



# “Tomorrow’s HR Management”

By

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The title is a rich compilation of essays written by human resources (HR) professionals, consultants and scholars from around the world on the future of HR function in business strategy and the course of action that will help shape the form and substance of the function. Each essay advocates a strategic goal designed to increase HR’s productivity, efficiency and adaptability. Each essay analyzes obstacles and formulates tactics designed to help achieve these goals. Several myths have been broken and new realities have been expounded in their place. To begin let’s take a leaf out of the top educator in human resources, Professor of Business Administration at the University of Michigan, and also one of the editors of this voluminous compilation, **Dave Ulrich’s “Human Resource Champions”**, where he talks about the rejuvenated form of HR.

<b>Old Myths</b>	<b>New Realities</b>
People go into HR because they like people	HR departments are not designed to provide corporate therapy or as social or health-happiness retreats. HR professionals must create the practices that make employees more competitive, not more comfortable.
Anyone can do HR	HR activities are based on theory and research. HR professionals must master both theory and practice.
HR deals with the soft side of business and is therefore not accountable	The impact of HR practices on business results can and must be measured. HR professionals must learn how to translate their work into financial performance.
HR focuses on costs, which cannot be controlled	HR practices must create value by increasing intellectual capital within the firm. HR professionals must add value, not reduce costs
HR’s job is to be the policy police and the health-and-happiness patrol	The HR function does not own compliance, managers do. HR practices do not exist to make employees happy but to help them become committed. HR professionals must help managers commit employees and administer policies.
HR is full of fads	HR practices have evolved over time. HR



	professionals must see their current work as part of an evolutionary chain and explain their work with less jargon and more authority
HR is staffed by nice people	At times, HR practices should force rigorous debates. HR professionals should be confrontative and challenging as well as supportive
HR is HR's job	HR work is as important to line managers, as are finance, strategy and other business domains. HR professionals should join with managers in championing HR issues.

The root of all these myths lie in the way, HR has been perceived by top line executives as 'advocates' and by shop floor workers as 'management's stooge'. It is the prerogative of the HR professionals to remove these misconceptions by acting as a vital link between the strategic and operational functions in an organization. Thus, if an organization has chosen to invest in an HR department as part of its strategy to deal with the human issues of the enterprise, it should also make sure that the HR department has a "business plan" to achieve the same. This HR business plan sets out the vision, strategy, priorities, core capabilities, and required competencies of the HR department. Through appraisal of the plan the firms' executives can assess and measure whether or not they are getting an appropriate return from their investment in HR department. The HR business plan should certainly be supportive of the business human resources. The key word here is 'investment', not expenditure or cost.

This leads us to the explanation of one of the myths, "*HR is HR's job*". There is lack of clarity regarding who is responsible for human resource management (HRM). Managers and HR professionals should understand that line managers are the leaders of the organizations and as such they are responsible for the management of human resources. Line managers should understand that the people work is the most important work; it is the core work of management. If a manager does not want to deal with the people side of the job, then he/she should be moved to a technical job where individual contribution is needed; and let someone else lead the human resource. "Leadership of people is an honour, not a bleak chore to be passed on to someone else."

The HR people are accountable to management for excellent human resource management processes, tools and coaching that work. They are responsible to energetically influence managers to effectively use the tools that have been designed. If their current tools and methods don't work, management should find HR providers who can provide tools and coaching that do work.

A contrast has been depicted between HR Management and HR Department. This vividly shows the areas of responsibility that have drawn out for line managers and HR professionals.

	<b>Human Resource Management</b>	<b>Human Resource Department</b>
<b>Focus</b>	Implementation/application of HR tools and practices	Development of HR tools and practices
<b>Owner</b>	Line Management	HR department leadership
<b>Outcome</b>	Creation of value through effective management of competencies	Effective Human Resource Management practice

After all, it is the line managers who possess the best understanding of the job profile, job requirements, resources required for the job, of their subordinates. Hence, they are in the best



position to manage the issues that arise in daily transactions. No doubt, the success of the HR policies depends on the execution by the line managers.

There is a skill set which any HR manager has to possess if they have to lead the work force into the future. There are new generation roles that they have to perform. It is not anybody's job.

*Vision and foresight:* HR professionals have been making the transition over the years from administrators to business partners to leaders of change. The next logical step in the transformation of the HR function will involve the ability to see around corners. This skill encompasses the vision and foresight to anticipate future trends globally and the business savvy, credibility, and leadership skills to influence and shape these trends on a global basis. HR people will focus increasingly on turning human resource and organization capability into a strategic competitive advantage for the business. The quality of people and people-related practices is exceedingly difficult to imitate for the competitors. These are embedded in the culture of the organization.

*External focus:* Managing By Wandering Around (MBWA) is not a strategy only for the line managers. It has to be practiced by HR professionals in equal, if not greater measure. They tend to concentrate on the internal issues most of the time. However, HR people should partner with customer more than ever before on joint HR initiatives, such as training and moving people across company boundaries. HR professionals will be responsible for determining and meeting customer expectations of organization capabilities – the capacity to respond to customer concerns and act on their behalf. As part of this process, customers will be more directly involved in issues such as the selection and assessment of individuals in key assignments. This kind of interaction with customers will cause HR people to venture out beyond traditional organization boundaries.

*Future Workforce:* Organizations must continuously create a more flexible workforce. Professional development initiatives including major commitments to training, global development assignments, and modern –day apprenticeships programs have to be put in place to keep pace with changing technology. Further, organizations should promote and deploy flexible, family-friendly workplace practices. Flexible work schedules and time-off family/personal leaves and sabbaticals, job sharing, telecommuting, and remote work locations, employee assistance counseling, child and elder care, financial consulting, and on-site convenience, like casual dress, etc. are some of the propounded concepts, though none of them are new. “They will be, by necessity.” Finally, a more open workplace through access to information, exchanged seamlessly across organizational, functional and geographic boundaries, will become increasingly commonplace.

*Confrontation:* The future role of HR will be to create organizational cultures that unambiguously confront realities and make the inner workings of the organization much more transparent to the typical employee. The employees should be trusted with sensitive information, which should not be hidden from them for fear of competition gaining access to such knowledge. It is the HR function's job to convince others of this truth. Also, HR can challenge outmoded policies and practices that have a detrimental effect on employee morale and productivity. The logic and assumptions behind policies should be examined. If there is any lacking on part of management in maintaining transparency, the HR people must take up the matter in their hands.

*Competitive Weapon:* As organizations strive to become seamless, the emphasis on collaboration across business units, functions, countries, cultures, and companies will increase significantly. HR professionals have a major role to play in making seamlessness a competitive weapon. It is the job of HR to define the kinds of sharing behaviours expected of people. Benchmarking and

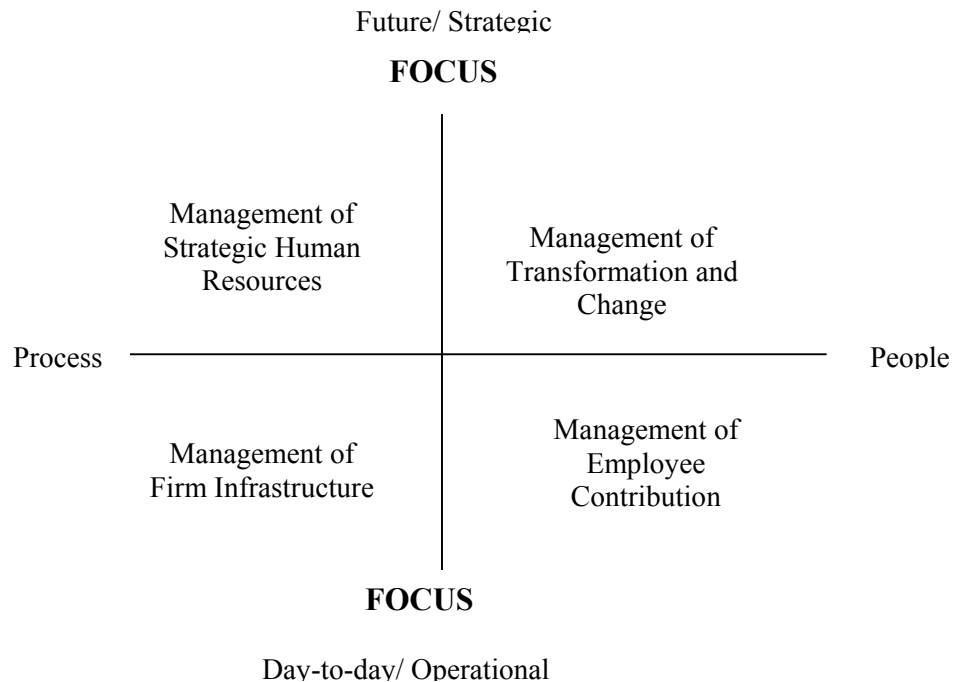


sharing practices are not enough. Real value comes from implementing these practices fully and quickly than everyone else and building on them to create a unique advantage.

*Scoring performance:* Organizations continue to struggle to strike a balance between shorter term, financially driven objectives and long-term qualitative goals. It will increasingly involve the issue of accountability for employee satisfaction and organization capability and of measuring these priorities with the same degree of rigour used to measure financial performance. HR and organizational capability audits should be as commonly accepted, as are financial audits. HR should believe in the adage, “What gets measured gets done”.

### HR Roles in Building a Competitive Organization:

**Dave Ulrich** has given a model for understanding the complex synergies that a HR professional has to develop to perform the operational and strategic jobs keeping in perspective the people and processes. On the operational side, there are two issues that form the basis of performing the day-to-day activities. These transactional aspects are the traditional roles that HR professionals have always carried out. These functions have been taken over by the Information Technology Department (infrastructure) and line managers (employee management). The focus of the new breed of HR professionals would be on the strategic aspects if they have to become a part of the management of the organization in a more holistic sense.



As is clearly evident, the HR department has these four major roles to perform, of which the strategic roles are the futuristic ones, which will herald a new era of HRM. These are the roles, which will ensure HR as a business partner.

Hence, the myth that *HR's job is to be the policy police and the health-and-happiness patrol* is busted. HR's job now encompasses a great deal of what was either ignored earlier or given stepmother treatment or was carried out by top management. Having a firm grasp on theory, HR professionals need to learn how to implement those theories, which are relevant to business situations. Each industry has its own requirements. It is the prerogative of the HR person to learn



about the idiosyncratic assets and liabilities of the particular industry. Only after having gained insights into the actual business operations can HR contribute in developing infrastructure, championing employee issues, bring about change in a manner that offers least resistance and participate in strategic decision making.

To further the case for HR, there are certain principles, which are prescribed for HR to comprehend the challenge faced by them. There is a need for HR to focus on the following principles:

**Principle #1: Human Resource Strategy Must Be Anchored To the Business Strategy:**

The HR organization must understand the strategy and economic realities of the business it supports. It must be regarded as an essential contributor to the business mission. HR people must speak the language of business and their activities must reflect the priorities of the business. Nothing contributes more to the credibility of the Human Resource Department than for it to be focused on matters of genuine concern to the business. If it is not, it gives the opportunity for its opinion to be disregarded and its contribution to be minimized or even eliminated.

**Principle #2: Human Resource Management is Not about Programs; it is about Relationships**

The primary HR role is to create an environment in which employees are committed to the success of the enterprise that employs them. It's about developing forms of attachment with people that make them want to work there and contribute willingly. It involves using teamwork and establishing peer review systems that provide employees with a meaningful voice in decisions that affect them. It involves engaging employees in the change process and giving them a voice in shaping their future since experience shows that people support that they can create. Creating effective relationships includes providing employees with opportunities to acquire new skills, which increase their capacity to contribute.

**Principle #3: The Human Resource Department Must be Known as an Organization that Anticipates Change and Understands what is Necessary to Implement it**

The HR function must understand the process of change. It must work closely with line managers who are leading change and assist those who must implement change but seem reluctant to do so. HR can help managers appreciate that people do not resist change much as they resist both being changed and the top-down approach often being used to introduce change. HR should help managers understand that involving employees in the change process energizes them, draws on their know-how, and helps produce a sound result. HR people should be viewed as thoughtful and enthusiastic advocates of the changes and new ideas that contribute to the success of the business.

**Principle #4: Human Resources People Should be an Outspoken Advocate of Employee Interests, yet they must Understand that Business Decisions have to Balance a range of Factors that often Conflict with one another**

HR must provide a thoughtful, objective and realistic assessment of the human resource aspects of pending decisions to help ensure that the best conclusion is reached. Since sound business decisions balance a series of factors that typically conflict with one another, the HR role is not to win arguments but to ensure that human resource issues are given the attention they deserve. The impact of decisions on employees almost certainly is overlooked unless HR puts a spotlight on it. A failure to provide this perspective does a serious disservice to decision makers as well as to the people who will be affected by the decision.

**Principle #5: The Effectiveness of HR depends on its staying focused on Issues rather than on Personalities**



Much resentment and hard feeling can be avoided by keeping issues rather than individuals the topic of discussion. Regardless of how one may feel, it is less argumentative to keep the discussion objective and at a matured level, rather than finger pointing or buck-passing. Similarly, it is valuable to learn to disagree without being disagreeable. A recommendation made by a colleague that has negative human resource consequences can simply be opposed or it can be acknowledged and countered with other recommendations that accomplish the same objective but don't have the negative aftermath. It is particularly important to stay open-minded because invariably there is more than one good solution to a business issue.

### **Principle #6: Human Resource Executives must accept that Constant Learning and Skill enhancement are essential to their being Contributor to the Business**

The speed of change makes the half-life of much business knowledge so short that constant learning and skill enhancement are necessary. The competencies required to effective human resource executives include not only functional expertise (compensation, management development, etc.) but also business knowledge, financial understanding, consulting skills, and interpersonal skills. People in HR positions must continuously expand their know-how and avoid the mistake of carrying old skills, notions and styles nostalgically forward. HR must lead the discovery of new ways for mobilizing the talents and energies of employees so they are able to contribute more. HR must promote the idea that for people to be effective as employees, they have to be managed effectively as people.

These principles go a long way in explaining that HR professionals along with knowing their theory inside out have to also gain a deeper and more wholesome understanding of their internal end external environment. The tools and techniques are developed after a lot of thought and consideration. The opportunity exists for the Human Resource function to demonstrate beyond a doubt that it is equipped to take a lead in integrating this reality into how organization behaves. Thus, goes kaput another myth that “*HR is full of fads*”.

### **Champion of Globalization**

In order to survive and prosper in the new global competition, companies are embracing global integration and coordination, but at the same time they must push for local flexibility and speed. Global companies have to nurture global organization learning by stimulating creativity, innovation and the free-flow of ideas across boundaries, but also advocate a disciplined and methodical approach to global continuous improvement. To succeed in global competition requires an open and empowered organizational climate, but also a tightly focused global competitive culture. If global organizational capability, intrinsically linked to people issues, is the principal tool of competition, it is only natural that HR in the future should become the pivotal partner in the globalization process.

***Developing Global Mindset:*** Having a global HR mindset implies a recognition of benefits that can flow to the whole organization from encouraging and valuing cultural diversity in people, not just as members of distinct cultural groups but as individuals. Yet valuing diversity must go well beyond the traditional emphasis on bridging the distance between the clusters of national cultures by focusing on average national characteristics. The barrier that hinders effective cross-cultural interactions is the lack of comprehension about diversity within a given culture by outsiders who do not understand the historical, political, and social context of culture differences and thus have to often rely on often misleading general assumptions and stereotypes. Outsiders view cultures through coloured lens. The role of HR is to implement the necessary organizational strategies with sensitivity to specific cultural influences.



**Globalizing HR Processes:** Global staffing and global leadership development are the two components of global human resources with the greatest potential for powerful leverage for global firms. In both the areas, a major paradigm shift is required in comparison to the traditional perspective.

- *Global Staffing:* While it may be obvious that global firms will need more and more employees with “global brains”, translating this attractive vision into operational reality is not simple. Most managers are not born global; they acquire global brains through a series of experiences, many of them at a substantial cost to the organization. Making a rational business case concerning the future need and use of global managers is one of the critical decisions the global HR function and business leaders must make together.
- *Global Leadership Development:* One of the principal tasks of global leadership development should be to create and support an environment where global mindsets can flourish. It will focus on providing a broad spectrum of employees with opportunities to acquire and enhance their global leadership skills and capabilities, often using nontraditional developmental techniques such as cross-border job swaps or assignments to multicultural task forces and project teams.

The challenges facing human resources in the future as the function strives to become the champion of globalization can be generalized under three problem areas: (1) developing a global mindset inside the HR organization, including a deep understanding of the new global competitive environment and the impact it has on the management of people worldwide; (2) aligning core human resource processes and activities with the new requirements of competing globally while simultaneously responding to local issues and requirements; and (3) enhancing global competencies and capabilities within the HR function so it can become a borderless business partner in rapidly exploiting business opportunities worldwide.

### **Corporate Perspective**

This view is widely accepted in the industry. Being a HR manager in turbulent times like these can't be easy. These treasurers of human capital have simply too much to contend with. If on one hand they're protecting their functions from coming under the axe, on the other they're grappling to satisfy a new breed of customers. The truth is that these backroom gentlemen are managing a corporate's most valuable customer – the internal customer – and thereby driving strategy. The last few years have witnessed the metamorphosis of the archetypal human resource department, thanks to the rush of technology. The common assumption most people make is that it is the technology that is changing the role of the human resource manager. However, technology is merely one of the many tools that the department can use to save jobs and contribute to the company's bottom line in terms of hard cash. HR managers need to act fast if they have to protect their breed from becoming extinct. To that effect, the role and responsibility of the human capital chief is involving.

Reinventing the role of HR appears to be one of the bigger challenges that HR practitioners face today. For long, HR has traditionally been perceived as a support function rather than a key business driver. This rather traditional perception probably stems from the fact that HR as a function has evolved from personnel management, which was predominantly administrative in nature. “One of the bigger shifts in mindset has been that HR now plays an integral part of strategic decision-making and the facilitation of moving a business in the right direction. Most commercial decisions typically have a residual effect on the people of the organization and therefore, HR is placed to provide key inputs into the ramifications of decisions.” – Patrick David, HR director of Ford Motor Company, *Corporate Dossier*.



However, it is an uphill task for HR professionals to fight perceptions that the HR department is still back-office in nature, and strategic HR is limited to compensation and benefits related matters. HR managers are caught on the back foot in times of recession when their budgets are hacked. If HR deploys HR tools as business processes, they can clearly show the result it as on productivity. No company can ignore savings in hard cash. If a chief HR manager has to do this, it will change his core audience.

Carol Ward of Calipers UK (the people who measure success) makes a point by saying it is important to reshape the profile of the future HR professional to include the competencies associated with entrepreneurial leadership and strong influence skills. “HR professionals need to be able to demonstrate qualitative and quantitative return on the investments made in attracting, training and developing the highest caliber human resources for their business,” she says.

IBM has taken many initiatives in HR to develop its employees and to improve the quality of service provided. Robert Danbeck, country manager, IBM says, “In Asia, we’ve taken the next step in this evolution by building a virtual call center, which uses our technology to route work to people, rather than incurring the costly exercise of moving people to a single physical location. This highly successful center supports over 50,000 IBM employees in Asia and enabled us to save over \$4 million in 2001 alone.”

Another factor that’s going to make HR more important is globalization of businesses. As global business alliances grow in number, the marketplace will demand the development of an international workforce. According to Danbeck, HR professionals will need to have advanced knowledge of international business practices, labour laws and multicultural sensitivity.

Corporations are moving away from treating their employees as commodities and are seeing them as customers instead. David adds that HR has to view its employees as customers, and therefore service levels have realigned themselves to be a direct reflection of the needs and aspirations of their people. Employees typically are concerned about longer term goals, which means a shift toward training, developmental opportunities, whether it is laterally or upward. HR managers in the new service paradigm necessarily have to be more responsive, and be in a position to gauge the pulse of an organization.

Another major trend in HR is the growing emergence of e-HR and the migration of HR processes from being manual and administrative to more automated and self-service in nature. David explains, “The growth of e-learning as opposed to traditional instructor-led training is indicative of the globalization of organizations, along with multi-geography teams comprising different nationalities and cultures. This is another challenge for HR practitioners.”

Successful HR departments will need to focus on these issues and evolve from just being an implementer of good policies and processes to the role of strategic leadership driving change and results and not just monitoring them. This will be HR’s greatest contribution to any corporation.

Traditionally, HR managers pore over appraisal forms, which would go back and forth, but with the influx of the web these processes can be automated and moved online. Moving processes online can save time and increase efficiency, which translates into financial savings. Commenting on the impact of technology on HR, Danbeck says the company’s transformation efforts have resulted in radical changes to every aspect of the company, including its organizational model, core processes and IT systems. They have also affected the way employees work at IBM. The company realized that its transformation initiatives would take root only if they were driven by a passionate executive team, embraced by all employees in the company and framed within a new



leadership model. As with all change, these too met with resistance, says Danbeck. Skepticism and the fear of losing control were significant barriers.

Ultimately, however, the company’s passionate leadership, commitment to driving change, and sustained focus on consistent and frequent communications led most employees to adopt the new IBM culture. This was arguably one of the most remarkable achievements of IBM’s transformation.

**How far can it go?**

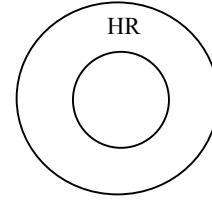
The extent to which HR function has undergone a change over the past decades gives the impression that; there is apparently no saturation point for the growth of the profession. From being the personnel functionaries to strategic partners, the transition has been gradual and impacted by the internal and external environment changes. In this age of mergers and acquisitions, the role of HR has become all the more critical and fundamental for the success of the ventures. Besides, the cultural issues that crop up at such times, there is a need to create synergies between goals, systems and processes. With the industry in constant flux, there is always the need for renewed skills and competencies in the people to meet the challenges. Also, the goals and strategies of the firms undergo continuous revision. Under such circumstances, it is the HR department that has to garner the talent necessary to tide over the trials and tribulations of survival and growth.

Unless the people issues are not taken care of in an optimal and timely manner, success in any venture - long-term or short-term, stand-alone or joint venture cannot be guaranteed. This goes as far as saying that when firms develop policies and frameworks keeping in mind the people issue, it is capable of attracting and retaining the top talent in the market. With change management becoming the buzzword in HR circles, it is incomplete without HR becoming the focal point in these transactions. We can put the whole issue in correct perspective by charting the transition of the HR function as follows:

<p>➤ It started as a sideline function when industrialization gave way to huge firms with large number of employees.</p>	
<p>➤ It went on to become a function to be reckoned with when labour problems took root. This was again due to unfair and at times inhuman practices.</p>	
<p>➤ When technology started growing and business was carried on a larger scale, there was a need for a department that could handle behavioural issues, since an average person’s life started dealing with a lot more stress and strain. Employees needed to be kept satisfied in their work environment.</p>	



➤ When compensation and other transactional issues have begun to be outsourced or insourced (IT department), the strategic function of the HR work started receiving attention. Now this function encompasses the business unit. To acquire synergy in operations, HR becomes indispensable.



The emergence of the global economy, over capacity in many industries, monumental improvements in the power of computers and telecommunication tools, and the emergence of the knowledge economy are among the forces that are resulting in fundamental change in the design of HR arena of activities. A whole constellation of organizational features – vertical integration, managerial control, stability and two-way loyalty between organization and employee, that fit in a benevolent, relatively stable environment are giving way to new organizational designs for competitiveness, flexibility, continuous improvement, and self-management. Organizations are downsizing, reshaping themselves, outsourcing, joint venturing, merging, divesting, and partnering in order to improve their competencies and capabilities.

The preeminent criterion for all organizational design decisions is contribution to the accomplishment of organization strategy. As strategies have become more complex, global and developed, this criterion has led to the reexamination of organization designs at all organization levels: corporation, business units, work units, work processes that cut across the organization and jobs. Within the same organization, different units are being constructed with very different logics, each optimizing the value that it adds by tailoring its design features to the work it does.

In traditional bureaucratic organizations, human resource professionals have, for decades, created and administered the systems, career development, training, selection and rewards that define the key parameters of the stage on which employees have enacted roles and careers. The human resource function added value by creating systems that produced bureaucratically correct behaviour as well as the predictable and orderly development of people and their careers. Not surprisingly, it gained a reputation as the bastion of the status quo.

But the era of traditional bureaucratic organizations is over; stability needs to be replaced by change, innovation and new organizational designs. This fact represents both a major threat and a major opportunity for the human resource function. The human resource function can deliver immense value to corporations and to society by helping them navigate the uncharted waters of the new era.