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The HR Function in 2021: Models & Competencies

Chris Kelly
Cornell University

Katie Rapp
Cornell University

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The HR Function in 2021: Models & Competencies

Abstract

[Excerpt] The findings of this research project are based on interviews with 57 Human Resources (HR) leaders across 44 national and international companies within 10 industries ranging from manufacturing to financial services. Interviews lasted approximately 45 minutes and strove to answer the following question: “what are the key future competencies for the HR Business Partner (HRBP) role? How should these competencies be developed?” The interviews included questions addressing the topics of future of work trends, HR operating models, the HRBP role, and HRBP career development.

Keywords

Human Resources, future of work, function, HR function, trends, HRBP, business partner, diversity, generational differences, flexible work, technology, workforce, liquid workforce, globalization, spectrum, three-legged stool, strategy, HRSS, HR shared services, shared services, centers of excellence, operating model, HR generalist, generalist, employee relations, policy investigations, employee experience, performance management, acumen, skill sets, knowledge, HRG, corporate function, business acumen, business unit, data, analytics, stakeholder, career development, competencies, corporate social responsibility, CSR, culture, talent translator

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Comments

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The HR Function in 2021: Models & Competencies
Fall 2017 CAHRS RA Project - White Paper
Chris Kelly & Katie Rapp

I. Methodology

The findings of this research project are based on interviews with 57 Human Resources (HR) leaders across 44 national and international companies within 10 industries ranging from manufacturing to financial services. Interviews lasted approximately 45 minutes and strove to answer the following question: “what are the key future competencies for the HR Business Partner (HRBP) role? How should these competencies be developed?” The interviews included questions addressing the topics of future of work trends, HR operating models, the HRBP role, and HRBP career development.

II. Future of Work Trends

Before considering the future of the HRBP role, one must take a step back and consider the future of work in general and how it sets the stage for the HRBP role to grow and evolve. Through independent research and the interviews with companies, four trends emerged as critical for shaping the future of work within the next five years:

1. **Diverse demographics** (highlighted by 100% of interviewed companies) – By 2021, four generations will be in the workplace. Each of these generations has unique attitudes, behaviors and approaches that will need to be recognized and managed, such as expectations about career development/advancement, employer value propositions, work-life balance, and more.
2. **Technology and flexible work practices** (highlighted by 100% of interviewed companies) – Cloud-based and other collaborative technologies are becoming increasingly common. At the same time, worker preference for flexibility is growing. As a result, the companies that will win the “war for talent” will be those that can successfully shape workplace norms and practices to become more customizable for employees.
3. **Growth of the “liquid” workforce** (highlighted by 34% of interviewed companies) – Moving forward, the workforce will continue to shift from primarily full time employees to workers with varying relationships to the company including part time employees, short and long term temps, and contractors. Based on this, companies will need to source talent differently, tailor HR offerings (e.g., compensation and benefits), and control for limitations.

4. **Globalization** (highlighted by 27% of interviewed companies) – In the next five years, globalization will continue to play a role in the world of work. Globalization has been changing business models, causing economic uncertainty and pricing pressures, and increasing volatility within the market. All of this business impact affects the type of “HR Advisorship” that is expected by clients.

The nature of work has and will continue to change over the years. HR functions that can anticipate, understand and react to these and other trends will have an advantage in the future. Let’s now turn our attention to how HR functions are structured at the 44 interviewed companies.

III. HR Operating Models

“HR Transformation” has been a hot topic for several years. For most companies, this transformation refers to the shift of HR from a primarily transactional function to a strategic one. Companies have worked towards this transformation through the implementation of the “three-legged stool” model that has an HRBP group alongside Centers of Excellence (COEs) and HR Shared Services.

Interviewed companies are in various stages of transforming to the three-legged stool model, and fell into three categories along a spectrum:

1. A few companies are **currently implementing the three-legged stool model**. These companies have some, but not all, parts of the model. Some have plans to launch an HR Shared Services group in the future, but do not currently have that capability.
2. The majority of companies have **implemented the three-legged stool model**. These companies work to enable a strategic HRBP role by way of HR Shared Services – and at times, COEs – handling the more tactical HR work.
3. A handful of companies have implemented the three-legged stool model with notable nuances. One company has a fourth group in the model called **Market HR** which provides horizontal support within a geography rather than being aligned to a business unit. Another company has a **Talent Partner role** that connects HRBPs to relevant COEs when needed. A few companies have handled their Shared Services organizations in non-traditional ways. For example, two companies have **centralized teams of HR Generalists** into their HR Shared Services organization. Other companies position **HR Shared Services as a COE**, with technical experts employed in this group. One company **leverages the company’s broader Shared Services organization** (i.e., not HR-specific).

The research showed that none of the interviewed companies' HR operating models were significantly different than the three-legged stool model. Additionally, none of the companies have taken steps to progress beyond this traditional model. In fact, most of the companies expressed not anticipating their HR operating model to change dramatically within the next five years. Rather, companies pointed to smaller shifts including some COEs growing, other COEs shrinking, greater clarity of roles and responsibilities for each "leg of the stool," and increasing outsourcing. Ultimately, companies concluded that the architecture of the model will not change; what will change is the way that work gets done within the model as well as the level of investment in each of the three groups of the model.

With an understanding of the status of various companies' "HR Transformation" and the way in which companies are typically structuring their HR operating models, let's now focus in on aspect of the typical HR operating model: the HRBP role.

IV. Current State of HRBP Role

Defining the HRBP Role

The interviews showed that as companies are moving towards the three-legged stool HR operating model, they are still clarifying what the HRBP role looks like in their organization. Interpretations of the HRBP role varied in regards to title, structure (or, alignment to clients) and responsibilities. The most common titles were HRBP and HR Generalist (HRG), and other titles included HR Director, HR Consultant, and Talent Business Advisor. Regarding structure, some HRBPs were matched with business units and corporate functions while others were matched by geography.

Amongst varying interpretations of the HRBP role, the HRBP role can be defined in contrast to the HRG role. Starting with responsibilities, **the two roles fundamentally differ in that the HRBP has a strategic focus whereas the HRG focuses on transactional tasks.** In this way, the HRBP participates in strategy development for both HR and the business. The HRBP serves as a trusted advisor and coach to its clients; more specifically, it engages in organizational effectiveness efforts by consulting on human capital solutions for business challenges.

HRGs interact with their clients in a different way. With responsibility for employee relations and tasks like policy investigations, HRGs foster and maintain the employee experience. They drive end-to-end processes from recruiting to staffing, and they ensure the completion of cyclical HR activities such as performance management. As HR operating models have evolved, the most advanced Shared Services organizations take ownership of this type of work.

Based on these responsibilities, HRBPs and HRGs require different skill sets. **Whereas HRBPs require deep business and financial acumen to add value to clients, HRGs can support clients by way of HR acumen or knowledge.** For HRBPs, companies noted important competencies of strategic thinking, change management, consulting, coaching and courage. Important competencies for HRGs were more task based such as problem solving and managing ambiguity as well as relationship focused such as communication.

HRBPs and HRGs have some similarities as both are employee facing HR roles. Most notably, HRBPs and HRGs seems to handle talent management processes. This can range from sharing learning or leadership development programs to more tactical pieces such as succession planning. At the core, HRBPs and HRGs are rooted in the competency of relationship management in order to have effective partnership with their clients.

Profiles of HRBP Role

Based on these definitions, interviewed companies fell into three categories with respect to their HRBP role:

1. 35% of companies have “**pure HRBP**” roles. These roles are aligned to senior leaders of business units or corporate functions. They have strategic responsibilities including strategy development, human capital consulting, professional coaching, etc. Within the HR operating model, these roles work in partnership with COEs and HR Shared Services; specifically, they are enabled to complete strategic work because Shared Services is primarily handling the transactional aspects of the job.
2. 26% of the companies have “**HRG**” roles. In some instances, these roles align directly with senior business leaders, and in other instances, they support general employee populations of a specific business unit. While the alignment is similar to that of the pure HRBP role, HRG responsibilities are mostly focused on generalist tasks like employee relations and workforce planning. Some interviewed companies in this category see this role as aspiring towards developing into the pure HRBP role.
3. 40% of companies have a multi-tiered approach with both **HRBPs and HRGs**. HRBPs are aligned to senior business leaders with teams of HRGs supporting the general employee population below those leaders. Within this structure, HRBPs leverage business acumen to provide strategic consulting for the business while HRGs use HR knowledge to drive execution of day-to-day tasks.

Within these profiles, there are a few unique aspects. A number of companies had **HRBPs aligned to geographies in addition to or instead of business units and corporate functions.**

For example, one company has a global HRBP group that defines people strategy for lines of businesses and a local HRBP group that tailors HR practices to the region. Secondly, within the pure HRBP profile as well as the HRBP and HRG profile, some companies **link seniority to the strategic level of the job**. For example, more senior HRBPs will work on more strategic projects, and more senior HRBPs will also be aligned to more senior business leaders.

The section above provides a look at the current state of the HRBP role: defined responsibilities and competencies (with comparison and contrast to the HRG role where applicable) and the three most typical ways that companies are approaching the role. The next section discusses the HRBP role of the future.

V. Future State of HRBP Role

Looking ahead, there will be critical competencies for HRBPs to hone and build in order to fully realize the strategic HRBP role as well as meet the demands of future of work trends. Below, competencies have been distinguished as **core**, which are seen as foundational capabilities across diverse industries, and **differentiators**, which relate to required skills for managing future workplaces.

CORE COMPETENCIES		
<i>Competency</i>	<i>Description</i>	<i>Relevance</i>
Business Acumen	Ability to understand business drivers and how organizational strategy relates to human capital strategy	Highlighted by 30% of interviewed companies
Data & Analytics	Ability to identify and leverage data to make informed human capital decisions as well as influence the business	Highlighted by 40% of companies
Talent Translator	Ability to translate business needs into “talent profiles,” given how work is expected to be done. For example, determining whether a role is best filled by internal talent, external talent, part time workers, contractors, etc.	Highlighted by 15% of companies
DIFFERENTIATOR COMPETENCY		
<i>Competency</i>	<i>Description</i>	<i>Example</i>

Business Contributor	Ability to contribute to business discussions by asking questions and sharing insights that drive business decisions forward	Consistently providing reliable ROI estimates on human capital initiatives before they are implemented that carry through to the end of the initiative
Technology Champion	Ability to recognize emerging technological trends that will impact business performance, and to champion technology usage throughout the company to drive adoption	Using emerging forms of social media to communicate with millennial workers inside the workplace, similar to how they already communicate outside of the workplace
Internal Boundary Spanner	Ability to work and influence decision making across corporate boundaries (i.e., outside of the HRBP's specific role)	Connecting business partner colleagues to COE experts to accelerate the delivery of HR initiatives to the businesses which further drives performance
External Stakeholder Relationships	Ability to foster and maintain relevant and important relationships outside the company	Developing partnerships with nonprofit organizations that align with the company's mission

The “External Stakeholder Relationship” competency has relevance beyond the HRBP Role. Many companies have recognized that the HR function is increasingly expected to influence the business more broadly (i.e., outside of internal people management practices). Other examples of how this may be demonstrated, beyond the nonprofit partnership example mentioned above, include partnering with organizations that advance the company’s CSR initiatives, sitting on relevant industry boards, and working with local governments to refine employee value propositions at a local level. In the same way that HR shapes internal culture today, HRBPs will be expected to shape external brand in the future.

VI. HRBP Career Development

Companies are wrestling with the best way to support HRBPs in developing future key competencies.

Strategies & Approaches

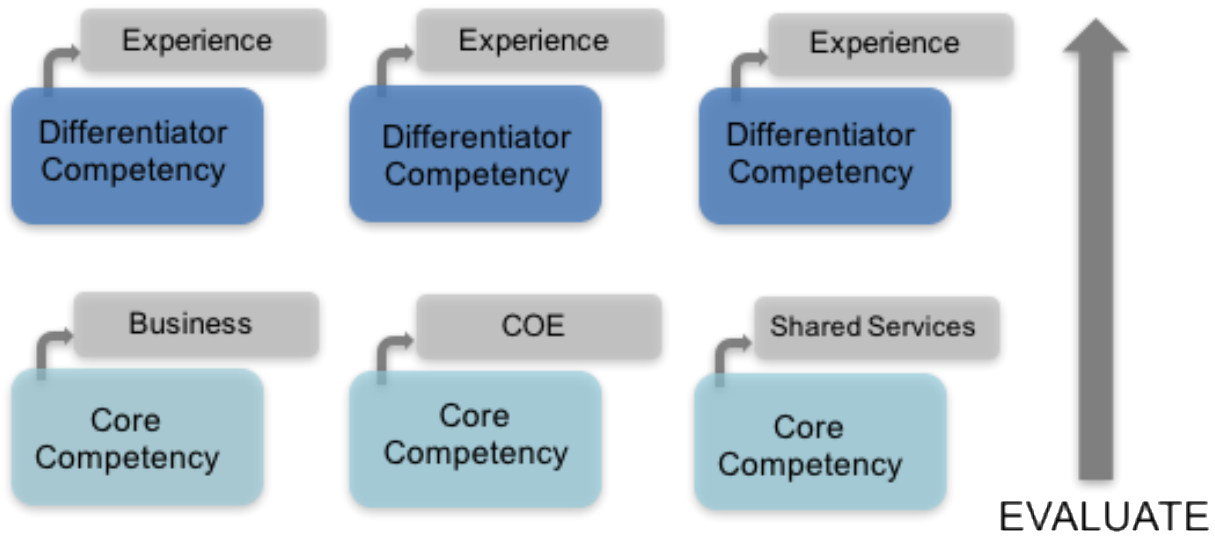
Currently, companies employ a number of career development strategies. 11% of interviewed companies told us about their rotational programs for recent graduates meant to build a talent pipeline for strategic HRBP roles. Not surprisingly, 39% of interviewed companies described training and development programs specifically aimed at building capability in areas related to the HRBP role such as business acumen or data analytics. Interestingly, 75% of interviewed companies pointed to developmental experiences as important for developing HRBP careers. Many companies acknowledged that there are diverse career paths to the HRBP role, so experiences – as opposed to a prescribed set of roles – will more effectively prepare aspiring HRBPs.

Finally, interviewed companies also described “buy” strategies for establishing capability within HRBP groups that is currently absent. One company explained that sometimes the pace of business does not allow for “build” strategies since capability takes time to develop but the business needs the expertise immediately. Other companies said that they will buy talent for specialized knowledge areas (such as data analytics) where core competency is not yet developed.

In addition to speaking about career development strategies, companies also spoke to how their competency models do or do not fit in. 31% of interviewed companies have and use competency models for the HRBP role. Within this, 13% use competency models for career planning and 34% use competency models for development. On the other hand, 34% of interviewed companies – about just as many – do not use their competency models. This means that they are non-existent, outdated or in the process of being refreshed. Qualitatively, companies explained that “competency models are a lot of work without strong value.”

Given this data, it became clear that competency models are not effective tools for development in all situations. Traditional competency models can be supplemented with “experience maps” that link experiences to core and differentiator competencies with an added attention to tailoring the process to individuals and continuously evaluating along the way.

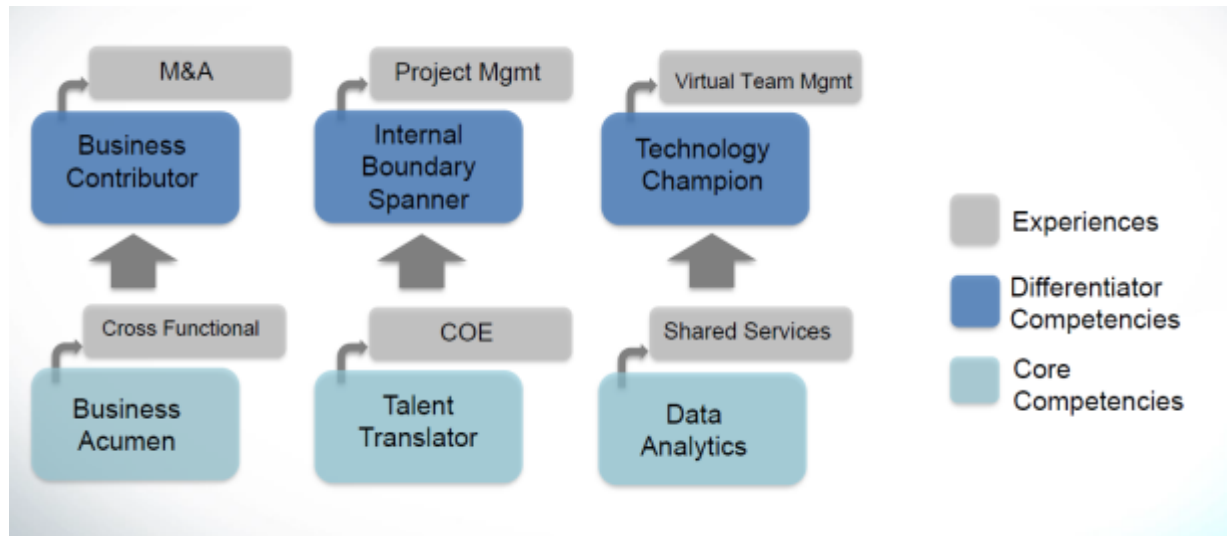
Competency & Experience Mapping



The above experience map combines a set of core and differentiator competencies with specific experiences that can serve as a guide for developing HRBP talent. This map has three parts:

- **The “what”:** what core and differentiator competencies do HRBPs need to be successful in their roles at your company?
- **The “where”:** what settings and kinds of experiences will provide opportunities for HRBPs to build those competencies?
- **The “how well:”** this is an assessment process that occurs before and after the experience. At the outset, assess the individual. Does he or she need to build the competency, or does he or she already have it? Then select the experience. After the experience, assess whether it built the desired competency. If it didn’t why, not? Was it a failure in performance, or did the experience just not work as expected?

The above experience map provides a generic example of how the pieces of the map fit together, leveraging the insight heard from interviewed companies that HRBPs should spend time in each of the HR operating model’s “legs of the stool” – business facing, COE and HR Shared Services. The below shows an example of how the experience map can be populated based on specific competencies. For purposes of this example, the aforementioned core and differentiator competencies have been used.



Interpreting the above experience map leads to several best practices that companies should keep in mind:

- **Adoption of this experience map does not require radical changes to existing career development models.** It can be used as a guide for choosing experiences for rotational programs. Additionally, there may be some competencies that are better developed through formal training and development as opposed to experiences.
- **One size does not fit all!** Experiences should be dependent on the individual's background, aspirations, current skills and skill gaps.
- **Not all experiences are feasible offerings for all companies.** Experiences are dependent on a company's availability of resources.
- **Consider how your approach to developmental experiences relates to the structure of your HRBP role.** A multi-tiered group with HRBPs and HRGs might allow for HRGs to gain access to experiences that will ultimately prepare them for the HRBP role.
- **Evaluate, evaluate, evaluate!** The success of this experience map's use largely depends on how well your company can evaluate which experiences will develop what competencies. If possible, leverage HR data analytics to discern these relationships.

VII. Conclusion

It is clear that there are several key trends that will shape the nature of work in the next five years, ranging from diverse demographics to globalization. HR operating models are not expected to change radically, but many companies have targeted development of the strategic

HRBP role as an aspirational goal and are still working towards that realization. Moving forward, HRBPs will play a critical role in managing the impacts of future trends within the workplace, causing their roles to become more complex and integrated with other areas of the company. HRBPs will be required to be more visible – internally and externally – and to build familiar and emerging competencies. Companies will not solely rely on traditional competency models and training and development programs to build these competencies. Rather, more progressive methods like experience mapping will offer tailored approaches to talent development.

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