratings of HR

professionals in this round. Perhaps our sample is drawn from the upper end of the distribution of HR professionals, both in terms of education and performance. But it also reflects the trend of HR becoming a profession.

Management Level of Participant. We arrayed HR professionals into 4 levels (loosely consistent with four stages of careers). In Round 5 HRCS data, we had a larger portion (21%) of the sample identifying themselves as the top manager of HR. This may be because the Round 5 data set has more small-size firms with fewer HR professionals, but those in place doing more director-level work.

Size of Firm. We started the research focused on larger firms (Rounds 1 and 2 had 39% and 40% of respondents in firms with over 10,000 employees), but in the Round 5 data, we wanted to include greater representation of smaller firms (20% of respondents in firms with over 10,000 employees and 31% of respondent in firms with fewer than 500 employees).

Primary Role of HR Participant. In the Round 5 data, more HR professionals (14%) have titles related to HR strategy or planning. In the last 20 years, more resources have gone into this role as HR has worked to be more aligned with business results. The number of HR professionals doing work in benefits has declined as E-HR and Service Centers have streamlined benefits operations.

THE NEW MODEL OF HR COMPETENCE

Computers are excellent at crunching numbers. They are not so good at interpreting or putting a name on the numbers. These tasks were left to mere mortals, and posed a significant challenge. The data suggested that we focus not just on the knowledge and ability of the HR professional, but on what the HR professional becomes through the use of that knowledge and ability. Hence, the six domains sound almost like the roles played by a fully competent HR professional. For example, in the past we referred to the domain regarding knowledge of the business simply as Business Knowledge because an HR professional needs to have business knowledge. This time, we chose to call this domain Business Ally because an HR professional needs to become a business ally by using his or her knowledge of the business. We see HR professionals as needing to know, but more important, needing to act on what they know.

Here, then, are quick definitions of the six competency domains from Round 5 of the HR Competency Study:

1. **Credible Activist.** The HR professional is both credible (respected, admired, listened to) and active (offers a point of view, takes a position, challenges assumptions). Some have called this "HR with an attitude." HR professionals who are credible but not activists are admired but do not have much impact. Activists who are not credible have ideas that no one implements.

2. **Culture and Change Steward.** The HR professional appreciates, articulates, and helps shape a company's culture. Culture is a pattern of activities more than a single event. Ideally, this culture starts with clarity around external customer expectations (firm identity or brand) and then translates these expectations into internal employee and organization behaviors. As stewards of culture, HR professionals respect the past culture and also can help to shape a new culture. They coach managers in how their actions reflect and drive culture; they weave the cultural standards into HR practices and processes; and they make culture real to employees. Additionally, successful HR professionals facilitate change in two ways. First, they help make culture happen. Second, they develop disciplines to make changes happen throughout the organization. This may include implementation of strategy, projects, or initiatives. They help turn what is known into what is done.

3. **Talent Manager/Organizational Designer**. The HR professional masters theory, research, and practice in both talent management and organization design. Talent management focuses on competency requirements and how individuals enter and move up, across, or out of the organization. Organization design focuses on how a company embeds capability (for example, collaboration) into the structure, processes, and policies that shape how an organization works. HR professionals ensure that the company's means of talent management and organizational capabilities are aligned with customer requirements and strategy, integrated with each other, and working effectively and efficiently. HR is not just about talent or organization, but about the two of them together. Good talent without a supporting organization will not be sustained, and a good organization will not deliver results without talented individuals with the right competencies in critical roles.

Strategy Architect. The HR professional has a vision for how the organization can "win" in the marketplace, now and in the future. He or she plays an active part in the establishment of the overall strategy to deliver on this vision. This means recognizing business trends and their impact on the business, forecasting potential obstacles to success, and facilitating the process of gaining strategic clarity. The HR professional also contributes to the building of the overall strategy by linking the internal organization to external customer expectations. This linkage helps make customer-driven business strategies real to the employees of the company.

4. **Operational Executor**. The HR professional executes the operational aspects of managing people and organizations. Policies need to be drafted, adapted, and implemented. Employees also have many administrative needs (e.g., to be paid, relocated, hired, and trained). HR professionals ensure that these basic needs are efficiently dealt with through technology, shared services, and/or outsourcing. This operational work of HR ensures credibility if executed flawlessly and grounded in the consistent application of policies.

5. **Business Ally**. Businesses succeed by setting goals and objectives that respond to external opportunity and threats. HR professionals contribute to the success of a business by knowing the social context or setting in which their business operates. They also know how the business makes money, which we call the value chain of the business: who customers are, why they buy the company's products or services. Finally, they have a good understanding of the parts of the business (finance, marketing, research and development, engineering), what they must accomplish, and how they work together, so that they can help the business organize to make money.

The six competency domains lend themselves naturally to a graphic representation, seen in Figure 1, that captures a number of the model's important implications. HR professionals play a unique role at the intersection of people and business issues. This is represented by the large arrows or vectors bordering the model. In the midst of constant change and upheaval, HR professionals serve the organization's people, communicating care, concern, and compassion for employees. Some have called this "keeping the human in human resources." But marketplace dynamics also require that HR professionals be attuned to business needs reflected by customer and investor expectations by making sure that strategies are designed and delivered.

Following only one of these two arrows independent of the other will lead to failure. HR professionals who emphasize the people side at the exclusion of the business side may be liked and popular, but they will not succeed because their work does not further business goals. HR professionals who focus on the business side without sensitivity to the human element also will struggle, because while the business may prosper in the short term, people will not sustain the success in the longer term.

Fig 1. HR Competency Model
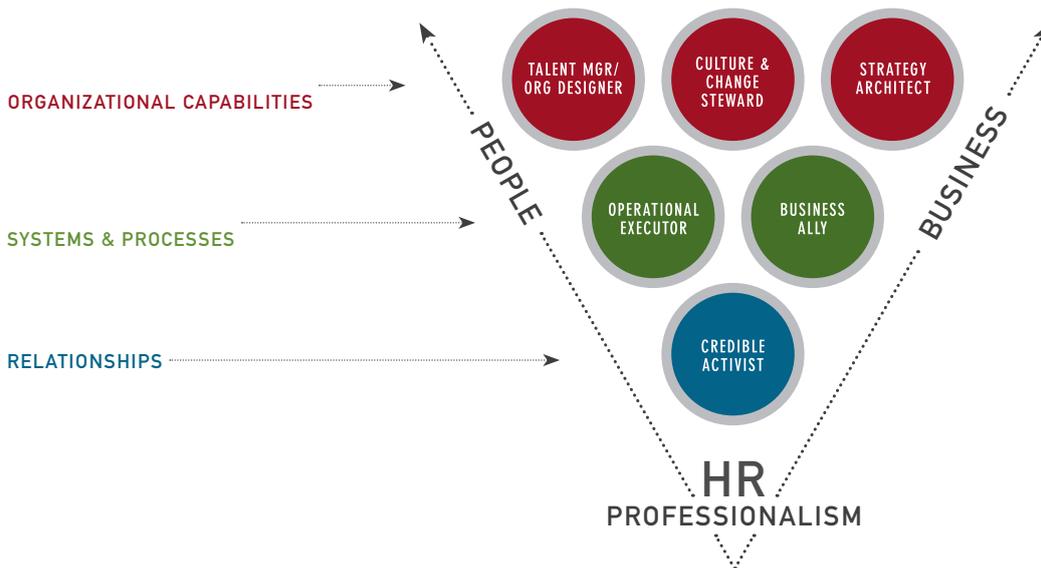
Bordered by the people and business arrows, the six competency domains are arrayed according to our research findings. Credible Activist is at the crux. Credibility enables the HR professional to relate to people, but being an activist mean that the HR professional has a point of view about the business and actively participates in furthering strategic goals. Being a Credible Activist ensures that HR professionals can both build relationships and deliver on business performance.

KEY FINDINGS

Data without insight is incomplete, like food without taste, driving without a direction, or going to college without a major. Our research was designed to discover the competencies required of HR professionals and the capabilities needed by HR departments to deliver value.

We will base these implications on the data, but we are not bound by it. We will take the liberty of also drawing on our personal experiences and our aspirations for the HR profession. Our hope is to project what can and should be for the future of the HR journey.

IMPLICATIONS FOR HR PROFESSIONALS

The primary focus of our research has been to figure out the competencies that will help HR professionals have greater impact. Our research suggests nine specific things HR professionals can do to make this happen.

1. **Replace Self-Doubt with Self-Confidence**. Generally we are who we think we are. For too many years, HR professionals have lamented their image and role as administrators, policy police, and bureaucrats. They wanted to be at the table where key business decisions were made. HR professionals can definitely be at the table if they demonstrate the right competencies. Those who lament not being included in key decisions are, in effect, blaming others for their own lack of what it takes to contribute. Feeling victimized is a waste of energy; better to direct efforts toward mastering the competencies we have identified and get on with growing their contribution.

2. **Develop an Inside and Outside View**. HR professionals need to have a broader definition of how they add value. Value is defined by the receiver more than the giver, and too often the only perceived "receivers" of HR are employees and line managers inside the organization. We often

ask groups of HR professionals, "Who are your customers?" All too frequently, the answer is, "Employees throughout the company." True, but not complete. We found that the best HR departments focused equally on those inside the company (employees and line managers) and those outside the company (customers, investors, and communities). HR professionals can and should bring investor and customer data to strategy discussions. They can link their programs and activities with those outside the firm as well as those inside the firm. They are not just the designers and developers of HR policies and practices that affect employees, but business people whose practices affect all stakeholders. As we look to the future, those stakeholders will increasingly include investors, customers, communities, and partners (joint venture alliances) where HR professionals connect what happens inside their organizations with stakeholders outside.

3. **Share Accountability for People and Organization with Line Managers.** We found that for the most part HR professionals and non-HR respondents had similar views of HR excellence—with a couple of major exceptions. First, non-HR respondents included rewards in the equation for Talent Manager/Organization Designer; HR professionals did not include rewards in this equation. We side with the non-HR respondents. Performance measures, rewards, and benefits should not be excluded from other talent and organization design practices. Hiring and training people on one set of criteria, then paying them on another only creates confusion. The second area where non-HR associates differed somewhat from HR participants is the use of customer information. Non-HR associates tended to see HR professionals needing to be more aligned with external customers.

4. **Focus on Individuals and Organizations (not one or the other).** The data in this round of the study supports what we have long known intuitively: great individual talent without a strong organization will not endure. It is tempting to make HR professionals solely the guardians of talent. Terms like human capital, competencies, intellectual capital, talentship, workforce planning, and people processes all focus on talent. Much of the theory and logic of HR comes from psychology, where the focus is on the individual. People are important, and talent, human capital, and workforce planning are essential for the success of any company. But if the talent within an organization doesn't embody and perpetuate the right organizational capabili-

ties, HR professionals have not done their jobs. All-star teams could seldom beat well-organized teams—and the game of business is mostly a team sport.

5. **Serve People and Deliver on Business Results.** The synthesis of our research, suggests that if/when HR professionals become masters on the people axis, but not on the business axis, they have a skewed and flawed view of their world. They care about people more than business. HR professionals need to understand business and make business results happen. To contribute to business, HR professionals must become Business Allies. HR professionals who want to contribute must speak the language of their respective businesses.

6. **Accomplish Both Transactional and Transformational Work**. HR departments have more impact on the business when they manage three areas of HR: organization, talent, and administration. While organization and talent have a higher correlation to business results in our research, the administrative work also matters. In the Operational Executor domain, we found that HR professionals need to ensure that technology and HR policies are executed flawlessly. HR professionals need to be able to deliver on day-to-day plans while also configuring long-term strategies. But getting work done well and doing work well are two different things. Doing the work well is as critical as getting the work done. It is not as critical to do the work as to ensure that it is done well.

7. **Shift from Politics to Collaboration.** At the heart of the Credible Activist domain is the ability to perform work with integrity. Integrity means having and living a personal standard of ethics. It also means building trust and credibility into each interaction. Too often, differences of opinion among people or departments lead to political infighting either among those in HR or between different departments within an organization. HR professionals need to model how to work together to create organizations that win. While HR can offer any staff group insights on its talent and capability, it can partner with certain staff groups in specific ways. For example, with marketing, HR can help turn a firm brand into an organization culture; with finance, HR can help define the intangibles that investors value in specific and measurable ways; with IT, HR can make sure that enterprise-wide systems are implemented and that

data is used for decision making.

8. **Support Others and Have a Point of View.** In the movie *The Candidate*, a long shot won the election and became senator. Then, with a frightened look on his face, he asked, "Now what do we do?" Getting invited to participate in strategic decision making is easier than contributing to it. HR professionals need to come to meetings informed and able to engage in the give-and-take of decision-making. They need to stop playing the stereotypical role of "speaking only when spoken to" or offering observations only on narrowly defined HR topics. Ideally, if an outsider were observing the management team, it would not be immediately apparent who the HR professional is. At the same time, when HR issues arise, the HR professional needs to not only provide informed input to the team, but define alternative courses of action and make and defend reasoned recommendations.

9. **Invest in Personal Growth**. Finally, HR professionals who succeed will be constantly learning and growing. HR professionals are often the cobbler's children who lack good shoes. While designing training and development experiences for others, HR professionals often under-invest in themselves.

CONCLUSION

The business context required to succeed has raised the bar on HR professionals. HR professionals who would have succeeded 30, 20, or even 10 years ago would not be as likely to succeed today. HR professionals are expected to play new roles, and to be able to play those roles, they need new competencies. As a result of the Human Resource Competency Study, we have a greater understanding of the competencies needed by HR professionals and agendas needed by HR departments to affect business performance.

NOTES

1. McLagan, P., & Bedrick, D. (1983). Models for excellence: The results of the ASTD training and development study. Training and Development, 37(6), 10–20. McLagan, P., & Suhadolnik, D. (1989). Models for HRD practice: The research report. Alexandria, VA: American Society for Training and Development. McLagan, P. (1996, January). Competency models. Training and Development, 50(1), 60–64.

2. An exception to the within-company work was the work done by Patricia McLagan for American Society for Training and Development in 1983. This important study documented the variety of possible roles for human resource professionals and examined the detailed competencies for those involved in training and development. McLagan, P., & Bedrick, D. (1983). Models for excellence: The results of the ASTD training and development study. Training and Development, 37(6), 10–20. HR professionals must earn their credibility by building relationships of trust, but they then must take an active stance to make a difference in results. McLagan, P., & Suhadolnik, D. (1989). Models for HRD practice: The research report. Alexandria, VA: American Society for Training and Development.

3. The work we have done has been published in many places over the last 20 years. A few of those publications include Ulrich, D., Brockbank, W., & Yeung, A. (1990). Beyond belief: A benchmark for human resources. Human Resource Management, 28(3), 311–335. Ulrich, D., Brockbank, W., Yeung, A., & Lake, D. (1995). Human resource competencies: An empirical assessment. Human Resource Management, 34(4), 473–496. Yeung, A., Brockbank, W., & Ulrich, D. (1994). Lower cost, higher value: Human resources function in transition. Human Resource Planning Journal, 17(3), 1–16. Brockbank, W., & Ulrich, D. (2003). Competencies for the new HR. Arlington, VA: Society of Human Resource Management. Brockbank, B., & Ulrich, D. (in press). HR competencies that make a difference. In J. Storey, P. Wright, & D. Ulrich (Eds.), Strategic HRM. New York: Routledge.

4. We are grateful for the support of our global partners:
- Society for Human Resource Management (SHRM), a partner in 2002 and 2007, who represented North America;
- IAE, the Management and Business School of Universidad Austral in Argentina, a partner in 2002 and 2007, headed by Professor Alejandro Sioli and Michel Hermans. IAE represented Latin America;
- The Irish Management Institute (IME), headed by Martin Farrelly, with the assistance of Grace Kearns, representing Europe; Human Resource Competencies: Responding to Increased Expectations
- Tsinghua University in Beijing, China, headed by Dr. Xiaoming Zheng and Dr. Felicia Deng;
- The Australian Human Resource Institute (AHRI), who worked in Australia and Asia Pacific, headed by Paul Dainty, with the assistance of Anne Marie Dolan; and
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These regional partners took responsibility to identify companies in their geographies and were instrumental in facilitating data collection and analysis. This study would be impossible without their collaboration, and we are very grateful for their active involvement.

5. We should note that in the 2007 study, we had seven categories for education and we combined them to match previous rounds of the study.