A Strategic role for HR: is it a competence issue?

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Abstract

The main stream of research on HR competencies has focused on identifying generic and universal skills. This trend has attracted many followers, and numerous HR competence models have been created during the past twenty years. New ideals and roles for HR, such as being a 'business partner' and 'strategic partner', have been developed. However, instead of focusing on these, we concentrated on contextual factors and their significance in realising new HR roles. In our case study of one large corporation operating in the service and retail sector, we found that cultural and contextual factors greatly affected the realization of the strategic potential of HR practitioners. These practitioners performed well in their traditional 'administrative role', but this could be seen as a barrier to forming or taking up a new strategic position.

Keywords:

HR competence models; HR roles; strategic HR; administrative HR

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1. Introduction

To be seen and valued as 'strategic' and a 'business partner' is the desire of most organizations' HR functions. Although this aim has been discussed in numerous studies over many years (see e.g. Ulrich et al. 1995; Ulrich 1996), we believe that the discussion should be ongoing, as HR practitioners continue to face this challenge. Gaining a strategic position and a business partner role is seen generally as being built on HR competencies. The discussion around this emerged in the 1990s, and it has led to enormous growth in HR competence models; however, there have been reports of the intrinsic limitations in their effectiveness to create real partnerships, and of the powerful influence of contextual factors (Caldwell 2008). It also appears that everybody knows what HR should be (strategic and a business partner), but still HR is often bogged down its traditional administrative role.

The development of HR competencies has been followed by the worldwide Human Resource Competence Study (HRCS), which involves thousands of HR professionals every five years (Brockbank et al. 2012). Thus, in this article, we review the strategic role of HR by examining perceptions of HR competencies. However, we presume that it is not only competencies that make HR strategic, which is why we also examine elements such as HR culture and HR organization to understand their role in gaining strategic power for HR. We believe the position of HR in a decentralized or centralized organization structure is one particularly important contextual factor in this respect.

The strategicness of HR should also be reviewed in connection with what is perceived as strategic within the organization in case. Human resource issues are not self-evidently seen as strategic in managerial practice, although their importance is celebrated in annual reports. Sometimes, only those issues discussed in the formal strategy process are

regarded as strategic, and issues of strategic importance emerging from everyday work are overlooked. The dominance of this macro-level orientation to strategy has resulted in losing sight of the human being. However, from the beginning of 2000, a research trend called 'strategy as practice' has diverged from the macro level and strategy process-focused research to review all action and practices that may have strategic meaning (Johnson et al. 2003; Johnson et al. 2007; Jarzabkowski 2005; Jarzabkowski et al. 2007; Whittington 2003). This trend may also allow for assessing the strategic importance of everyday HR issues.

2. The perspectives and research questions

This article focuses on reviewing the competencies and strategic role of modern HR from the following perspectives: (1) what is the strategic role of HR in light of the most recent research, and how do the perceptions of HR practitioners and top management relate to that in our research case? (2) how is the strategy (seen from perspective of core competencies) of the research organization perceived by top management and HR, and is this affecting the chances of reaching a mutual understanding and common 'strategic language'? (3) how does HR see and define its actual and desired strategic role? and (4) how does the top management see and define the actual and desired strategic role of HR? These perspectives and questions are illustrated in Figure 1.

The first discussion relates the latest HR competence models to the views of top management and HR practitioners in this research. To form a picture of the mainstream conceptions of the HR models we will introduce some, and form our own, interpretations in creating an HR competence model to be applied in this research. Thereafter we will consider the informants' interpretations of the core competencies of the research organization; these interpretations could also relate to the latest findings of competence-based
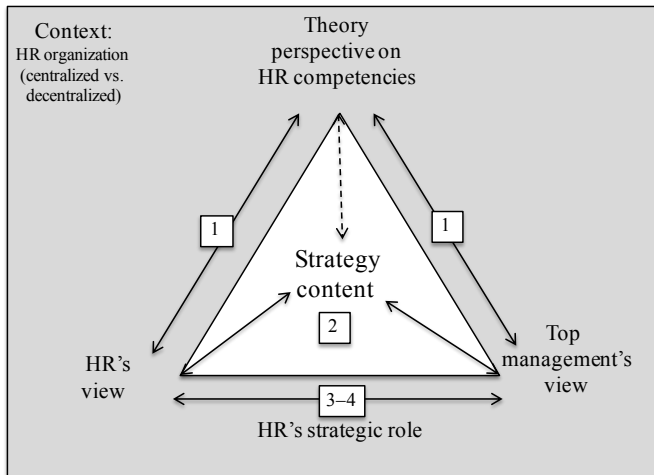
Figure 1. Different perspectives on the role and competencies of HR and the strategy content of the organization

strategy conceptions (the dotted arrow), but this is outside the frame of this research. The strategic role of HR in the organization will then be discussed from the perspective of the top management and the HR practitioners, a discussion that involves the perceptions and expectations of both parties of HR's competencies and possibilities to act as a business partner. Boyatzis (1982, p. 21) defined competency as "*an underlying characteristic of an employee (i.e., a motive, trait, skill, aspect of one's self-image, social role, or a body of knowledge) which results in superior performance*". This view can also be applied to HR practitioners. To expand the idea, it could be argued that HR competency can be seen as embedded in the organization, forming an HR culture where certain things are left in the hands of HR practitioners and some other things are not. We hypothesize that views on HR's strategic role will depend on two essential factors: first, the (perceived/imagined) HR competency and HR culture (how things are handled here), and second, the degree of centralization or decentralization of HR activities. This latter perspective leads us to review the strategic role of HR with regard to different levels of strategies as well, that is, with regard to the concern or group strategy and to the business strategies of different

business units. The 'strategy perspective' also reflects the relation and partnership between top management and HR; for instance, what is the role of HR in creating and implementing group-, regional- and business unit-level strategies, and how are integrated HR strategies and development projects initiated and implemented? A matrix for scrutinizing these relations is presented in Figure 2.

The matrix specifies our previous research questions three and four about the strategic roles, as follows: (1) what is the role of centralized HR in group-level strategy issues? (2) what is the role of decentralized HR in group-level strategy issues? (3) what is the role of centralized HR in business-level strategy issues? and (4) what is the role of decentralized HR in business-level strategy issues? We shall fill in the matrix based on general-level observations to reflect our interview data as we present the results.

3. Contemporary HR competencies and the changing role of HR

3.1 Trends and driving forces affecting HR's strategic position

Some contemporary trends can be seen to affect the strategic role of HR – either increas-

Figure 2. A matrix for scrutinizing HR roles in centralized and decentralized contexts

ing or decreasing HR's strategic position. It can be argued that the overall increase in the significance of knowledge, and in organizations becoming more knowledge intensive, strengthens the position of HR, especially HRD (human resource development). In a knowledge-intensive company, employee loyalty is almost as important as customer loyalty; employees are not easily dispensable, and organizations are more dependent on their human resources and competencies (Cunha 2002). Strategies are based more on organizations' own resources and their development (resource-based view [RBV]) (cf. Amit & Schoemaker 1993; Barney 1991, 2001; Collis & Montgomery 1995; Prahalad & Hamel 1990).

Another trend affecting HR's position is the competence shift from reactive problem solver (mostly in employment-related issues) to proactive change consultant and adviser. As competency in implementing strategic change is one of the most critical success factors in organizations, HR's contribution to this implementation strengthens its position. It is assumed here that knowledge of conducting change processes is one of the core competencies of modern HRM in most contexts: "*HR practitioners who are unable to function as change agents will inevitably create a barrier against their becoming a well-integrated*

strategic partner. Therefore, the role of change agent also mediates the relationship between certain HR competencies and organizational performance" (Long et al. 2013, p. 2019). This same conclusion has been drawn in many other studies (see e.g. Ulrich 1996; Alfes et al. 2010).

However, it appears two general developments may undermine the HRM professional's power base, not only with regard to change but also more generally. First, structural changes in HRM service production are being made by the outsourcing of non-core operational tasks (Stroh & Treehuboff 2003). Outsourcing takes the decisions further away from the organizational reality and may dilute the awareness of how people feel when HR policies and practices are implemented. This necessarily affects HRM's strategic role, and may erode its power base. On the other hand, it can be argued that outsourcing the routine operational work may leave more space to perform strategic tasks. Second, partly due to cost cutting by reducing the number of personnel in non-line functions, devolving and delegating the HRM activities to be executed by line managers necessarily changes HRM's role (Kulik & Bainbridge 2006). Companies' financial difficulties and cost cutting may also result in an overall reduction of HR resources, thus directing HR activities to simply surviv-

ing. Again, this trend can be seen as an opportunity for line managers to deliver and implement important HR practices effectively, and strategies for involving line managers in HR issues have been developed (Trullen et al. 2016). Both of these trends also affect HR's role by involving it in developmental tasks, and thereby change its strategic position.

In connection to what is said above, Sheehan et al. (2014a) saw these developments as being related to HR's power base, which consists of the power of resources, the power of processes and the power of meanings. Put briefly, the power of resources means the power gained through HR competence (e.g. competence that is indispensable for the organization); the power of processes means access to and influence on important processes (e.g. being a member of the top management team); and the power of meaning involves constructing an HR position by using symbols, rituals and language (e.g. 'corridor power', the signalled value of where you sit and whom you talk with in respect to the top management). It is argued that HR could benefit from building on these value bases (Sheehan et al. 2014a).

One ongoing trend in organizations is the increasing diversity and challenges raised by multicultural issues. Strategic human resource management (SHRM) may successfully contribute to cultural change challenges (Molineux 2013) and at the same time strengthen its resource-based value base (referring to Sheehan above). More vague is how HR is organized in terms of how centralized vs. decentralized HR affects the possibilities for HR to gain strategic importance, and this will be examined in this article.

3.2 Strategic HR: Competencies and the strategic role of HR

To look more deeply into the strategic positioning of HR in our research case, we examined the roles and competencies of modern HR in light of the latest research findings.

Extensive mappings of HR competencies have been published quite recently (e.g. Ulrich et al. 2015, with their synthesis of HR competency models). In this article, we will not cover all of these models; rather, we present only some to give an idea of where the greatest emphasis is placed (see Table 1).

In terms of competence, there were many overlapping categories, partly due to the extensive work of Dave Ulrich and the impact of this on the scientific discussion of HR competencies. The competency categories were very general, and in further analysis they opened up into many more precise competencies; the lists of generic competencies have been criticized for not taking into account the interdependent and situational nature of the competencies (Lo et al. 2015).

It is also important to notice that the descriptions of the competencies and roles were often combined, meaning the relations between competencies and roles remained undefined. We see here that simply performing successfully in a role demands certain competencies. For instance, 'change agent' is a role that demands great understanding of human behaviour during a change – change-specific competencies; the same concerns, e.g. 'administrative expert' and 'functional expert', require HR-specific knowledge and competencies.

The third important point is that the desirable personality traits of an HR practitioner were characterized in the competence models. This meant competencies were perceived in a broad way, and using Boyatzis' definition above also included such things as motives, traits, skills, aspects of one's self-image and social roles; 'personal credibility' is an example of this. Finally, it has also been argued that no one plays all the roles to the same degree, and at times when one role dominates, the HR professional may lose credibility. If the HR practitioner is viewed as being too focused on 'administrative compliance' or as adopting a bias towards 'employee advocacy', there

Table 1. HR competencies and roles

Competency/role	Reference
Knowledge of the business Functional expertise Management of change	Ulrich et al. 1995; Yeung et al. 1996
Strategic partner Change agent Administrative expert Employee champion	Ulrich 1996
Strategic contribution Knowledge of the business Personal credibility HR delivery HR technology	Ulrich & Brockbank 2003
Business partner, strategic partner Administrative expert, functional expert Employee champion, employee advocate Change agent Human capital developer HR leader	Ulrich 1997; Legge 2005; Ulrich & Brockbank 2005
Business knowledge Culture management Relationship skills HR development skills	Long et al. 2013; Boselie & Paauwe 2004; Brockbank & Ulrich 2003; Heisler 2003; Clemente 2003; Kelly & Gennard 1996; Ulrich et al. 2008; Ketter 2006; Werner & DeSimone 2009
Delivery of clerical and administrative services Business partner Strategic partner	Lawier & Boudreau 2009
Strategic management Business knowledge Management talent Employee relations Quality of work-family life Information technology	Payne 2010
Strategic positioner Credible activist Capability builder Change champion HR innovator and integrator Technology proponent	Brockbank et al. 2012
HR technical expertise and practice Relationship management Consultation	Cohen 2015

may be an increase in cynicism about the HR function, and this may block communication (Sheehan et al. 2014b).

In this research, we called for the 'latest research findings' on HR competencies. For that purpose, we did not try to synthesize the competencies in Table 1, but chose the competence model used by the HRCS (Brockbank et al. 2012) to apply here when reviewing our empirical data. Based on the latest round of HRCS, the six domains (i.e. statistical factors) of competencies presented in Table 1 are explained in more detail as follows (Brockbank et al. 2012):

1. *Strategic positioner.* The role consists of understanding the business logic and underlying competitive dynamics of the market they serve, including customer, competitor and supplier trends. They understand the visions and critical success factors of the future, and participate in developing customer-focused business strategies.

2. *Credible activist.* Human resources professionals who are perceived as 'credible activists' "do what they say they will do". They are capable of building personal trust and "positive chemistry" with key stakeholders, and are clear and confident in their communication. They can clearly see the importance of HR in driving business results.

3. *Capability builder.* An effective HR professional contributes to creating a strong organization by identifying and developing that organization's capabilities. Capabilities are part of the organization's culture, and include innovation, speed, customer focus, efficiency and the creation of meaning and purpose at work. "HR professionals can help line managers create meaning so that the capability of the organization reflects the deeper values of the employees."

4. *Change champion.* Effective HR professionals are able to develop their organizations' capacity for change and to build the case for change based on the market and business reality. They are able to overcome resistance to change by engaging key stakeholders. Furthermore, they are able to sustain change by ensuring the availability of the necessary resources, including time, people, capital and information, and by capturing the lessons of success and learnings from failure.

5. *HR innovator and integrator.* Human resources professionals are able to integrate HR practices around a few, but critical, business issues. They can unify the different sub-processes within HR departments to form an integrated whole that pulls in the same direction. Human resources professionals ensure that the desired business results are prioritized clearly and precisely. They also ensure that the necessary organization capabilities and HR practices are powerfully conceptualized and operationalized, and so help the collective HR practices to reach the "tipping point" of impact on business results.

6. *Technology proponent.* The upheaval of technology is having a pronounced impact on the HR profession. For many years, HR professionals have applied technology and HR information systems to the basic HR work. In this round of HRCS, a dramatic change was evident in the implications of technology for HR professionals, as two new categories emerged. First, HR professionals are applying social networking technology to help people stay connected with each other within the organization and with people and stakeholders outside the organizations (especially customers). Second, HR practitioners are seen to play an increasingly important role in the management of information. This role involves both levering the information and knowledge into key decisions and ensuring that the decisions are communicated clearly. This emerging new competency will add to HR's strategic importance.

These competencies and roles are seen to sum up and reflect the 'latest research findings' on

HR, and at the same time the modern idea of HR competencies. All six competencies above were discussed from the business perspective, and the traditional administrative and functional skills were seen in light of the business. This is in line with Ulrich's original definition of business partnering, which means integrating business strategy with people management practices (Ulrich et al. 1995; Ulrich 1997; Losey 1999; Ulrich & Brockbank 2005; Ramlall 2006).

3.3 It is time to split HR?

Another hypothesized perspective relates to the prevailing HR culture, namely whether HR is perceived as a reactive problem solver in emerging personnel problems or as a proactive developer and change agent. This distinction leads us to categorize HR as 'administrative HR' (cf. 'administrative experts', Ulrich 1997) and as 'developmental HR' (cf. 'human resource development skills' and 'change agent', Ulrich 1997). Charan (2014, p. 33) refers to this same idea in his statement on whether 'it's time to split HR': "*Most of them [chief human resource officers] are process-oriented generalists who have expertise in personnel benefits, compensation, and labor relations. […] What they can't do very well is relate HR to real-world business needs. […] they have great difficulty analyzing why people – or whole parts of the organization – aren't meeting the business's performance goals.*" When splitting HR, Charan refers to half as HR-A (for administration, which would primarily manage compensation and benefits) and the other half as HR-LO (for leadership and organization, which would focus on improving the people capabilities of the business).

This distinction also emerges from practical observations of HR cultures in different industries, and this is 'tested' in this research. Of particular interest is whether the proposed 'process oriented generalist' role is an issue related to HR practitioners' competence or rather a sign of an HR culture where the man-

agement does not expect a strategic contribution and thus does not support the development of HR to handle more strategic tasks. Whatever the reason, we believe that assuming a strong productional or administrative HR role will hinder the development of a real 'business partnership' that demands a more creative approach and a wider perspective.

As we have adapted more of an organization culture view, rather than focusing on competence, in this discussion we are not reviewing HR competencies separately or going further to define every single competence, and will examine our research case using our dichotomy (administrative vs. developmental HR); however, we add the strategic element to both HR competence areas. According to our hypothesized role of the impact of different-level strategies on HR's strategic position, we consider that both competence areas might have strategic relevance, but that this may appear differently when looking from different strategic levels (group or business level). This idea is illustrated in Figure 3. Our 'split' of HR roughly follows the principles above, with some required adjustments. First, allocating a functional HR task to either of the boxes depends on which features of the action are emphasized. For instance, recruitment can be seen administratively as a production process or as an important tool for renewing the competence base and culture of the organization. Second, recognizing the strategically important HR items among all 'operative items' is difficult. Picking up recruitment again, it can be seen as one of the most important strategic issues or a routine task, depending on the business phase and personnel group. Third, there are also generic competencies other than strategic competencies, and not all generic competencies are necessarily strategic; for instance, 'business acumen' may also imply an everyday understanding of the business, which is needed to survive in ordinary HR jobs. Human resources practitioners see a lack of HR competence as a serious issue; recent
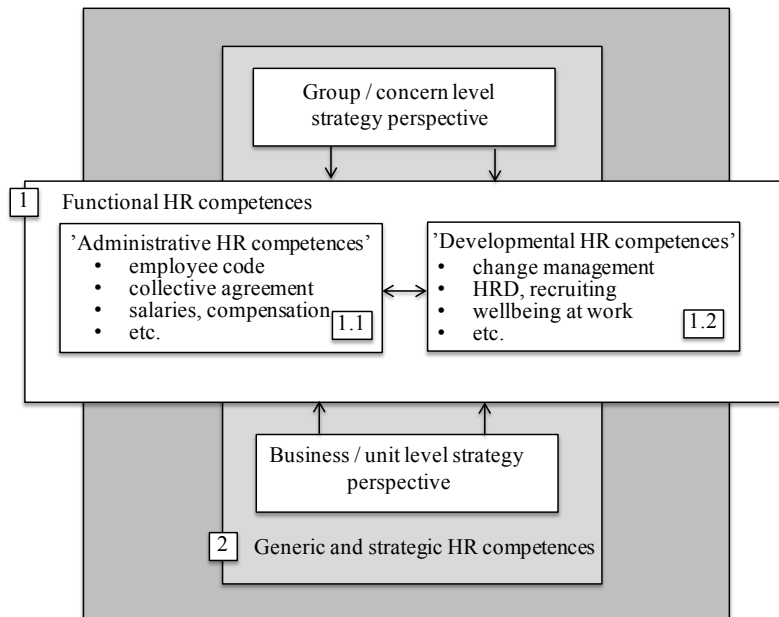
Figure 3. Administrative, developmental and strategic HR competencies

research (Wright et al. 2012) indicated that chief human resource officers (CHROs) consider this dearth the biggest reason for not meeting their CEO's objectives (Cohen 2015). On the other hand, the competence approach leads to overwhelming demands to practice effective employee and labour relations, compensation and benefits, training and development, workforce planning and employment, personnel wellbeing, management development, risk management and strategic management, as well as possessing knowledge of HR technology and all of the other foundational elements crucial for success in HR. Even more demands can be set; an HR professional must also be effective in ethical practice, communication, consultation, critical evaluation, global and cultural sensitivity, relationship management, organizational leadership and navigation and, finally, business acumen (Cohen 2015). We are not able to perceive the strategic success of HR through all of these competence desires, and so have chosen Figure 3 as our starting point.

To conclude our discussion on HR roles, we identify three main types of role: an administrative role focused on HR practices delivery, especially in the employee relations and HR production tasks (1.1 in Figure 3); a developmental role focused on HRD, wellbeing and management and leadership development tasks (1.2 in Figure 3); and a strategic role focused on identifying the strategic HR issues among all HR responsibilities, which benefits in particular from knowledge of and competence in change management, and involves the generic business competencies (2 in Figure 3). In addition to those three main roles, we identify self-belief and social factor competency clusters, which have been recognized as the most important predictors of job success (Lo et al. 2015). After having drafted our big picture, we must move to 'test' our ideas in practice.
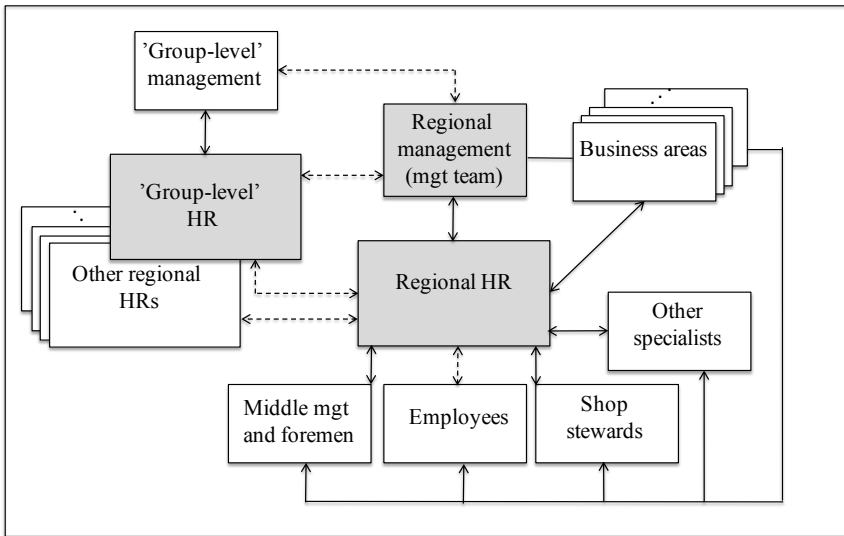
Figure 4. The research group organization

4. The research group and material

The research is a qualitative case study. A qualitative approach was chosen because we were trying to gather a view of the delicate issue of an HR culture, which demands understanding and interpretation and does not easily lend itself to surveys. The interviews were conducted with participants from one large group (network of companies) operating in the retail and service sectors. The network of co-operatives extends throughout the country, and the whole group has nearly forty thousand employees; the interviews were executed in one regional co-operative of over two thousand employees. The research group consisted of the regional-level management team (six members, namely the CEO and the directors of different business areas) and four HR practitioners. All HR specialists can be regarded as generalists as the principle is that they can serve clients in dealing with all emerging issues; however, every specialist also has his or her own area of expertise. Human resources were decentralized when looking from the group perspective, but centralized when looking from the regional perspective. Only one of the HR practitioners was placed and hired by the local business unit. To describe the potential HR relations, the general-level organization chart is presented in Figure 4.

The main areas of interest are presented in grey boxes and with connecting arrows. Regional HR and its strategic relations with the regional management (team) and the business areas containing numerous business units is the main concern; however, the strategic role of the whole group is also reviewed. Based on the preliminary orientation, it seems that in our case the group-level strategic impact is mainly built on voluntary co-operation (with the exception of large system issues), and so those connections are indicated by dotted arrows. The dotted arrow between regional HR and employees indicates the rare direct connection (more commonly through foremen), while some of the shop stewards are organized in HR. There are many other important relations indicated in Figure 4, but because of the framing of this research, some

of them are only referred to briefly.

The method used was a semi-structured interview, and interviews were initiated by asking broad questions relating to the main themes stemming from our research aims: (1) what is the critical competence of your organization? (2) what is the position and role of HR and relation between HR and the top management? and (3) what are the expectations from one another? The answers were recorded, transcribed and analyzed within the created framework.

5. Results

5.1 The perceptions of top management and HR practitioners of the HR competencies and roles related to general HR competency models

We first examined the strategic role of HR and the competencies behind it in light of the latest competence research, and of how the perceptions of HR practitioners and the top management relate to that. Looking at the categories in Table 1, and especially the six competence categories of Brockbank et al. (2012), it was easy to identify that the descriptions illustrated a far lower theoretical and strategic level. Where the competence categories of Brockbank emphasized strategic and generic competencies, the emerging roles and competencies from the interviews were 'HR delivery of HR practices' (competencies that reflect expertise in HR's own speciality, i.e. employee relations, appraisal, salaries, staffing, etc.; see Ulrich et al. 1995). This is just one brief example (in the examples, the following abbreviations will be used for informants: MT1–6, members of the Management Team; HR1–4, HR practitioners at the regional level; note, the HR director is also a member of the management team, and is included in that group):

> MT 3: *[…] It is important that they are professionals in that ['traditional' HR] area.*

Although all of the HR specialists were regarded as generalists, they had their own area of specialization; however, no differences were identifiable with regard to their orientation towards general theory-based competence areas. The most important observation, in our view, was that although nearly all 'theorists' have for years taken up change management competence ('change agent' or 'change champion', as mentioned above) as one of the most important competence areas for an HR professional, neither HR specialists themselves nor the top management mentioned it (cf. Brockbank et al. 2012; Ulrich et al. 1995; Yeung et al. 1996). According to our dichotomy, 'administrative competencies' ('HR delivery') were emphasized, but without closely considering the strategic connections in either direction (cf. Figure 3).

5.2 A shared vision of the critical competencies of the company

In our second research question, we asked how the core competencies of the organization are perceived by top management on one hand and by HR on the other hand. The idea behind the question is that the more in line the perceptions of strategic competencies, the easier it is to unify and form a fruitful partnership. We thought that the way in which HR practitioners in particular perceived and defined the strategy (with core competencies as an essential part of the strategy in our case) would reveal the chances for forming a real partnership with management. It is regularly argued that HR practitioners often fail to speak the language of the management (see e.g. Suff 2004), and we wanted to determine whether there were 'language problems' in our case.

We did not examine the implementation of the whole or the 'formal' strategy, but we selected this competence view of the strategy for two reasons. First, the regional HR was involved neither in the group-level strategy nor in the business area-level strategy implementation as an actor. Second, the applied 'competence view' to evaluate strategic uniformity

suits the discussion at the business-area level, where the business strategies are applied in practice and where the strategic meaning of competencies is obvious.

In the interviews, the business-level 'competence strategy' was discussed by asking, "*what do you see as the critical or core competence of the business in your organization?*" In the analysis of the conversations, it was found that the informants considered the competence issue on quite a general level, which was a little surprising because competencies perceived at the business level were assumed to be one of the most important critical success factors. Here are two examples:

MT1: [critical competencies of your business?] *[…] as we are in the retail business, it is the experience of the customer and knowing the customer […] understanding the shopping behaviour. […] On the other hand, to understand the competitor […] keeping our eyes open.*

MT3: *[…] managing the logistics so that there will not be too much spoilage […] [competencies] in general customer service and selling.*

Unsurprisingly, all management team members emphasized competencies in customer service, but offered no more detailed analysis of what in the customer service would differentiate their business from one of their competitors. In addition, HR practitioners emphasized self-evidently the customer service competencies. One of the HR informants took up the principle that the means to achieve the business goals should be acceptable. This implies the 'restrictive or limiting role of HR', which was referred to by the business side and to which we shall return later.

No one in the management team took up the development of competence management, whereas it was mentioned by the HR practitioners:

HR1: *[…] We have considered it in these latest competence models. [At the group level] we speak about 'competitive advantage capabilities'. It is just the same as this 'critical*

or core competencies' or whatever. […] We have considered if the competencies should be defined at the group level [or at the business level] or should HR have its own. […] I think that the group should have some competencies defined and [at the business level] they should have their own which are derived from the group-level competencies.

HR3: *[…] some years ago, we started speaking about competence management […] then our management team worked on 'competitive advantage capabilities' together with [the centralized training unit]. We started to recognize [the capabilities] but can't remember what they would be […]*

This observation may imply that the business managers are more oriented towards their own businesses, whereas HR is employed more widely to develop generic regional or even group-level competencies. As HR seems to be a 'problem solver' at the regional level ('an administrative role', as confirmed by the interviews later), the 'developmental HR role' is not expected by top management.

To conclude, the perceptions of the competence strategy are very general, and as such, nothing implies any possible confrontation or 'language problems' between the top management and local HR. However, the way competencies are discussed by the managers does not challenge HR to create and implement activities in competence development at the business level. As the strategic guidance in the corporation is weak, and no or infrequent strategic initiatives and assignments on competence management come from the group level, the strategic power of HR is not fostered by any means. Human resources on the other hand does not analyze or describe the content of the 'critical competence', and does not use the competence-based tools typically utilized by 'developmentally oriented HR'. This indicates that the interest, or at least the attention, of HR is elsewhere (in 'administrational HR' perhaps), although weak signals of such a wider interest are perceivable.

5.3 The mutual understanding of HR competencies and roles within the organization: The top management perspective

In the third and the fourth research questions, we examine how HR itself sees and defines its actual and desired role, and how the top management sees and defines the actual and desired role of HR. We are especially interested in how both groups perceive the strategic role of HR. We are reviewing first the positions of the top management. Again here, most of the answers started by self-evidently defining the role of HR as 'supportive' with regard to business:

> MT1: [HR role?] *[…] is similar to [the roles of] other supporting functions, which means that it should support the business […] that it is adding value to business and the experiences of the customers.*

More interesting were the answers that commented on the actual position and roles of HR:

> MT2: *[…] I myself see as most valuable that it [HR] solves these juridical problems […] as a situation emerges where juridical advice is needed. It is a relief that I don't have to spend my time on that.*
>
> MT3: *[…] the starting point for all is that we are following the collective agreements, and of course, the most important thing is that the salary is paid to the account […] that they [HR] are professionals in that.*
>
> MT4: *[…] it [HR] takes care that the formal things and things based on law are taken care of. That all the things that must be handled in a certain defined form are of HR's responsibility […] one essential part of those things is work safety. […] And of course, HR is needed in problem-solving situations.*
>
> MT5: *[…] I believe that the business perceives HR as a supporter and as the one who helps in some difficult situations.*

The comments and viewpoints demonstrated that the top management were unanimous in perceiving the actual role of HR as,

what we termed above, a 'problem solver' or 'administrational HR'. This role requires knowledge of the labour code, legislation and collective agreements, and the ability to provide instructions and rules for dealing with associated problems that arise. It demands professional skills in terms of identifying the content issues, but also negotiation and interactions skills. It also involves a reactive mode and customer-service orientation in assisting in solving problems that emerge. The professional HR skills implemented in addressing these issues were much appreciated by the regional top management. However, this role can also be ambivalent in the sense that it restricts and sets limits for business-based operations:

> MT3: *[…] HR should be more business oriented so that they would not only hamper the business […] we have a meticulous HR at the moment, so it every now and then sets restrictions to our creativity.*

This role-based tension between being 'business supportive' and being 'restrictive' (delivering normative HR practices) is one example of the tensions that HR is inevitable involved in given its specialist function (cf. Sheehan et al. 2014b). Balancing business-oriented roles and 'traditional' HR roles may raise dilemmas that must be reconciliated (cf. the Dilemma Theory of Hampden-Turner & Trompenaars 2000).

One of the business unit managers [MT2] has had one HR practitioner serving [his/her] own business for a year now, and the manager is happy with the decision:

> MT2: *[…] you are out of the map very easily when you go to [locally centralized HR] about what the truth is […] when [the HR people] sit here within ten metres […] and all HR things go through me and [their own HR people] […] I don't believe in the centralized model of HR […] I think that there are too many people in [the locally centralized HR]. […] You should be able to see things from the people's perspective and it is easier when you are tied up in this business.*

Although emphasizing the advantages of literally sitting closer, the comments of MT2 reflect an administrational and 'problem-solver' role for HR in this case. Thus, being organized as a part of the business and sitting within ten metres of the 'strategic core of the business' does not necessarily mean the HR role is more 'developmental' or strategic.

Referring to the statement of the business manager, the role of centralized HR – even regionally centralized – can be experienced as remote and loose, as the core of the business strategies exists in different businesses, not at the centralized level. However, in many large corporations, strategic development projects (like the group-level concept 'competitive advantage capabilities') are initiated at the group level and implemented with the help of regional HR. This provides some form of developmental and strategic role for regional HR. In our research case, the strategic guidance was more voluntary and co-operative in nature, meaning the strategic role of the regional HR was not built up and supported by centralized strategic projects.

5.4 The mutual understanding of HR competencies and roles: The regional HR perspective

Next, we analyzed the regional HR's views on its own competencies, its actual duties and its desire to take a strategic position. Overall, HR practitioners' views on their actual duties and role seem to match closely those of the top management. The HR specialists seem very confident in their own professional skills in terms of 'administrational knowledge' and expertise. The strategic role of HR is largely understood by the regional HR director (MT5), who is a member of the regional management team. MT5's role is to mediate the strategic impulses from the regional management to the regional HR, and vice versa. The HR practitioners seem generally happy with this arrangement, although there is a strong desire to have more strategic power:

HR1: *[…] we should always have representation in the regional management teams […] things usually come too late to us […] we should already be involved in planning, and not only in implementation. […] the company should exploit our know-how in these issues [also in strategic meaning]*

HR2: *[…] by the means of one hundred foremen, we are contributing to the employee brand to achieve what is promised in the strategy.*

HR3: *[…] we don't have a strategic position […] we are always coming too late to new things […] we are very seldom in front of the line in getting things through […] our value is not seen in the company at the moment […] we are missing the partnership with the management […]*

Despite experiencing being valued with regard to professional competencies in 'administrational know-how', the respondents expressed a strong desire for a more powerful strategic position in which they would be involved in planning phases and have membership of the regional management team. A formal position in the management team is one desire (and this would also have symbolic value); however, informal ad hoc strategic discussions between HR practitioners and the management have also been emphasized previously (Sheehan 2014a). In our case, the desire for these informal discussions was not clearly expressed by either of the groups.

Human resources practitioners seem to have become competent in both the administrational and developmental HR that form part of everyday HR business. However, they were also confident in their ability to take a more strategic and business-minded view on HR issues, and expressed their willingness to be involved in business:

HR3: *[…] we are seen as confrontational and as a threat to business, even though we would like to fully operate in the same frontline; people think that HR does not understand anything about business. Of course we under-*

stand business. We have all come here from managerial positions and we have all been in business. That's not the question […]

The valuation is hard to determine. For example, HR managers rated their own ability significantly higher than the non-HR managers rated them in strategic management and business knowledge (Payne 2010). So it appears working in a 'non-business' job makes it extremely difficult to have creditability in business competence; it seems that people are stuck in their previous roles and that it is difficult for others to imagine them taking on new responsibilities. However, one should be able to break through the barriers and prejudices through their own behaviour, as one HR practitioner states:

HR3: *[…] what we could start with is interaction with the management. We should simply go and ask what they want. As we are not doing it right now, you [non-HR people] are only guessing what [HR] is messing around with […] they [HR] are only an expense for us […]*

Of course, it is far easier to know what the senior manager wants if you sit close to him/her, as in this case:

HR4: *[…] as I work in direct service of [the business area director] it is completely seamless and decision-making is quick; so it's very close […] and I am able to spar with him […]*

The six HR roles outlined above (Brockbank et al. 2012), and which we chose as criteria for our evaluation, emphasized the effect of personal features, such as 'credible activists' who are capable of building personal trust and 'positive chemistry' with key stakeholders. Furthermore, actively and professionally taking care of the 'administrative HR duties' can create personal trust, as was the case in our research – the professionality of HR was acknowledged in this respect. However, absorbing an entirely new strategic role is difficult in the prevailing culture where it is not expected, where there are customary ways and routines for conducting HR tasks and where HR people are fully occupied by

everyday tasks. All of the HR practitioners said they had a business background, which would mean they could successfully adopt the business orientation and develop if they had the opportunity.

5.5 Strategic HR roles in centralized and decentralized structures

Figure 2 introduced our framework for a more detailed discussion of the strategic roles of HR. In Figure 5, we present a general description of the HR roles in a large corporation. The description is based on experiences in similar contexts, and it forms a kind of generic model that serves as a basis for examining our case organization. The primary roles are presented in the grey boxes, while the primary role of decentralized HR is indicated by a thicker frame line (bottom right). Using arrows, we indicate the prevailing strategic relations between the HR roles in our case organization. The size and width of the lines indicate the potential of the strategic connection; the dotted line signifies the co-operative nature of the relations, which means loose economic control. In a more ordinary situation there would be a tighter economic control system where the strategic position of regional HR is formed both by being part of the group-level strategy process and by earning a strategic position by being involved in the implementation of business-level strategies.

In our research case, all of the relations between different HR roles are co-operational (dotted arrows). This is due to the 'upside down-turned concern structure'. Now centralized HR produces strategic services for the group, but 'buying' them is voluntary for the decentralized HR (HR role11 – HR role21). In an organization with strong centralized economic control, the connection between the HR roles11–12 would be stronger, forming an implementation chain where both HR levels would also be involved. The role of the centralized HR in producing strategic services for the businesses and their direct contacts were

Strategy perspective

Concern/group
1

Business areas (units)
2

HR role$_{11}$
- implementation support of group-level strategies
- initiating and implementing strategic HR projects (competence mgt etc.)
- group-level HR strategies and policies

Centralized
1

HR role$_{12}$
- strategic HR lining and coordination
- consulting regional HRs consulting regional MGTs

HR

Decentralized
2

HR role$_{21}$
- implementation support of group-level strategies
- implementation support of group-level HR projects (competence mgt etc.)
- executing group-level HR strategies and policies

HR role$_{22}$
- implementation support of regional-level strategies
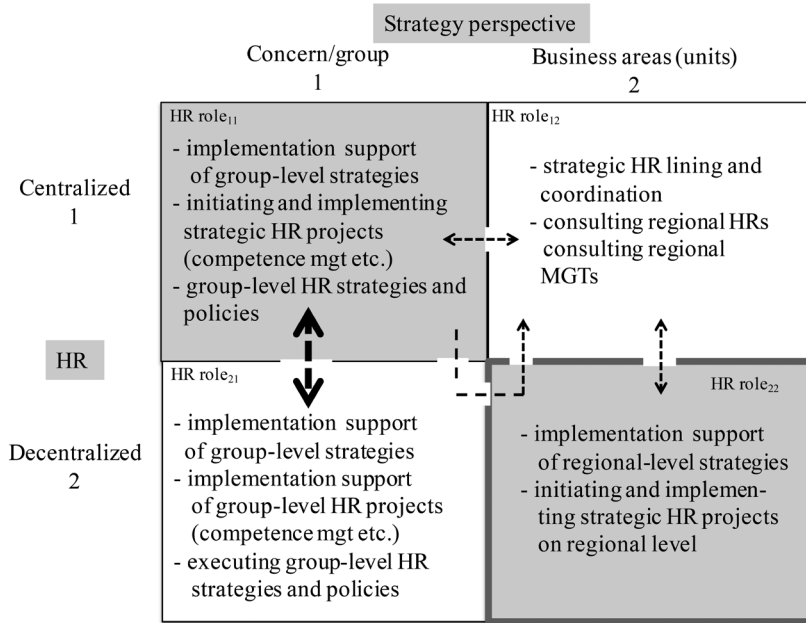- initiating and implementing strategic HR projects on regional level

Figure 5. Generally defined roles for group- and regional-level HR, and connections in the case organization

diminutive; however, there might be some contacts through or together with the decentralized HR in HR role$_{12}$. In another situation with the strong involvement of centralized HR in role$_{12}$, problems might emerge without good coordination of centralized and decentralized services. Here, the decentralized HR acts autonomously in its actual role$_{22}$, without interference from the group-level HR.

Referring to what was said before, the guiding strategic role of the group in our case organization is mainly based on voluntary co-operation (with the exception of wide system projects and some other 'vital issues'). Group-level projects related to strategically important issues and strategic HR contents are produced, but they are internally marketed by the centralized organization and purchased by the business organizations. This means the strategic role of regional HR lacks the support and power of group-level strategy (e.g. the formal strategy process). In many

corporations, the regional HR contributes to implementing the group strategy and at the same time absorbs strategic power. In our case, the regional HR is more independent in gaining strategic power through its own performance.

Overall, the conclusion is that in our case the 'role$_{22}$' is most vital for regional HR in gaining strategic power, and it is supported only by 'voluntary' co-operation with the group HR and 'colleague HRs' in other regions (see Figure 4, the research organization).

6. Conclusions and discussion

The mainstream research on HR competencies has focused on identifying generic HR competencies using a universalist approach (Lo et al. 2015), and this trend has attracted many followers. However, another trend that builds more on social phenomenology has also emerged. This 'school', which could be called 'situationalists', views competencies as

a function of the context in which they are activated. Instead of generic competencies, situationalists focus on context-specific HR competencies, arguing that the importance and relevance of some competencies will vary in different contexts and situations (Lo et al. 2015; see Capaldo et al. 2006; Le Deist & Winterton 2005). In this research, we employed the generic competence perspective, but examined the challenge of 'being seen as strategic' from the contextual and organizational culture point of view; in other words, what the practical chances for realising the competency potential of HR are. This led us to apply one of the latest generic HR competence models (Brockbank et al. 2012) as a baseline; however, competence evaluations were not based on efforts to measure the competencies exactly and 'objectively', but rather on the subjective perceptions and views of the informants. We see this choice as relevant because it is the competence image alone that directs the performance in practice as well. This basic orientation led us to consider why generic HR competence models so often fail in improving performance (cf. Caldwell 2008), and if there are reasons other than competencies that impede the development of HR performance.

Based on our interviews, conducted with informants from a large group (network of companies) operating in the retail and service sectors, the following conclusions can be drawn.

First, in large corporations the strategic role of decentralized HR is often strengthened by being involved in the formal strategic process, which is assisted by the group-level HR. This demands forming an implementation chain where both HRs (group level and decentralized) are involved, and where the decentralized HR gains power with regard to the regional management. As this was not the case in our research organization, gaining strategic power and position was more dependent on HR's own performance. We

hypothesize that this is a more general perception as well.

Second, the management did not expect HR to take a strategic role, and perceived a lack of business orientation in HR. The top management expected a good performance in the traditional administrative HR services, and there seemed to be a strong and established management culture in this respect.

On the other hand, third, HR was performing excellently in their traditional and administrative responsibilities, but this did not guarantee them a strategic position. Vice versa, it can be argued that performing well in administrative HR may strengthen the administrative position and hamper the development of more strategic and developmental roles. Administrative HR roles are crucial for success in everyday business in terms of eliminating work-life disturbances, and management is not willing to take any risks in this respect.

Fourth, scarce HR resources and the workload involved in everyday HR tasks do not leave room for the more developmental and strategic HR roles that cannot be developed overnight. Consequently, during economically challenging times, there is a general trend to concentrate on the 'essential', which is also true in HR, and this means typically an administrative focus.

Fifth, the HR practitioners' actual competencies and the potential to develop strategic and developmental competencies, together with the HR practitioners' own desire to have more strategic power, do not guarantee a strategic position. The prevailing established management culture and everyday challenges discussed above will effectively block the movement to new HR roles. However, strong personal roles such as 'credible activists', who are capable of building personal trust and 'positive chemistry' with key stakeholders, and who are clear and confident in their communication and can clearly see the importance of HR in driving business results,

may help in breaking the cultural barriers (see Brockbank et al. 2012; Ulrich & Brockbank 2003).

Sixth, being a 'change agent' (e.g. Ulrich 1996) is one of the most essential roles for contemporary HR, and it is discussed in most of the HR competence models. However, in our case organization, it was not referred to or perceived by either the management or the HR. We hypothesize that recognizing the importance of this role and developing competencies for it would also add to HR's strategic power.

To summarize, it seems that the order favoured in the generic HR competence models is 'strategic competencies' – 'developmental competencies' – 'administrative competencies', whereas in practice the order is the opposite. The old management culture that has difficulty visualizing people in new roles, established ways of acting and everyday administrative challenges, together with scarce HR resources and tight schedules, effectively hinder the development of strategic HR competencies. Therefore, referring to the main question in the headline of this article, we argue that forming a strategic role for HR is strongly culturally bounded – it is not only a competence issue. The cultural and practical factors might not even give HR specialists a chance to demonstrate and develop their strategic capabilities, and the culture and the barriers are so daunting that it would take an exceptional person to break through. Having said that, we concede that our conclusions were drawn while not working with and test-ing 'real competencies'. A more precise examination of how the 'strategic competencies' actually appear in practice, and an evaluation of the actual skills of HR in this respect and their impact on the strategic positioning of HR, would demand further research.

These conclusions were reached based on data gathered from one large corporation only, but they are in line with the researchers' experiences of working in many sizeable organizations. The conclusions and observations were also tested in a replay interview with the HR director, and they were found to be valid from a practical observations perspective. One remarkable difference compared to our previous experiences was the nature of strategic guidance; in our case organization, the strategic guidance operates mainly on a co-operative basis (at least seen from the HR perspective), whereas in many other large corporations the strategic bond is clearly stronger. This is also assumed to affect the strategic position of decentralized HR.

As a deflection from the mainstream research on HR competencies, we took up the significance of contextual factors in building a strategic position for and the value of HR. The considered perspective emerged from a practical need to look behind the numerous HR competence models. As we based our research on limited data, more research in different contexts is required to confirm the significance of contextual and cultural factors in forming a strategic position for HR.

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