



HR: Are You Being Strategic?

Theresa Welbourne

The June Leadership Pulse went out to HR executives only. We investigated their confidence in a number of key HR-related business issues, and we asked questions about how these senior HR executives were spending their time. In particular, we asked what their most challenging and least challenging work was and the effect of those projects on business outcomes.

The first set of results focuses on the confidence questions. Below is a summary of the results from 336 HR executives. The data show the percent of people who said they were confident (either somewhat confident, confident, or very confident) in each of the following aspects of HRM (ordered from lowest to highest).

Question	Percent reporting they are confident in this factor
Your personal ability to influence the CEO	76.3%
Your senior leaders' effectiveness as HR leaders.	78.7%
Your career potential in your own organization.	81.3%
Your personal ability to influence senior leaders in your organization on strategic business issues.	84.6%
That you are spending your time doing the right things for your organization to be successful.	85.5%
Your HR team's ability to execute on HR strategic work.	87.6%
The overall effectiveness of your HR department.	94.7%
Your career potential outside of your organization.	97.0%
Your HR team's ability to execute on HR tactical work.	97.9%

Learning From The More Confident

In order to understand further what respondents who were confident in their ability to influence the CEO were doing to enhance confidence, we

did a follow-up analysis. First, we asked respondents to describe their most challenging work. We then coded those open-ended comments to get a sense of the type of assignments that these HR executives were tackling.

Those who were most confident in their ability to influence the CEO reported working on compensation performance management projects and selection/staffing. Of those working on compensation-related work, 91% were confident in their ability to influence the CEO. Compare this to 61% of those working on HR administration work, 62% of those working on HRIS projects, and 67% of those working on employee relations work. The second highest category of challenging work was organization development (OD) work (e.g. change management projects primarily) with 77% of those reporting confidence in being able to influence the CEO.

What Does It Mean?

On average, respondents report spending 32% of their time on the most challenging projects. Thus, challenging work is taking up 1/3 of their work week; this activity is estimated to have high impact on the organization. I asked specifically the level of impact their most challenging work had on the following, and you can review the scores that resulted (1 to 5 response format, with 5 being highest impact):

Area that challenging work will impact	Impact score (5=high impact)
Improving work for the overall employee population	4.08
Perceived success of your HR team.	4.16
Executing your firm's strategy.	4.12
Helping the senior leadership team.	4.24
Being a strategic leader in your business.	4.25
Your organization's overall financial performance.	4.38

These data indicate that the impact of the most challenging work on key business metrics is being reported to be very high. If I put all of these pieces of data together, it says that HR executives, who report being able to influence their CEOs (thus influencing strategy), are spending their time on:

- Compensation and performance management projects
- Organization development work, and
- Selection / staffing projects.

Also, these projects are having high impact on numerous business outcomes.

Why Compensation, OD, and Staffing?

Think about what one does in these three areas. Compensation and staffing are key HR functions for any CEO. And when you change strategy (which happens with OD interventions or change management programs), then one of the first things you do is realign people and pay. In merger situations, jobs are realigned, and then compensation follows.

Compensation systems communicate the key strategic priorities of the business to employees, particularly to the senior management team. Staffing plans allow you to grow the business; you are choosing who's "on or off" the bus. Staffing is key to long-term survival and growth, succession, and more. And organization development efforts keep change alive in your business, develop your leaders, and enhance the skills levels of everyone who you've hired and to whom you are providing compensation. As a bundle of activities, it's not surprising to me that these three rise to the top.

Human Resource Management vs. Human Resource Leadership

All of us working in the field called HR have been recrafting the language of our discipline over the years. We transitioned from Personnel Administration to Human Resource Management, and now we are striving to claim the Human Resource Strategy space. I'll add yet one more term to the long list. I think we need to differentiate HR leadership work from HR management work.

High impact work, in general, is about HR Leadership. This work may or may not be done by the HR department. Compensation, OD, and staffing work are reported to be work that is challenging and has high impact on business. Working on these HR areas results in higher ability to influence the CEO and with it, the firm's strategy. Perhaps HR leadership, defined as influencing leaders and transferring HR skills to them, is the first path in HR

“being strategic.”

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