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Darren Liu
Cornell University

Grace Lee
Cornell University

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What are the Most Critical HR Capabilities and Competencies that are Emerging for the Future?

Abstract

[Excerpt] What are most critical competencies that are emerging for HR professionals today? What capabilities are needed for HR leaders to advance forward in their careers? While there has been much research and emphasis on technical competencies. (i.e. training & development, diversity & inclusion, etc.), our summary focuses on the important leadership and behavioral traits that enable HR professionals to successfully impact their organizations.

Keywords

HR, HR Competencies, developing capabilities, performance management, technical competencies, leadership traits, change management, business acumen

Comments

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EXECUTIVE SUMMARY

Research Question

What are the most critical HR capabilities and competencies that are emerging for the future? What are the best ways to develop these capabilities and competencies?

Introduction

What are most critical competencies that are emerging for HR professionals today? What capabilities are needed for HR leaders to advance forward in their careers? While there has been much research and emphasis on *technical competencies*. (i.e. training & development, diversity & inclusion, etc.), our summary focuses on the important *leadership and behavioral* traits that enable HR professionals to successfully impact their organizations. Our research revealed four key areas of focus for HR leaders:

- **Business acumen**
- **Organizational leadership & navigation**
- **Change management**
- **HR technology & analytics**

Within each topic, we will discuss 1) the importance of the capability at hand, 2) how companies can start to develop best practices, and 3) organizational case studies of success.

Business Acumen

Amidst rapidly changing business environments, HR leaders today must possess deep expertise of external business conditions in order to successfully impact their organizations. Unfortunately, many companies reported that their HR leaders did not possess the business acumen needed to deliver such results. With many top executives now prioritizing human capital strategies as essential drivers for growth, a “re-skilling” of HR is necessary in order to address these emerging challenges. ²

In order to improve this, companies can start by developing an “HR for HR” team. ² This helps provide HR leaders with the same skills and career development tools it provides for the rest of the organization. HR leaders must also be able to identify factors that drive costs and revenue. As such, they should partner with finance and know how to effectively translate HR metrics (i.e. cost per hire, turnover costs, etc.) into meaningful business results. ⁵

At Walgreens, CHRO Kathleen Wilson-Thompson created a leadership academy and corporate university that integrated the Walgreens culture into its many rapidly expanding businesses. ⁸ The company also sought to encourage employee growth and learning during this period. Since the program’s launch in February 2013, employee engagement improved by 15 percent, along with significant improvements in customer satisfaction for its various businesses.

Organizational Leadership & Navigation

One of the largest capability gaps for global organizations surveyed lied with leadership development. Nearly 86 percent of companies cited leadership capabilities as a top issue. ² At the same time, only 6 percent of respondents believed that their leadership pipeline is “very ready” to address this gap. Here, Dave Ulrich stressed the importance of HR being a *credible activist*. ⁶ As a credible activist, HR professionals must have insight into both HR and business objectives. It is also critical that HR leaders have the ability to influence others through “clear, consistent, and high-impact communications”. ⁶

Organizations today can start this process by creating “communities of practice” between HR specialists and HR centers of excellence ². By working together, centers of excellence can focus on key issues such as workforce planning and leadership development. They should seek to understand how these issues impact their businesses’ bottom-line results. Companies can also conduct self-assessments and benchmark critical skills across industry competitors.

At Mars, HR consultants are expected to act as “co-pilots” with the CFO and other business leaders.⁴ They are expected to form the consistent, quality relationships that enable them to achieve this. Leadership@Mars™ is a three-part course designed to help global managers develop these capabilities. The company also consistently addresses gaps as they arise, which helps promote Mars’s culture of positive relationship management.

Change Management

There is an increasing need today for HR professionals to be successful change agents.⁶ Yet nearly 59 percent of organizations rated “increased change management” as a top issue with their business transformation processes.² Less than 8 percent of HR leaders surveyed believe their teams have the skills necessary to consistently drive innovative solutions in today’s global business environment.

In order to start building these skills, it is important to realize the process by which change management happens. First, HR professionals must initiate the change process, which means continuously conveying to stakeholders why change is important. Second, HR professionals must sustain change by embedding this mentality into the organizational structure. This includes building a culture of communication and continuous learning.⁶

Between 2008 and 2013, Proctor & Gamble engaged in a change effort that aimed to increase women’s representation at and above the VP level.¹ The company utilized a talent management strategy that emphasized strong leadership, career development, mentorship and networking opportunities. Leaders and employees were in constant communication; updates on performance and goals were frequently provided via the company’s career portals. By the end of the effort, women’s representation on P&G’s Board of Directors increased from 27.3% to 50.0%.

HR Technology & Analytics

More companies today possess the capabilities needed to adopt a data-driven HR function. This, along with the consolidation and outsourcing of transactional HR work, has encouraged many HR leaders to start quantifying HR processes and costs.³ Many companies that are ahead in talent analytics are experiencing marked improvements in areas such as recruiting, leadership development, and employee engagement compared with competitors.

Adoption of talent analytics should begin with efforts to draw insight from existing data and turn them into relevant actions. HR analysts should utilize a top-down approach and apply the data to key business issues.⁷ The “story” the data tells should also be compelling. HR must effectively tailor the data to their audience and deliver meaningful recommendations. This starts with efforts to make analytics user-friendly across the entire organization.

At ING Group, HR and its business units share a “live” analytics dashboard that shows progress on key organizational objectives.³ Likewise, a global oil company also provides live reports at each stage of a project’s development. This helps keep HR and business leaders updated on metrics that could affect the project timeline. It also provides a system for consistent communication, which enables more efficient processes for organizational decision-making.

Conclusion

Today’s business environment places a greater emphasis on speed and flexibility. The flattening of organizational hierarchies also demands HR professionals who can lead at every level. This involves being knowledgeable of the business, while having the ability to offer comprehensive, integrated HR solutions to key issues at hand. By focusing on these leadership competencies, companies can derive further value from their HR functions in order to deliver innovative, strategic solutions moving forward.

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