

Measuring Human Resource Competencies, towards Effective Business Partnering, A Proposed Framework

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Abstract

Human resource management has come a long way since its traditional inception as merely a personnel administration. With the advents of more complex business environment and more complex employee anthropology, human resource has gradually evolved from being a technical focus to one of a strategic role. Modern human resource management more than ever assimilated into the strategic management level and at the forefront of momentarily mobilizing organization change. This paper discusses the aspects of modern human resource management and proposes a framework on how this modern trajectory of human resource management is quantified holistically. This paper argues the previous notions of personnel management is inadequate as they are not designed to engender strategic partnership. Using a modified Ulrich's framework, this paper proposes a synopsis of a more comprehensive and unbiased and balanced model of assessment.

Introduction

Human resource management (HRM) has developed through a phraseology of evolution. From its inception of personnel administration to HR 2.0, HR 3.0 and the aggressively brewing HR 4.0, HR management philosophies have changed momentarily, adapting to business prerequisites and redesign human resource strategies. Modern HR practitioners are typically required to ensure that they offer services aligned with the firm's strategic expectations (Ulrich, 1998). For instance, in private sector, organizations expect HR policies to support a steady rate of returns on investment (ROI), boost future earnings of the company, capitalize investments and business sustainability.

However, with the emergence of the fourth industrial revolution (IR4.0), HR practitioners are more than ever required to acquire new roles such as formulating inclusive strategies on data mining and artificial intelligence (AI), managing analytics and information technology (IT) and address the uniqueness of new generation of employees, their wellbeing and niche demands.

New HR competencies are required to strengthen HR performance when organizations commit to create a better work experience especially through the utilization of data analytics (Meister, 2018). HR practitioners need to ensure their strategies effectively achieve the strategic objectives of organization amidst a volatile environment and simultaneously adapt and acquire new competencies to execute their inherent roles in the organization (Rashed et al., 2019).

For instance, Carol Beatty in her recent seminal piece in 2019 highlighted that HR competencies have evolved dynamically over the years. Improvising David Ulrich's HR competency model, Carol argued that modern HR competencies encompass nine core values, namely Strategic Positioning, Credible Activist, Paradox Navigator, Culture and Change Champion, Human Capital Curator, Total Reward Steward, Technology and Media Integrator, Analytics Designer, and Interpreter and Compliance Manager.

Ironically, many HR practitioners remained fuzzy about their roles, bewildered by many misperceptions on strategic HRM initiatives and knowledge (Jani, 2015). The role of HR practitioners has substantially expanded due to the blistering paced business environment and many perceived HR competence as a core business superstructure. Researchers generally agree that HR competencies support business success with more HR practitioners participating in the strategic level of an organization (Rashed et al., 2019). Their new strategic role demands HR practitioners to acquire novel competencies on business partnering. The level of HR competence decisively affects stakeholders, business outcomes and HR effectiveness. The blistering development in business has radically revised HR philosophies with obsolete concepts being replaced and substituted by newer practices (Ulrich, 2017). This paper examines a workable framework in measuring HR business partnering competencies. David Ulrich's HR's strategic model will be scrutinized.

Literature Review

John Boudreau 2016 opined that future work requirements would evolve given the social and organizational elements is restructuring, inclusiveness of multi-talents workforce through globalization, borderless international connectivity, rapid technology advancement, and the automation that will fundamentally shape and reshape the workforce ecosystem. John Boudreau accurately forecasted that intense technological empowerment and dynamic democratization of work radically alter the domain of human resource management, leaving the traditional concept of personnel management dismally relevant.

Of course, many studies differentiated the traditional HR role of personnel management against HR business partner. Clearly, both notions are conceptually distinct. Fundamentally, traditional HR personnel focuses on labour relations and they see themselves as a specialist in HR-related 'administration'. They portray a 'transactional role' in an organization, perceived as a follower, recipient and a subset of an organization's strategic directions. Traditional HR personnel often display reactive and disjointed teams to fulfil short-term goals. They are the key policies gatekeeper especially on issues relating to labor employment contracts and typically viewed as a 'cost center' and or an encumbrance within an organization (Jeffrey, 2004). However, HRM has gradually transformed over the years, moving into the realm of strategical roles where they must acquire those core competencies to add value in an organisation's overall goals and strategies. Their core competencies have evolved distinctively over the years.

Competencies refer to the set of individual's skills, knowledge, attitudes, and behaviors that influence performance. Organizations typically establish a competency model to ensure the delivery of their business outcomes. Researchers have regularly revised the definition of competencies over the past decades (Khahirolo et al., 2016). For instance, Carol 2019 in her work summarized the evolution of David Ulrich's HR core competencies since the 1987 shown in Table 1 below. Carol observed that the evolution have resulted in definitional complexities. Carol also observed that some important core competencies were replaced by newer ones. For example, business knowledge was eliminated over six years' time and was replaced by other competencies which the author doubted if this change was both necessary and caters to current business needs.

Table 1:Summary of David Ulrich's HR Core Competencies Model

Source:(Carol, 2019)

| Round 1 1987 | Round 2 1992 | Round 3 1997 | Round 4 2002 | Round 5 2007 | Round 6 2012 | Round 7 2016 |
|--------------------|----------------------|----------------------|---------------------------|--|-----------------------------------|--|
| Business Knowledge | Business Knowledge | Business Knowledge | Business Knowledge | Business Ally | | |
| | | | Strategic Contribution | Strategic Architect | Strategic Positioner | Strategic Positioner |
| HR Delivery | HR Delivery | HR Delivery | HR Delivery | Operational Executor | HR Innovator & Integrator | Total Rewards Steward: Human Capital Curator |
| Change | Change | Change | Change & Culture Combined | Culture & Change Steward | Change Champion | Culture & Change Champion |
| | | Culture | HR Technology | Operational Executor | Technology/ Information Proponent | Technology & Media Integrator |
| | Personal Credibility | Personal Credibility | Personal Credibility | | Credible Activist | Credible Activist |
| | | | | Talent Manager & Organization Designer | Organization Capability Builder | Analytics Designer & Interpreter |
| | | | | | | Compliance Manager |
| | | | | | | Paradox Navigator |

In 2017, David Ulrich revised his initial model and further categorized the nine HR competencies into three main segments namely core driver, organizational, and delivery enabler as shown in Table 2 below. Barry Lawrence 2017 summarized the definition for each competency in his recent work.

Table 2: Seventh version of David Ulrich's HR Core Competencies Model

Source:(Lawrence, 2017)

| Impact Segments | Core Driver | Organizational Enabler | Delivery Enabler |
|-----------------|---|--|---|
| HR Competencies | <ul style="list-style-type: none"> - Strategic Positioning - Credible Activist - Paradox Navigator | <ul style="list-style-type: none"> - Culture & Change Champion - Human Capital Curator - Total Reward Steward | <ul style="list-style-type: none"> - Technology & Media Integrator - Analytics Designer & Interpreter - Compliance Manager |

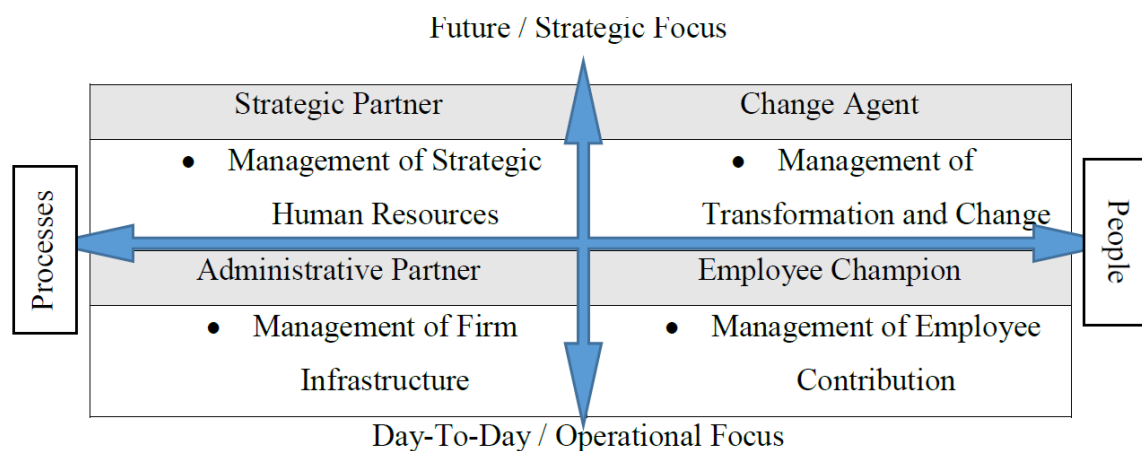
Briefly, the core drivers resemble a strategic positioner embracing the ability to outshine through market positioning. Credible activist refers to those abilities to gain trustworthiness through innovative ideas. Paradox navigator refers to the ability to overcome short-run and long-run business pressures (Lawrence, 2017). Under organization enablers, culture and change champion refers to the ability to manage organization change and the ability to revise and sustain organization culture. Human capital curator refers to the ability to manage talent growth and to drive talent performance and skills development. Total rewards steward refers to the ability in managing staff welfare and rewards either in monetary or non-monetary forms (Lawrence, 2017). Under delivery enablers, technology and media integrator refers to the ability to achieve high-performance culture through technologies and social media networks. Analytics designer and interpreter concerns the ability to utilize data and analysis to support managerial decisions. Compliance manager represents the ability to govern organization processes through policies, procedures and guidelines (Lawrence, 2017). However, Coral in her recent seminal work in 2019 lamented that Ulrich's model and core HR competencies framework is statistically biased. Nevertheless, Carol 2019 agreed that David Ulrich's model is one of the most structure and comprehensively developed models.

Studies have long emphasised the causal link between strengthening business partnership and the overall decision-making capacity of a firm (Ali, 2013). Other researchers have highlighted similar HR business partnerships. For example, Katarzyna 2017 summarized the literatures and highlighted the various views offered by some researchers namely, Armstrong (2007) stated that HR plays the role as a 'partner in business' who focuses on short-term and long-term strategies through the alignment of expectations at all levels and manage organizational developmental needs. Ulrich and Brockbank (2008) also perceived HR as 'strategic partner' who focuses on the formation and development of the organization's strategies in terms of knowledge sharing and implementing core HR functions. They essentially ensure that the organization's strategies are achievable and that HR policies

support the overall mission and vision of the organization. Reilly and Williams 2009 similarly equated HR as a 'strategist' involved in organization-wide decision-making and perceived as a key management figure in the organization. Stabryła 2012 for instance expressed that HR is a business partner who connects internal and external stakeholders. These literatures elucidate generally that HR transformation has enabled a transposed from their initial personnel role as an administrator and transactional operator to a managerial disposition that participates in strategic decision-making. The transposed HR roles were categorized into four main parts according to David Ulrich's HR Roles model namely Strategic Partner, Change Champion, Employee Champion, and Administrative Expert as illustrated in **Figure 1** below (Nor et al., 2015).

Figure 1:David Ulrich's HR's Strategic Roles Model

Source: (Nor, et al., 2015)



Formation and management of HR strategic goals is the key focus of a strategic partner. They should ensure that their HR policies align with the senior management team and accommodate all stakeholders. As a change agent, the HR business partners are also expecting to champion and drive the organization cultural transpose and organization change through enhancing employees' receptivity to change. Employee champion on the other hand focuses on the welfare and benefits ensuring that the employees' needs are fulfilled which includes warranting a conducive working environment for employees from all level. Lastly an administrative partner focus on the delivery of core HR functions namely staffing, appraisal, rewards, welfare and other related matters (Rashed et al., 2019).

Scholars suggest that HR business partners could obtain HR Strategic Partner expertise through three channels shown in Figure 2. They can acquire the knowledge through a combination of formal education system and through experience, which the scholars termed it as 'background characteristics'. Secondly, learning through practical experience within the organization by observing the way the organization is structured, its functions, policies, procedures and operations. Lastly, organizational characteristics refer to the overall social and economic conditions of the organization operating in. These sources could well enhance a HR business partner's capability in achieving effectiveness in their duties (Nadiv et al., 2017).

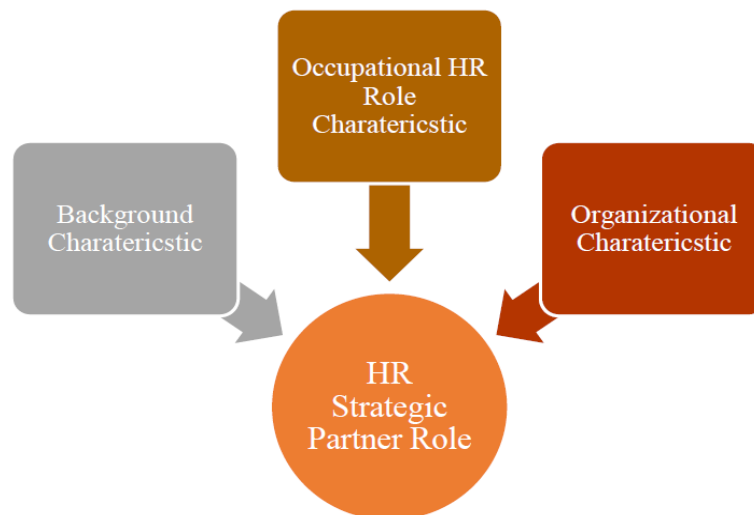


Figure 2:Source of Learning for a HR Strategic Partner

Source: (Nadiv et al., 2017)

Measuring the Effectiveness of HR Business Partnering, a Proposed Framework

The effectiveness of HR business partners in turn influences business outcomes and is clearly a critical success factor for a firm (Ulrich et al., 2012). HR business partner effectiveness are measured through the main functions and deliveries of the department. According to Ruth Mayhew (2019), the six main HR functions consist of staffing, safety, employee relations, compensation, law compliance and training and learning. Each of these are explained further below.

Staffing or recruitment is a key HR process ensuring all hiring activities fulfil all vacancies on time with qualified staff force (Mayhew, 2019). This initiative involves the commitment and resources in managing job designs, sourcing channels, filtering applicants, shortlisting potential candidates, interviewing, offering a candidate with a right compensation package as to ensure the business operates smoothly with suitable talent pool (Varaprasadarao et al., 2015). Organization sometimes engages external agencies like 'Headhunters' to perform this function especially for those positions that require niche talents.

A persistent issue pertains to how the outcome of these new HR core competencies are effectively measured. Effectiveness of efficiency of recruitment function are measured through variables such as cost, quality, and speed. Recruitment costs consists of those expenses incurred during the sourcing, screening, advertising and job posting. Quality includes identifying and matching the candidate's profile, retention, employees' satisfaction, and performance. Whereas speed can be measured through lead time or turnaround time for all the activities (Priyadarshini, 2018). Jennifer Brown 2015 in her article suggested five key performance indicators for recruitment effectiveness. (1) 'time to fill' which focuses on efficiency in closing each process or activities; 'quality of hire' which is measured through retention rate and hiring manager's satisfaction; (3) source of hire which measures the most accurate channel in sourcing the best-fit candidates; (4) cost per hire which enables the organization to achieve greater ROI, and (5) 'satisfaction of applicants' which will provide greater insights of employee experience.

HR also plays a key role in ensuring workplace safety. However, this is not limited to merely providing a safe environment but also those necessary trainings to mitigate risks and manage

compensation matters (Mayhew, 2019). Study shows that employees' safety decisively influences their motivation and performance (Mariani, 2015). Employee relation inclusively refers to those initiatives by HR to enhance bonding at all levels of employment aimed at improving their job satisfaction and reducing confrontations (Mayhew, R., 2019). Employee relations are essential to business success given a positive relationship would increase workplace satisfaction and morale leading to greater productivity (Varaprasadarao et al., 2015). Many organizations invest in employee welfare and strengthen engagement to achieve higher work commitment, enthusiasm and greater loyalty.

Employee relations cover a wide spectrum of functions namely recruitment, benefits, rewards, compensations, appraisal, employees' professional development, safety, and these HR functions also plays a crucial strategic role (Muhammad et al., 2013). An organization's ability to satisfy the social needs of their employee will influence organization performance and employee engagement. The level of employee engagement consecutively influences employees' intra relations (Shaheen, et al., 2017).

Positive employee relations can also reduce employee attritions. The goal is to retain experienced and skillful talents as such efforts influencing overall company performance and enhancing greater enthusiasm and passion at work (Muhammad et al., 2013). Employee turnover triggered by workplace discomfort, the inability of functional integration, and even conflict between vertical or horizontal reporting relations are drastically reduced by knitted employee relations (Guru Vignesh et al., 2018). The establishment of a systematic employee relations approach is essential to foster employee's commitment to achieve corporate goals and boost organization effectiveness. Employee career mobility and advancement could be established through positive business outcome statistically measurable through financial results (Adewoye et al., 2017). The success and outcome of effective employee relation strategies are evaluated from the perspective of employee attrition rate, improvement in employee engagement, job advancement opportunity, job mobility opportunity, and satisfaction of the employee.

Another key HR function pertains to the governance of law and corporate policies. HR business partners should scrutinize current legal developments, their implications and mitigate employees' non-compliance (Mayhew, 2019). This governance is crucial as it determines the survivability and productivity of an organization. HR plays a role in ensuring the compliance of employment contract which includes statutory requirements, work conditions, wages, safety, security, and health requirements (Varaprasadarao et al., 2015).

Finally, HR must ensure that employees are adequately trained to enhance their skills and knowledge leading to both personal and professional development (Mayhew, 2019). Apart from those structured classroom trainings, HR should include on-the-job training especially to those new recruits and those who require refresher trainings. Lack of training could lead to frustration at job and altogether dampen productivity (Varaprasadarao et al., 2015). The outcome of those trainings must subsequently be measure to ensure the organization reaps the intended outcomes of those trainings.

Kirkpatrick's model shown in Figure 3 originated by Donald Kirkpatrick is a common framework to evaluate training effectiveness. The model consists of four main levels namely;

the Reaction level, the Learning level, the Behavior level, and lastly the Results level (Fatemeh et al., 2017).

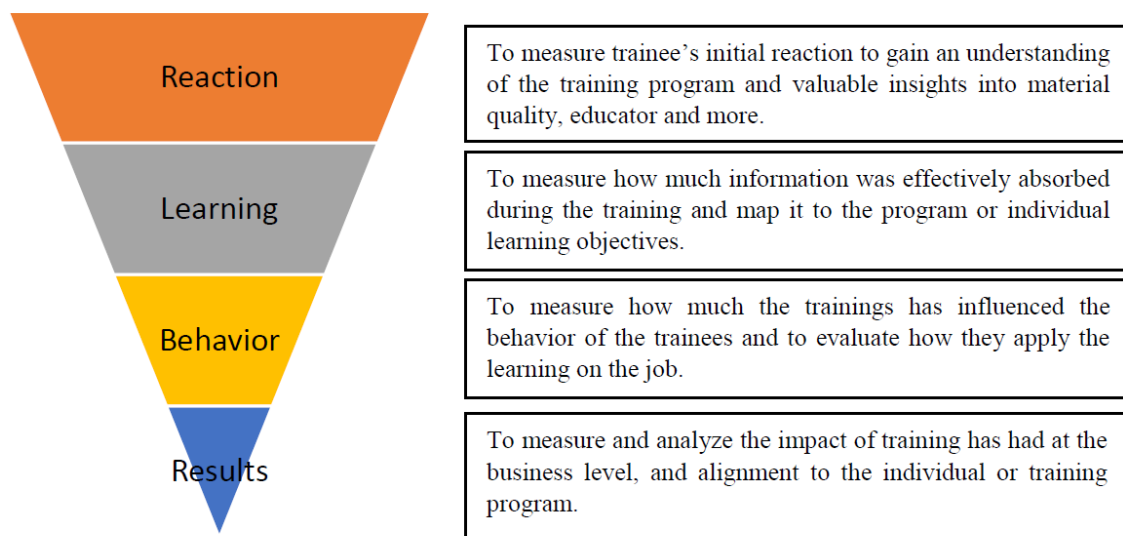


Figure 3: The four-level of Kirkpatrick Model

Source: (Petrone, 2017)

Reaction is normally to be measured upon completion of the training or learning program, which aims to gather the first impressions of the participants on the learning process. The second level, Learning aims to measure the 'takeaways' from the program which normally to be measured through post-learning assessment or assignment to validate the newly acquired skills. The third level, Behavior aims to measure the level of the application of new skills and knowledge in a particular role or function. The last level, Results assesses of the level of improvement in terms of outcomes and impacts on the organization's result (Petrone, 2017).

Conclusion

This paper stresses the need to acknowledge the gradual and incremental development of HRM from the alpha of personnel approach to one that supports the strategic success of a firm. It is not refuted that personnel management and their transactional approach is now redundant looking at the anthropological complexity of modern workforce and the business ecosystem. However, there remains perplexity in providing a congruent definitional construct on the new HR core competencies. While it is generally accepted that modern HR are more intertwined and assimilated into strategic management, their definitional construct and the construction of an ideal framework measuring their outcomes remained fluid. This paper briefly discussed firstly the nature of those core competencies that modern HR must acquire. Secondly, this paper projects a holistic approach in evaluating the outcomes of modern HR exercise, measuring more intangible results emphasizing on strategic business partnership.

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