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HR to step up to strategy

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Increasing employee turnover is shining a spotlight on the need for HR to step up its game and integrate its operations with the strategic goals of the business; but research shows this is not yet being put into practice.

In 1996 management guru David Ulrich coined the term "HR business partner", saying that HR must assume more strategic roles within organisations so it can implement programmes that support the goals of the business. Since then there has been an increasing awareness that HR departments need to realign their goals with that of the larger organisation in order to remain relevant: the 2012 Human Resource Competency Study conducted by the RBL Group and the University of Michigan, shows that strategic positioning is now considered the most important trait in order for HR to have a meaningful impact on business performance.

But in Mercer's latest HR Transformation Survey, only 15% of activities carried out by HR departments across Europe, Middle East and Africa are related to pure strategic interventions, according to 500 Human Resource Directors surveyed across these regions.

The report also highlighted that, despite this, 65% of HR departments perceive themselves as a strategic partner to their business. While respondents sought to increase their future strategic input to more than 25%, the difference between perception and reality highlighted that HR departments still have a long way to go in their efforts to transform themselves into more accountable and measurable strategic business partners.

Closing this gap is considered critical because there is a direct link between strategic alignment and retention of top talent which in turn affects the companies overall performance. According to Samantha Crous, country manager of the CRF Institute which identifies choice employers via international HR policy and practice research "The latest Best Employers research shows that more and more companies are turning their attention to engaging employees and have grasped the fact that engagement is about more than simply sticking a few posters on the wall in order to draw attention to certain aspects of an employee proposition. It's about getting people to believe in the vision of the company and how it makes a difference in South Africa and the world," said Crous.

Erna Oldenboom, programme director of HR as a Strategic Business Partner at the UCT Graduate School of Business (GSB), says that turnover among top talent is expected to increase in 2012 and that this demands a response from HR.

"Globalisation is requiring stronger HR capabilities; and demographic shifts across the world are dramatically affecting the availability of qualified personnel. This means that HR needs to step up its game; to take the traditional roles of HR and look at how they are affecting the business - there is an urgent need for HR to integrate more fully into the strategic goals of the business," she says.

Oldenboom says that HR leaders are increasingly aware of this, but at the same time not enough is being done to put it into practice. She says that "those who want to remain relevant must focus on strategically supporting their organisations and the customers they serve."

Oldenboom believes that many HR leaders are more than willing to partner with the business, but given the unique situation of each individual company amongst other factors, they have little in the way of concrete guidance about how to fulfill that role.

"The role of the HR manager, director, or executive must parallel the needs of his or her changing organisation. Successful organisations are becoming more adaptive, resilient, quick to change direction and customer-centered. Within this context,

the HR professional, who is considered necessary by managers and executives, needs to be aware of the impact that strategic alignment of HR into their business' goals can reap.

The role is moving away from the 'traditional' firing/hiring, but if anything, it is more important in today's world. However for many HR practitioners, strategy may not be something they were taught to consider," says Oldenboom.

According to Brad McCaw, a principal at Mercer and co-author of the Mercer report, the gap between perception and activities in the HR domain can be addressed by "investing in the skills and training of HR staff, while also increasing awareness and people management skills among line management, to ensure their activities encompass not only the day-to-day work that needs to be done, but also support the strategic direction of the business. Measurement and analysis are also vital."

"Even in what appear to be routine HR responsibilities, you can inject the business perspective simply by asking whether what you are doing is going to enhance the flow of the business or impede it with friction," says Oldenboom.

Oldenboom believes that the inclusion of HR into the strategic role is a two-party game between the business and the HR leaders, that the more aligned their objectives, interests and capabilities, the tighter their effectiveness. For example, she says that "if the main objective of business leaders is to maximise profit, then HR leaders need to convince the business leaders of the ways and means of managing people that will add value to the profitability of the organisation."

She says that if the HR role in an organisation is not transforming itself to align with forward thinking practices, executive leadership must ask HR leaders some tough questions. "Today's organisations cannot afford to have an HR department that fails to contribute to and even lead, modern thinking," says Oldenboom.

Erna Oldenboom is programme director of the course: HR as a Strategic Business Partner, which runs at the UCT GSB from 26 - 28 September (module one) and 30 - 31 October (module two) 2012. For further information or to apply, please contact Iona Gutuza at (0) 21 406 1368 or iona.gutuza@gsb.uct.ac.za. Visit the website at http://www.gsb.uct.ac.za/e.asp?c=737

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