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## **Human Resources: Key to Competitive Advantage**

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### **Human Resources: Key to Competitive Advantage**

#### **Abstract**

[Excerpt] As difficult as it may be and as fuzzy as it may turn out, we all must invest in an attempt to peer into the future to discern what implications it has for our human resources. It is not a precise effort, and it certainly can be challenged from many quarters; however, it is not only noble, but may prove to be extremely worthwhile for a competitive firm. As with almost every organization activity, the competitive world makes a paradigm shift inevitable for the human resource function. Understanding the nature of that shift and how to implement meaningful change are the fundamental questions for us all.

#### Keywords

human resource, organization, study, management, HR, strategies, executives, goal, role

#### **Disciplines**

**Human Resources Management** 

#### Comments

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# WORKING PAPER SERIES

# Human Resources: Key to Competitive Advantage

Thomas Cummings Steven Marcus

Working Paper 94-24







## **Human Resources: Key to Competitive Advantage**

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and

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Working Paper #94-24

This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of Center research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.

#### **INTRODUCTION**

As difficult as it may be and as fuzzy as it may turn out, we all must invest in an attempt to peer into the future to discern what implications it has for our human resources. It is not a precise effort, and it certainly can be challenged from many quarters; however, it is not only noble, but may prove to be extremely worthwhile for a competitive firm.

As with almost every organization activity, the competitive world makes a paradigm shift inevitable for the human resource function. Understanding the nature of that shift and how to implement meaningful change are the fundamental questions for us all.

#### THE STUDY ISSUE AND OBJECTIVES

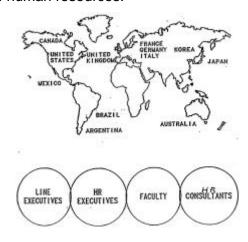
In today's highly competitive world a key question facing virtually every organization is, "What will be the human resource strategies of the effective company in the highly competitive 21st century?"

This is the basic, yet multi-dimensional, question that stimulated IBM to initiate this project. The study design was developed in conjunction with Towers Perrin who subsequently conducted A <u>21st Century Vision</u>: A <u>Worldwide Human Resources Study</u>.<sup>1</sup>

The study reinforces the growing view that the management of human resources is as important to organizational competitiveness as are the traditional areas of technology, marketing strategy, and financial prowess. It gives meaning to the acknowledgment in virtually every shareholder report that, "our employees are our most important asset."

The objectives for the study were very straightforward:

- DEFINE A STRATEGIC HR ROADMAP that provides a framework within which an organization can plot its course to the future ... a set of findings that can be utilized as a benchmark against which to compare its own assumptions, directions, and strategies. The question for each organization to ask is, "How will our directions and strategies, based on our view of the future, position our human resources as a basis for competitive advantage in the marketplace?" The marketplace is broadly conceived to include both goods and services and being thought of as an employer of choice by present and potential employees.
- <u>STIMULATE DIALOGUE AND CONTRIBUTE TO PROFESSIONAL DEVELOPMENT</u> of the strategic management of human resources.



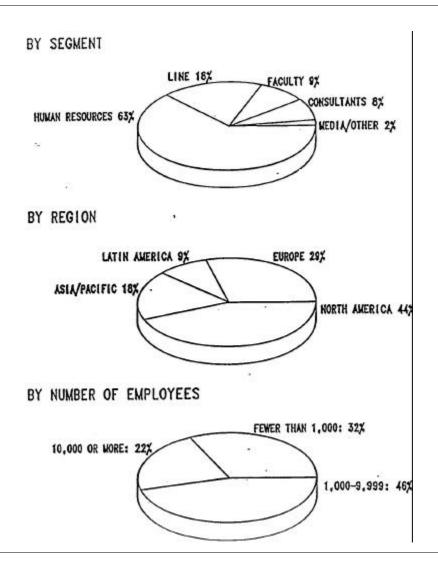
<sup>&</sup>lt;sup>1</sup> We wish to acknowledge the contributions to the underlying study by Dr. Randall S. Schuler of New York University's Leonard N. Stern School of Business who prepared a monograph for IBM that provided the basis for an early draft of the questionnaire, and by Dr. Andrew S. Richter, president, Richter Associates, who served as Towers Perrin's project manager for the study and is the principal author of the study report, <u>Priorities for Competitive Advantage</u>, Towers Perrin, 1992.

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#### **METHODOLOGY**

3,000 opinion leaders, provided their views in a written questionnaire --- line executives, human resource executives, faculty and human resource consultants. They came from 12 different countries throughout the world. Their opinions provided the basis for the study findings (see Figure 2).

FIGURE 2: A Profile of Survey Participants



Almost half of the companies in the Fortune "Global 500", representing virtually all industries, participated in the study which was conducted in 1991. This large-scale input from the "players", the individuals who will be influential in shaping the future of human resource management, cannot be lightly regarded. Their views on contemporary and future management

of human resources provide a powerfully challenging picture of the transitions required to be competitive in the years ahead.

The comprehensive questionnaire, which was produced in eight different languages, addressed the issues of: The Business Environment for Human Resources

- Human Resources Goals
- Human Resources Roles and Responsibilities
- Human Resources Activities
- Human Resources Organization and Staffing
- Human Resources Information Systems
- Human Resources Initiatives for Competitive Advantage

The organization of this chapter closely follows the format of the questionnaire in which the participants provided their responses in two timeframes; first, they described their views of the current situation, i.e., 1991; then they were asked to respond in terms of how they thought the situation should be in the year 2000. While the focus is on the future and the amount of change required to reach it, the description of the present serves as an invaluable frame of reference upon which to base the findings. <sup>2</sup>

Some of the study findings will be familiar and reassuring to the reader; others may be quite different from the reader's expectations. In either case, you are encouraged to consider them in terms of their relevance to the human resource strategies you envision for the competitive years ahead. This consideration should be from a number of perspectives: societal, organizational and personal.

#### CONFIDENCE IN THE VISION

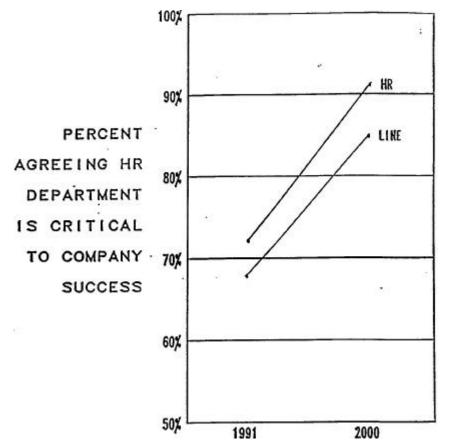
A final point of background, "did the participants really believe they knew what they were talking about?" Well, at least it appears a majority felt that they were not guessing ... although the participants were looking into the future, 57%- expressed a high degree of confidence in their human resource vision (only 12% did not). This does not necessarily mean that everything they see will come to pass, but then again one of the main purposes of the study was to share the vision so individual organizations can intervene when they do not feel they will be providing effective HR management in the future. Overall, there is a high degree of confidence that the trends and findings are clearly the ones that will shape human resource management in the early 21st century.

<sup>&</sup>lt;sup>2</sup> The data and charts in this chapter are used with permission from the final study report <u>Priorities for Competitive Advantage</u>, Towers Perrin, 1992.

#### **EXPECTATIONS OF GREATER IMPACT**

At the outset, it is important to note the good news for people associated with the HR function. Both HR executives and line executives feel the HR department is critical to company success and it will substantially increase in importance by the year 2000. Figure 3 shows an increase from 67W to 84W for line managers and a corresponding increase from 72% to 91% for HR executives. The agreement between line and HR management increases the probability of greater impact actually occurring. Inherent in these responses are implications for necessary changes not only for human resources, but for line management, as the importance of human resources increases.

FIGURE 3: Expectations of Greater Impact



#### **STUDY FINDINGS**

#### WHAT SHOULD THE WORLD BE LIKE FOR HR IN THE FUTURE?

Many people have looked into crystal balls and tried to predict what will be significant changes in the business environment of the 21st century. The study participants were asked to

choose and rank the five changes in the business environment which currently have the most impact on HR management and the five that will have the most impact in the future. Although the participants were asked to respond to a variety of possible characteristics of the business environment, only two environmental factors are clearly head and shoulders above all others in both periods among line and HR executives (Figure 4). They are:

- Increased national and international competition
- Focus on total quality and customer satisfaction

These two forces seem to be so overriding that, as you will see later, they dominate the goals and activities of the HR function. Their importance is bolstered by the growing importance of the globalization of business structures and the economy.

Another group of factors of lesser but increasing importance relate to workforce characteristics. These include changing employee values, fewer entrants into the workforce, changing demographics, and inadequate skills of entrants into the workforce. It is interesting to note that there was a decline in the importance of increased government regulation.

Finally, as presented in Figure 5, the variation among the countries in the characteristics of the business environment which one might reasonably expect, is evident. The relative differences among the countries might well be accounted for by their different stages of economic and social development. Thus the relatively low ratings of business and economic factors in Japan and the United States are accounted for by their long-term experience in the global economy whereas the relatively high ratings of the same conditions in Latin America reflects the challenge of entry into the global economy. Similarly, the focus on quality and customer satisfaction, areas for which products from Japan and Korea are noted, receive relatively low rating in these countries where they have long been focus areas.

FIGURE 4: The Business Environment for HR - 1991 vs. 2000

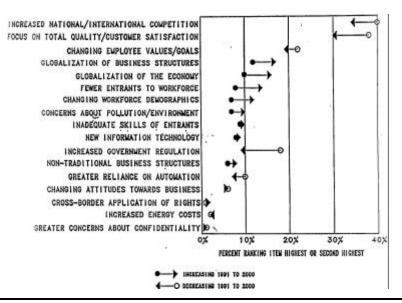


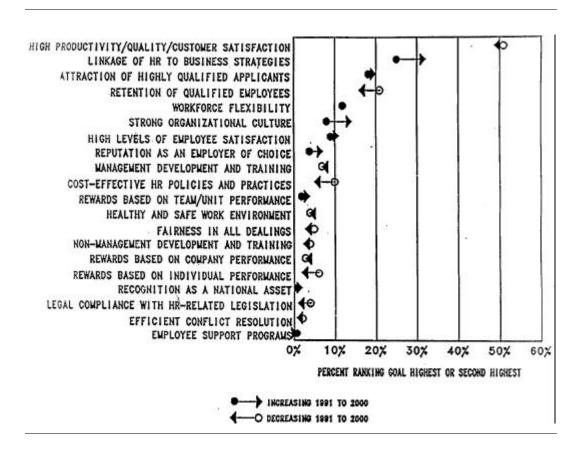
FIGURE 5: Geographic Differences for Selected Factors

HR ENVIRONMENTAL FACTORS	RELATIVELY HIGH RATINGS IN	RELATIVELY LOW RATINGS IN			
INCREASED NATIONAL/ INTERNATIONAL COMPETITION	MEXICO, BRAZIL	JAPAN, U.S.			
FOCUS ON QUALITY/ CUSTONER SATISFACTION	LATIN AMERICA, AUSTRALIA	JAPAN. KOREA			
CHANGING EMPLOYEE VALUES	KOREA, JAPAN, GERWANY	LATIN AMERICA, ITALY			
GLOBALIZATION OF THE ECONOMY	LATIN AMERICA, ITALY	JAPAN, U.S.			
FEWER ENTRANTS TO THE WORKFORCE	JAPAN	LATIN AMERICA, KOREA, AUSTRALIA			
CHANGING WORKFORCE DEWOGRAPHICS	JAPAN, U.S.	LATIN AMERICA, KOREA, AUSTRALIA			

#### **HUMAN RESOURCE GOALS**

The clear importance of business competitiveness has profound implications for the HR function. This is evident in the <u>alignment of human resource goals with business and economic factors in the external environment.</u> When the participants were asked to select and rank the most important HR goals in 1991 and for the year 2000, ensuring high levels of productivity, quality, and customer satisfaction is again primary (Figure 6). The other important goal, one of increasing importance, is the linkage of HR to business strategies and objectives which can be viewed as directly related to the primary goal.

FIGURE 6: Goal-Setting Reflects the Environment



A very high correlation between the 1991 and 2000 rankings in the descriptions of the business environment and the goals for human resources leads to the finding that, at least in these areas, "THE FUTURE IS NOW!"

It is clear that a competitive environment will require that human resource goals become clearly linked to business strategies. In fact, when a matrix of rankings from the worldwide participants is examined, the highest ranked goal of ensuring productivity, quality, and customer satisfaction is the highest ranked goal in virtually every country. Similarly, the second highest

goal is ensuring the linkage of HR strategies to business strategies and objectives. This rather remarkable worldwide consensus is an indication of the pervasive competitive business environment that lies ahead.

FIGURE 7: Five Highest Ranked HR Goals by Country

	LATIN AMERICA		EUROPE			NORTH AMERICA		ÀSIA/ Pacific				
	ARG	BRZ	MEX	FR	GER	ITA	UK	CAN	US	AUS	JPN	KOR
PRODUCTIVITY/QUALITY/ CUSTOWER SATISFACTION	1	1	1	2	1	1	1	1	1	1	1	2
LINKAGE OF HR TO BUSINESS	2	3	3	1	2	2	2	2	2	2	2	1
ATTRACTION	4	-	5¢	-	5	4	3	3	3	-	-	-
RETENTION	-5	-	5ŧ	3#	4	5	4	4	4	-	-	-
WORKFORCE FLEXIBILITY	-	4	-	5	3	3	4	5	5	.3	-	4
STRONG CULTURE	3	5	2	3#	-	-	-	-	-	4*	3	3
EMPLOYEE SATISFACTION		2	4	-	-	-	-	-	-	4#	4	-
NANAGEMENT Development	-	-	_	-	_	_	_	_	-	_	5	5.

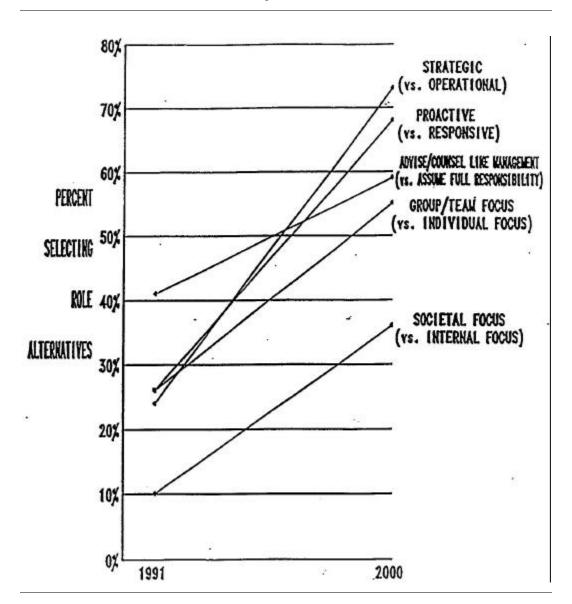
#### **HUMAN RESOURCE ROLE**

To be effective and for the business organization to survive, human resources will have to become a highly proactive full business partner with line management by 2000.

The participants were given a set of polarized descriptions of the human resources role and asked to describe how the role is practiced today and how it should be practiced in the year

2000. Their ratings, which appear in Figure 8, indicate a major paradigm shift in each of the practice dimensions.

FIGURE 8: A New Role Model for HR Management



The biggest changes are in the moves to more strategic (vs. operational) and proactive (vs. responsive) modes of operation. The change is dramatic because approximately three times as many respondents selected these new role characteristics for the year 2000, than in 1991. It is also worthwhile noting that while more participants felt HR should represent the views of management rather than those of employees, the growing majority felt HR should maintain a balanced view. There is an important convergence of views on the part of human resource and line management about the sharing of traditional human resources

responsibilities, particularly the sharing of responsibility for strategy and for policy and program development. This parallels the increasing importance of human the HR department to the success of the business expressed by line management. Since both share a common view, there are implications for the convergence of the traditional roles of line management and the human resource function ... this is another indication that both are headed for a <u>full partnership based upon common views</u>. The possibilities for change seem to be expanding, no matter how we examine the future.

Of course this projected convergence of roles raises the question of what unique contribution or perspective will the human resources function bring to the partnership. Discussions with HR executives suggest that the view of employees as customers may be higher among HR management than among line management. The implication being that the HR function will contribute an understanding of employee wants and needs and attempt to meet them with strategies aligned with overall business strategies and objectives.

#### **HUMAN RESOURCE ACTIVITIES**

Q. What will the human resource function of the future be doing?

A. Tending to the business of business.

This finding is based upon the participants' answers to a series of questions about the priorities assigned to human resource activities in the year 2000 and the level of satisfaction with the results being achieved in these same activities in 1991 (see Figure 9).

As might be predicted from the description of the environment for human resources and the importance of various human resources goals, the priority activity for the year 2000 is workforce productivity and quality. In general, the more business related activities, as distinguished from the human relations and/or human resource program areas, received the higher priority ratings.

The study went on to examine the activities of the HR function to determine if there were any gaps between future priorities and the level of satisfaction with how these activities are performed in 1991. The results are rather startling. By just looking at the 12 HR activities with the highest priority a most interesting pattern is revealed: <a href="https://doi.org/10.1007/j.com/html/maintenance-new-maintenanc

For example, focus on workforce productivity and quality was considered the highest priority item for the year 2000 by 84% of the participants. However, only 27% were satisfied with how the activity is performed today; the result is a 57% gap between future priority and

current satisfaction. The gap for management and executive development is 52%. The gap for teamwork is 49%. THESE GAPS ARE HUGE! CLOSING THESE AND SIMILAR GAPS

PRESENT A SIGNIFICANT CHALLENGE FOR HUMAN RESOURCE MANAGEMENT ... TO ENSURE THAT THE FUNCTION IS READY FOR TOMORROW'S COMPETITIVE WORLD.

WORKFORCE PRODUCTIVITY/QUALITY

MANAGEMENT/EXECUTIVE DEVELOPMENT

TEALWORK

WORKFORCE PLANNING

EMPLOYEE EDUCATION AND TRAINING

EMPLOYEE AND MANAGER COMMUNICATIONS

EMPLOYEE PARTICIPATION

SUCCESSION AND DEVELOPMENT PLANNING

ISSUE IDENTIFICATION/STRATEGIC STUDIES

LABOR COST MANAGEMENT

RECRUITING AND EMPLOYMENT

HUMAN RESOURCE INFORMATION SYSTEMS

OX 10X 20X 30X 40X 50X 60X 70X 80X 90X

PERCENT ASSIGNING HIGH PRIORITY FOR 2000

PERCENT INDICATING SATISFACTION IN 1991

FIGURE 9: Gaps Between Future Priorities and Current Satisfaction for 12 HR Activities with Highest Priority Ratings for 2000

#### **HUMAN RESOURCES CAPABILITIES AND STAFFING**

What changes in capability, staffing, and structure of the HR function will be required to meet the challenges presented by human resource management's new roles, priorities, and linkage to the business?

Well over half of the future entrants into the human resources function will continue to be experienced external hires or come from colleges and universities. However, there will be an increase of over 30% in the number of individuals in human resource functions who are recruited internally from among managers in functions outside human resources. This is one way to accelerate building the human resource and line management partnership. In addition, the critical importance of a position in the human resources department in the development of future line executives will more than double by 2000, and naturally contribute to that

partnership. These findings point to the fact that the overall study should be incorporated in organizational and personal career plans by both HR and line managers.

The shift in staffing sources and projection by all segments in the study of increased vendoring of human resource activities, may in part, be a reflection of the requirements in staff capabilities in the year 2000 and gaps between these requirements versus current capabilities.

Figure 10 reports the capabilities and attributes required of the human resource staff in the year 2000. We find that a variety of consulting skills led by the ability to educate and influence line management on human resource issues heads the list. Far down the list are the characteristics which describe many of today's incumbents in human resource positions ... HR career oriented ... specialized knowledge of a few human resource functions, etc.

<u>Large gaps</u>, similar to those observed in the area of human resources activities <u>were</u> <u>also found between the future requirements and current capabilities of the human resources</u> staff.

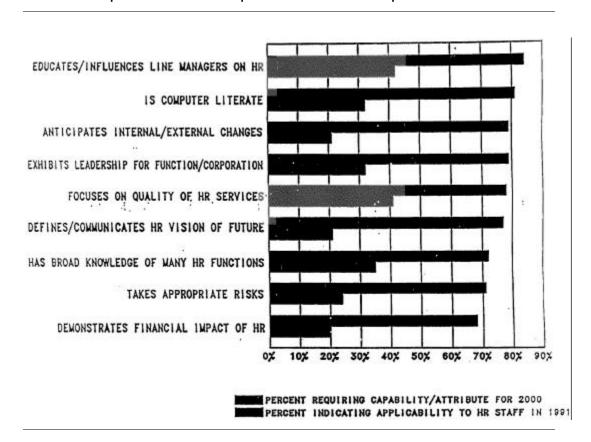


FIGURE 10: Gaps Between Future Requirements and Current Capabilities

By mapping these future requirements against current capabilities, an organization or individual can define a roadmap for development and training activities. This is a critical

challenge to address in many organizations as the function races to catch up with the changing business partner relationship with line management. While the changes in staffing and vendoring practices noted earlier may play a role in narrowing these gaps, it is more likely that the major changes will require transforming the current organization. At the same time, the human resources function will not be immune from the cost-cutting pressures with which other functions are coping. Although most of the respondents indicate that the size of the function will remain stable or even grow a bit, they believe the ratio of the human resource staff to employees will remain stable.

#### HUMAN RESOURCE REPORTING RELATIONSHIPS AND STRUCTURE

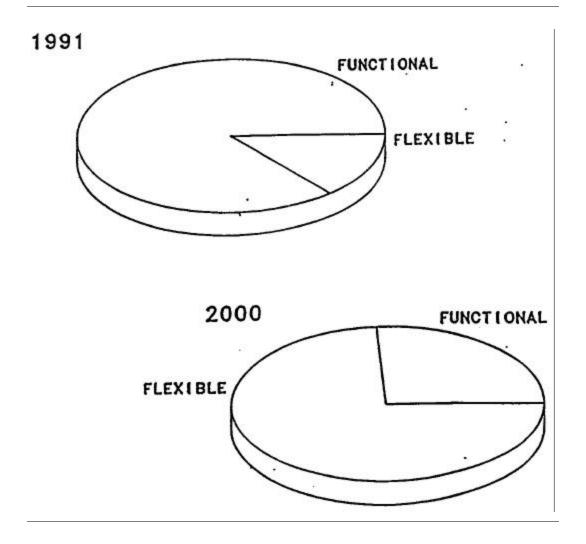
How will reporting relationships and structure reflect the 21st century environment?

Certainly one very direct way of building the human resource/line management partnership is for the top human resource executive to report directly to the CEO. In fact, between 51% and 80% of the respondents, depending on segment, report that this reflects today's situation. These figures should grow to between 78% and 91% in the year 2000 (for line executives this figure goes from 74% to 82%; for human resource executives it goes from 80% to 91%). Conversely, there is a slight decline from 1991 to 2000 in the percentage of human resource and line executives who feel that the top human resource executive in a business unit should report to the head of the business unit. In 1991, 76% of both human resource and line executives felt that the top human resource executive in a business unit should report to the head of the business unit. The declines noted in the year 2000 were virtually identical with 72% of the line executives and 71% of the human resources executives feeling this way.

The alternative would be for unit human resource executives to report to the top corporate human resource executive. This provides a counter balance, or a point of coordination, in a world which significantly fewer participants see the formulation of human resource strategy and policy as residing in a centralized staff function; however, this reporting relationship would not be consistent with a fully-implemented decentralization.

There should be a dramatic shift in the philosophy of the basic structure, from today's human resource organization structured along functional lines with limited flexibility, to highly flexible units organized around the work to be done. As seen in Figure 11, this is <a href="VIRTUALLY A COMPLETE REVERSAL IN ORIENTATION WITH 74% OF THE-PARTICIPANTS SEEING A">VIRTUALLY A</a> FLEXIBLE ORGANIZATION IN THE FUTURE.

FIGURE 11: From Functional to Flexible HR Organizations



Another characteristic of the future organization will be human resources information systems (HRIS) which will provide increased access and information for everyone, particularly line executives and managers as well as human resources professionals This should undoubtedly reinforce various HR partnerships and will <u>facilitate empowerment of all levels of management</u>.

Over 50% the all participants indicated a great potential for HRIS to improve planning and program development by using decision systems and software, and for faster processing and response time. The potential for enhanced communication was also highly rated.

Three potential impediments to realizing the full potential of HRIS were insufficient budgets or executive commitment (HR executives), lack of applications (line executives, faculty, and consultants), and systems designers, lack of understanding HR.

#### **HUMAN RESOURCES TRANSFORMATION MODEL**

All of the findings up to this point can be summarized into a model of human resources transformation which indicates a marked contrast in role and behavior. The striking thing about the model is that it points to the need for very dramatic changes in the HR function in order to respond to the unique opportunity for a full partnership with line management required for firms to be successful in the future. Although two roles, functional specialist and business partner, are shown in Figure 12, there is good reason to believe that the business partner was preceded by both the functional specialist and an even earlier administrative role. As one of our colleagues has noted, "Human resources is in the midst of completing a move from the back room to the board room."

FIGURE 12: A Model of HR Transformation

FUNCTIONAL SPECIALIST	BUSINESS PARTNER
RESPONSIVE	→ STRATEGIC
HR DEPARTMENT HAS FULL RESPONSIBILITY	HR DEPARTMENT AND LINE MANAGEMENT SHARE RESPONSIBILITY
OF EMPLOYEE ADVOCATE ————————————————————————————————————	⇒ BUSINESS PARTHER ⇒ FLEXIBLE STRUCTURE ⇒ REPORTING TO LINE
CAREER IN HR ———————————————————————————————————	→ GEMERALIST     → FINANCIAL EXPERTISE     → FOCUS ON FUTURE     → WULTILINGUAL
	RESPONSIVE OPERATIONAL INTERNAL  HR DEPARTMENT HAS FULL RESPONSIBILITY  OF EMPLOYEE ADVOCATE FUNCTIONAL STRUCTURE REPORTING TO STAFF.  CAREER IN HR SPECIALIST LIMITED FINANCIAL SKILLS CURRENT FOCUS MONOLINGUAL

#### HR PRIORITIES FOR COMPETITIVE ADVANTAGE

The participants in this worldwide study were asked to rate the importance of the initiatives to achieve competitive advantage through human resource management in 1991 and in 2000. Although our findings may seem to be overemphasizing the word "change", we again see a dramatic shift from 1991 to 2000 in Figure 13. Of 38 human resource initiatives to achieve competitive advantage, only 4 were rated as highly important by a majority of participants in 1991. Whereas, when the participants looked to the year 2000, there was an explosive growth in the number of HR initiatives highly important to competitive advantage (i.e., 25 of the same set of initiatives were now rated as highly important by a majority of participants).

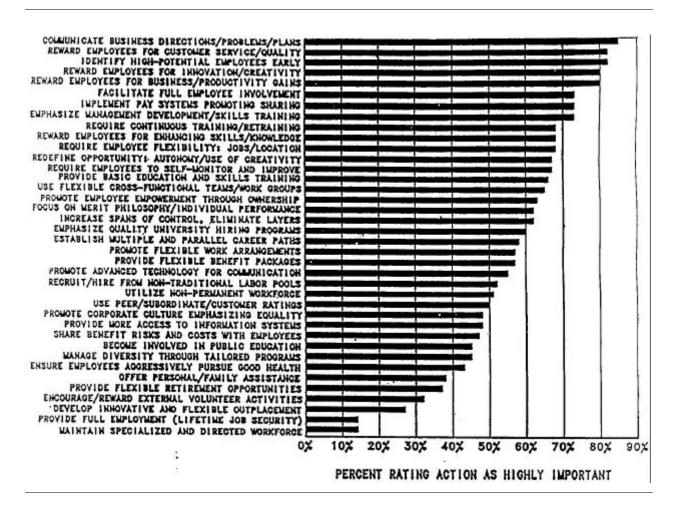
2000 13 25

FIGURE 13: Dramatic Shift in Actions Considered Important to Gain Competitive Advantage

Looking at these initiatives in Figure 14, what is quite remarkable is that the focus is once again on the high importance ratings received by <u>INITIATIVES THAT ARE DIRECTLY</u> <u>RELATED TO BUSINESS STRATEGIES</u>, (e.g., communicating business directions problems, and plans, quality and customer service, etc.); not the traditional actions that many human resources functions have been associated with. High importance is also accorded to those

initiatives that are directly related to recognition mechanisms supporting business objectives, and enabling employees to work toward attaining these objectives.

FIGURE 14: Actions for Gaining Competitive Advantage by 2000



These high priorities are virtually universal among all groups of opinion leaders. The data in Figure 15 indicates what initiatives we must assess, and if needed, reformulate the organization's human resource priorities and strategies to ensure competitive advantage.

FIGURE 15: Top Five Initiatives for Competitive Advantage by Segment

		LINE Executives	HR Executives	FACULTY	COHSULȚANTS
	COMMUNICATE DIRECTIONS, PLANS, PROBLEMS	2	1	3	3
1	REWARD CUSTOMER SERVICE AND QUALITY	4	2	2	2
	IDENTIFY HIGH-POTENTIAL EMPLOYEES EARLY	1	4	5	1
	REWARD INNOVATION AND CREATIVITY	3	5	1	4
I	REWARD BUSINESS AND/OR PRODUCTIVITY GAINS	5	3		5
	FACILITATE EMPLOYEE INVOLVEMENT			4	

#### **SUMMARY**

One of the most striking things about the findings of this entire study was the general consensus on two dimensions:

- <u>Consensus</u> among various countries in the world (some exceptions based on history and culture not-with-standing)
- Consensus among the four different key groups of opinion leaders

The common vision of human resources in the year 2000:

 RESPONSIVE TO A HIGHLY COMPETITIVE MARKETPLACE AND GLOBAL BUSINESS STRUCTURE

- CLOSELY LINKED TO BUSINESS STRATEGIC PLANS
- JOINTLY CONCEIVED AND IMPLEMENTED BY LINE AND HR MANAGEMENT
- FOCUSED ON QUALITY, CUSTOMER SERVICE, PRODUCTIVITY,
   EMLOYEE INVOLVEMENT, TEAMWORK, AND WORKFORCE FLEXIBILITY

This consensus enhances the value of the assessment and also strengthens the recognition of the NEED FOR CHANGE. There is a consensus regarding human resource management among various constituencies and countries that is much more alike than different.

# FOR THE INDIVIDUAL FIRM, THIS MAKES DIFFERENTIATING PRIORITIES FOR COMPETITIVE ADVANTAGE MUCH MORE DIFFICULT, AND EVEN MORE IMPORTANT FOR THEIR BUSINESS SUCCESS.

The task is to sort out which human resource activities, capabilities, initiatives, and forms of organization are the ones that are aligned with an organization's strategic plan and therefore offer the best chance to gain competitive advantage. In the final analysis excellence in execution is also required.

When an individual organization looks at all of these dimensions, it may wish to use this study as a benchmark against which to <u>May Its Own Vision of the Future</u>. This may reveal that outside "experts" see the future differently or incorrectly and would pursue different strategies. Whereas the organizations RR strategy is aligned with its strategic business objectives based on its vision of the future which may indeed be correct.

Or it may be that others more clearly see the future and the benchmarking provides a warning signal to the organization that it should rethink its view of the future and its strategies. In this situation the leadership must determine where it wants to intervene to change direction or rate of change to impact future outcomes ... what should be its offensive initiatives, those that will differentiate the organization by creating unique positioning, and its defensive initiatives, ones that will blunt similar initiatives of competitors.

This of course does not mean that an organization whose internal benchmark aligns with the outside view can become complacent. It must continuously test its view of the future and the alignment of its human resources and business strategies.

In fact, what may prove to be the most useful exercise for any organization is to consider all the input it can get from various sources, and then in a thoughtful way compare itself to the outside world. One technique which a number of organizations have implemented is

to actually administer a benchmark study, such as this one, internally with their own human resource and line executives to compare their views with the more universal input. A broad analysis of all HR activities could be conducted, or just one specific subject focused on, e.g., to what degree is compensation directly tied to the success of business, in terms of customer service and product quality... should a variable incentive pay program be in place for all employees?

Such an application would also provide the basis for analyzing the degree of alignment of HR policies and practices with strategic business plans.

#### POTENTIAL USES of such information would be to:

- Develop a benchmark comparison(s)
- Create a dialogue within the organization
- Create internal ownership of the assessment findings
- Assess HR directions vs. business strategies
- Differentiate the organization
- Intervene where necessary
- · Reinforce strategic focus in organization's thinking
- Contribute to strategic development of HR management
- Enhance business competitiveness

In any event, whatever specific way HR leaders choose to address the future they must be proactive, and not passively wait for the future to toss them about. The world ahead is filled with excitement and challenge for all people involved with competitive organizations. IT SHOULD BE A PARTICULARLY BRIGHT AND CHALLENGING ONE FOR HR PROFESSIONALS SINCE THEY ARE INCREASINGLY BEING VIEWED AS A FULL PARTNER OF LINE MANAGEMENT.

#### WHAT A CHALLENGING OPPORTUNITY!

\* \* \* \*