

CIPD

*Championing better
work and working lives*

CIPD Applied Research Conference 2018

The shifting landscape of work and working lives

The building blocks for a 'more strategic' role for HR

Conference paper

Dr Kevin Delany and Professor Olga Tregaskis
University of East Anglia, Norwich Business School

The authors retain the copyright in this paper and are responsible for the accuracy of its content.

Summary

We examined the opportunity for HR practitioners to play the more strategic role advocated by leading academics and business people, considering the factors that are most likely to enable or constrain this strategic actor role for HR. Our findings are presented in the form of a four-box building blocks model.

Introduction

The 'more strategic' role for HR

There is a long-standing proposition that HR functions need to move away from a historic emphasis on policy, process, and administration to play a more strategic role. The arguments for this more strategic role have come from leading academics¹ and business leaders, and have been supported by the CIPD.

Many organisations have followed available guidance on measures and interventions to secure and sustain this more strategic role, for example adopting a shared service organisation model. In this model, HR business partners work closely with business leaders to inform strategic thinking and decision-making, and managers and staff are encouraged to use HR technology to self-manage routine people management matters.

However, despite the creditable efforts of HR professionals, and with a limited number of case study exceptions,² there is a well-publicised perception³ that the HR profession in general is making only slow progress to this more strategic role.

Our research

We undertook a survey of the views and experience of 69 HR professionals across 19 different organisations to identify the factors that helped or constrained the possibility of HR playing a more strategic role. Our emerging findings were then reviewed by a sounding board of a further 12 leaders in HR and HR contacts in other countries.

The evidence suggests that a 'one size fits all' approach has not worked and that we need an approach that is more flexible and responsive. We have suggested a four-box model that both challenges some established thinking and guidance and prepares the ground for HR practitioners to play the strategic actor role.

Findings

The extent of different experience

We found significant differences in the views and experience of contributors to the survey. For example, in the same large and complex organisation:

- The HR business partner for one business unit observed that her role was solely to 'remain in the strategic space'.
- While a business partner in a different business unit shared his experience as business leaders saying that they did not want his views on strategic issues; they just wanted him to 'shut up and handle the process things'
- And a third business partner commented that his understanding was that the role is a purely strategic one ... but that he saw himself as '50:50, 50% strategic and 50% operational'.

The building blocks for a 'more strategic' role for HR

This experience of the HR business partner role as partly strategic and partly operational was shared by the majority of HR professionals in our survey. Only one saw the role as totally strategic, and there were a number who felt disenfranchised from any involvement on business unit strategy.

We identified areas of difference between the experience of HR professionals seeing their role as at least partly strategic compared with those who felt unable to play a more strategic role. The most significant differences were in terms of:

- whether individuals felt that they enjoyed a lot of autonomy, with the time and space to do things
- the extent to which struggling with the weight of policy and process made it harder to be creative or strategic
- whether the organisation or business unit supported change, or whether there were always other people needing to be consulted and in agreement before change could happen
- the readiness of business leaders to accept challenge
- how receptive business leaders were to an HR practitioner seeing their role, at least in part, as helping senior managers to understand that always doing things the same way would not create business growth and innovation.

These different views point to challenges to academic and practice-led thinking.

The building blocks for a more strategic HR role

Our survey identified a broad range of factors that we have grouped into a model (Figure 1) constructed around the following four building blocks:

- business leader engagement and support
- strategic opportunity
- human capital management infrastructure
- strategic HR competencies and capacity.

Figure 1: Building blocks for a more strategic role for HR



The building blocks for a 'more strategic' role for HR

The top two boxes in our model are concerned with strategic context – the opportunities for HR to play a more strategic role – with the lower two boxes relating to delivery – the resources and mechanisms available to support HR in playing the more strategic role. The other axis used in our model differentiates between personal and organisational: the understanding and engagement of business leaders and the competencies and capacity of relevant HR actors balanced against broader organisational interests and opportunities.

It is important to note that each building block is strongly related to the others and no block can stand alone. For example, it would not matter how much time and other resource was applied to developing the personal competencies and capacity of HR partners if they were not supported by the business, or if they risked being diverted from strategic matters by failings in the human capital management infrastructure.

In the following sections, we present our findings in each of the above four areas.

Business leader engagement and support

The suggestion from influential academics and other business people is that business leaders are aware of the potential strategic contribution of their HR specialists, and expect to see HR playing a role in guiding and influencing, or at least informing, the development of business plans and strategy. The experience of HR professionals in our survey is that this suggestion of universal support for HR playing a strategic role is at best overstated.

There are at least three factors in play. First, there is the interest that business leaders have in HR and people management issues in their businesses. Some business leaders recognise that HR has a strategic contribution to make and are open to spending time on HR and people management matters. Others may be focused on securing and delivering the business and may be reluctant to the point of resistance to consider proposals and challenge from HR.

Second, it is clearly a responsibility of the relevant HR professionals, in particular in HR leadership and HR business partner roles, to establish their own credibility with the business leaders, for example through demonstrating their understanding of key business issues and in the way that they present and support their arguments.

Third, there may be a situational consideration. Businesses struggling to deliver on their objectives may allocate a lower priority to people management, while businesses that are doing well may not wish to do anything to change what seems to be working. Interviewees pointed to the need to identify the right time to make more strategic proposals, noting that this could mean waiting for a change in legislation, or the market, or in the supply of staff to the business concerned.

Strategic opportunity

Access to an explicit strategy, and/or being in an organisation where business intentions and plans are clear and consistently interpreted, creates an ideal environment for the HR community to align with that strategy and to take on a more strategic role. In practice, very few organisations represented in the study were operating with an explicit business strategy.

The majority of organisations appear to be operating only with a statement of high-level aspirations leaving business units with broad growth, profitability, or other performance targets to be achieved. This situation may arise for a number of reasons.

One possibility is that the market situation is constantly changing and the business feels the need for greater flexibility to be able to capitalise on strengths or address potential weaknesses. A second possibility is that there are already established ways of working, a clear understanding of the status quo, and no significant threats or new opportunities on the horizon. In place of an explicit business

strategy, it is likely that there will be business or business unit objectives and that strategic intent will be inferred rather than explicit.

Strategic HR competencies and capacity

There is a substantial body of guidance relating to the competencies that HR practitioners should be able to demonstrate in a more strategic role. Our survey findings would complement much of that guidance.

HR directors and business partners will need to display a broad range of HR, OD, and change management competencies. They will need to be able to contribute to the analysis and implementation of business strategy and to advise on the implications and opportunities for human capital management.

Many researchers and practitioner organisations have proposed competency frameworks for the HR community. Those frameworks have tended to change over the years as circumstances, and the comparative competence levels of HR practitioners, have changed. We have looked at 'clusters' of competencies as themes drawn from existing research and practitioner guidance.

Business understanding

Existing research points to the importance of HR professionals having a good understanding of the business or business unit they are supporting. This argument is well supported but still leaves some room for interpretation as to exactly what is meant when researchers and others emphasise the importance of business understanding. At one extreme is the argument that HR professionals would be required to know about the business or business unit before they take up a new appointment.

Our research confirms the recognition that businesses have different people needs and that HR professionals should have a good understanding of business principles and practice and be able to secure an understanding of the ways of working and broader business needs of the business or business unit they support.

HR knowledge and experience

HR directors and business partners may be seen as the 'face' of HR for the business or business units they support. As the right-hand person for business leaders, they may be expected to be expert and experienced regarding everything to do with HR and broader people management.

Evidence from our research confirms the expectation that HR business partners will have a broad, and sufficiently deep, understanding of the full range of HR and people management. The most experienced survey participants were confident that their own knowledge and experience was such that they would be able to meet that expectation. An alternative strategy, adopted by a smaller number of the HR professionals in the survey, was to have a basic knowledge of the full range of HR topics and then be able to access a personal network of colleagues on more specialist or complex matters.

Credibility as a trusted adviser

The research confirmed that HR practitioners saw building strong and positive relationships with business leaders and other key stakeholders as critical to their ability to operate strategically. The need was to secure the trust of key people, in particular the business leaders who would act as sponsors for HR and broader people management activity. Without that trust, HR would never be regarded as a strategic partner.

HR practitioners have adopted different strategies to secure that trust. More experienced HR practitioners might simply play to the strength of their own knowledge and experience, promoting confidence by showing confidence. Other HR professionals recognised that the way to gain trust

The building blocks for a 'more strategic' role for HR

was by being seen to be committed to the best ways of working in the business or business unit, even where this meant working on transactional rather than strategic matters.

The summary message is that there is no single best way to gain credibility. The challenge for HR is to determine which approach will work best with the leaders and key stakeholders in any business or business unit.

Consulting skills

Our research supports the arguments that HR professionals should be able to deploy broad competencies covering more effective ways of working. Example competencies would be in: stakeholder analysis; project management; communication; risk analysis and management; and change planning and management. It seems possible that HR not possessing, or not being especially proficient in, such competencies opens the door for the appointment of line managers and consultants into HR roles.

Human capital management infrastructure

Adoption of a shared service model, supported by self-service HR management technology platforms, was proposed as one way of removing more routine and process-related HR and people management activity to leave more time for HR to act in a strategic role.⁴ The majority of survey participants worked in organisations that had adopted a shared service model for HR, but their experience was often that the projected benefit in terms of releasing capacity to act more strategically had not been realised.

We identified a number of practical difficulties experienced with HR technology and service centres. The first of these is that in a complex multi-business there will be different communities of users, with different experience of the technology and systems in place. Users who joined an organisation as graduates or apprentices will become familiar with the way the technology and systems work and will be able to find the information they need without too much time or trouble. Mature hires joining at a more senior level may not have the time or inclination to use the technology and will find it easier to go direct to their local HR business partner for support.

It is also clear that self-service is an attractive option for users only if they can find what they need quickly, and if the guidance is clear. Many survey participants identified existing HR policy and practice guidance as a problem, with policies that tended to be overcomplicated and where guidance was not clear. One consequence of this policy complexity was that queries that should have been addressed in the service centre were directed to the local HR business partner for clarification and resolution, reducing the time available for more strategic activity.

There was a common view that HR technology and systems in place often fell short of what was required to encourage staff and managers to use self-service, presenting a barrier to the more strategic role for HR. Systems were often seen to be slow and prone to failure, producing information that was unreliable.

These in-practice difficulties with what is otherwise a sound organisational model can lead to criticism of the HR community when managers and employees cannot easily and confidently access the information they need. One adverse consequence is that HR business partners and staff in centres of expertise may need to be unhelpfully engaged in more transactional, and less strategic, activity.

Shared services and employee and manager self-service have been shown to work well in some organisations and for other functions. The challenge to the theory is that it is not universal and absolute. Organisations considering a move to shared services would be well advised to consider the nature of their user communities and the relative simplicity and clarity of HR policy and practice guidance.

There is a long-standing assumption that line managers will take a lead role in people management at least regarding their own teams. Adoption of shared service models should provide managers with access to appropriate policy guidance and personal information on team members, ensuring that they are able to deliver people management responsibilities consistently and effectively.

Our research challenges both the assumption that line managers will play a proper role in people management, and that they will be assisted in that role by the shared service organisational model. One concern is that difficulties in understanding and interpreting HR policy and processes will mean that line managers cannot always rely on access to the guidance and information that they would need for efficient and effective people management. There is a second consideration that some organisations and business units appear to be prepared to prioritise line manager engagement in winning and delivering business over their role in people management.

Conclusion: playing a more strategic role

There was nothing wrong with the models and messages used to guide and inform the HR role. Many of those messages remain relevant today, but we need to recognise and address the challenges raised by the increasing complexity of organisations and the shrinking timescales within which plans and strategies are actioned.

Key actions for organisations and HR practitioners could include:

- HR practitioners need to recognise the balance to be secured between the strategic and operational aspects of their roles. Relationships developed while playing an operational role may help to build essential credibility with business leaders.
- Offer training and development of line managers to fulfil their people management responsibilities.
- Review and rationalise HR policy and process, making it easier for non-HR professionals to interpret and apply those policies and processes.
- HR practitioners need to continue to develop their personal competencies, in particular around the suggested consulting skills.

Notes

¹ Beer, M. (1998) The transformation of the human resource function: resolving the tension between the administrative and strategic roles. *Human Resource Management Journal*. Vol 36, No 1. pp49–56.

Brewster, C., Brookes, M. and Gollan, P.J. (2015) The institutional antecedents of the assignment of HRM responsibilities to line managers. *Human Resource Management*. Vol 54, No 4. pp577–97.

Pfeffer, J. (2005) Changing mental models: HR's most important task. *Human Resource Management*. Vol 44, No 2. pp123–28.

Ulrich, D. (1997) *Human resource champions: the next agenda for adding value and delivering results*. Boston, MA: Harvard University Press.

² Allen, P.L. (2015) Toward a new HR philosophy. *McKinsey Quarterly*. No 2. pp68–56.

Ghandi, N. and Hancock, B. (2015) Getting beyond bureaucracy on human resources. *McKinsey Quarterly*. No 2. pp67–69.

³ Conference Board. (2012) *The state of human capital 2012: false summit: why the HR function still has far to go*. New York: Conference Board and McKinsey. Available at:

The building blocks for a 'more strategic' role for HR

www.mckinsey.com/~media/mckinsey/dotcom/client_service/organization/pdfs/state_of_human_capital_2012.ashx [Accessed 7 June 2019].

Mundy, J.C. (2012) Why HR still isn't a strategic partner. *Harvard Business Review*. 5 July.

⁴ Lawler, E.E. and Mohrman, S.A. (2003) HR as a strategic partner: what does it take to make it happen? *Human Resource Planning*. Vol 26. pp15–29.