

Human Resource Competencies for Managing Challenges

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Abstract

Worldwide all organizations are facing lot of challenges, which influence the organization performance, survival and existence. Organizations spend most of their time to learn it and thinking how to overcome or manage those challenges. They have understood the importance of the development of Human Resource Competencies as one of the tools to overcome human resource challenges.

Organizations believe that each manager and leader of the human resource function must develop competencies over time. The Human resource competencies are very important to the organization because they help to manage the challenges without any huge investment and other organizations cannot easily get them like other resources. Human Resource Management competencies are a core for every organization because performance of the organization depends on the effective role of human resource within the organization. When they involve more concentration on training and development as well as encouraging learning they can easily develop the competencies among the staff.

Organizations must endeavour to capture their market capitalization through Intangible assets (Intellectual capital). One of the key constituents of Intellectual capital is excellent people. Developing Human resource competencies can contribute to make excellent people to the organization

As top executive expects Human resource managers to assume a broader role in overall organization as strategy, many of these managers will need to acquire a set of competencies.

The success of human resource professionals' performance depend on the Human resource competencies which they possess. Therefore it is essential for human resource professionals to develop themselves to be effective managers.

This paper offers answers to the questions such as what is the meaning of Human Resource competencies. And what competencies human resource managers need to succeed or develop? What is the meaning of Human Resource challenges, and what are the Human Resource challenges? Can the major challenges be countered by the Human Resource competencies?

Keyword(s): HR Competencies, Challenges, Develop, Intellectual capital

Introduction

This paper discusses the Human Resource Competencies and managing challenges. Organizations believe that each managers and leaders of the human resource function must develop competencies over time. The Human resource competencies are very important to the organization because they help to manage the challenges without any huge investment and other organizations can not easily get them like other resources. Human Resource Management competencies are a core for every organization because performance of the organization depends on the effective role of human resource within the organization. When they involve more concentration on training and development as well as encouraging learning they can easily develop the competencies among the staff.

Environmental changes are transforming the way organizations create value and conduct business. In particular, enterprises of all sizes are increasingly focused on both the issues and opportunities related to their human assets. This overall trend represents an ongoing challenge, compelling human resource departments to accelerate their capacity for change. But, what major challenges HR face? And what new capabilities and competencies will professionals need to succeed? This paper offers answers to these questions by advocating for a specific functional direction, a particular set of roles, and a range of competencies that HR should master to meet ongoing challenges

Components of Intellectual capitals are structural capital, Human Capital, social capital, emotional capital, relationship capital, and Knowledge capital. Organizations must endeavour to capture their market capitalization through Intangible assets (Intellectual capital). One of the key constituents of the Intellectual capital is excellent people. Developing Human resource competencies can contribute to make excellent people to the organization.

Competencies

Competencies are those behaviors or sets of behaviors that describe excellence in performance within a particular work context. They can be useful in clarifying work standards and expectations, help focus appraisal and reward systems, and align individuals with the institutional or department mission. A number of topical

areas and competencies have been identified and on what is believed to be the building blocks and requisite skills needed to be successful as a human resource professional. While specialists may be highly skilled in a relatively narrow field, generalists, by their very nature must have a broader base from which to operate. They must have a wider perspective on the issues and the workplace environment.

As top executives expect HR managers to assume a broader role in overall organizational strategy, many of these managers will need to acquire complementary set of competencies (Yeung, 1994).

These competencies are:

Business Mastery: HR Professionals need to know the business of their organization thoroughly. This requires an understanding of its economic and financial capabilities so that they can “join the team” of business managers. It also requires that HR Professionals develop skills at external relations focused on their customers.

HR Mastery: HR Professionals are the organization’s behavioural science experts. In areas such as staffing, development, appraisal, rewards, team build, and communication, HR professionals should develop competencies that keep them abreast of changes.

Change Mastery: HR professionals have to be able to manage change processes so that HR activities are effectively merged with business needs of the organization. This involves interpersonal and problem solving skills, as well as innovativeness and creativity.

Personal Credibility: HR professionals must establish personal credibility in the eyes of their internal and external customers. Credibility and trust are earned by developing personal relationships with customers, by demonstrating the values of the firm, by standing up for one’s own beliefs, by being fair-minded in dealing with others.

The ability to integrate business, HR, and change competencies is essential. By helping their organizations build a sustained competitive advantage and by learning to manage many activities well, HR professionals can emerge as full business partners.

Now, turning attention towards performance competencies of HR professionals, involves beginning with those key job skills common to many specific positions within the human resources field. The following list of fourteen key competencies was established by Wilson (2000), Associate Vice President - Human Resources, SUNY Upstate Medical University, after reviewing research on workplace competencies.

Relationship Focused: approachable; relates easily to diverse groups and individuals; builds and develops relationships

Customer Focused: focused on all aspects of service and product delivery; always knows the customer comes first.

Organizational Skills: able to set priorities; time and meeting management skills; able to delegate.

Problem Solving: ability to weave through necessary channels to accomplish outcomes in complex settings; understanding of processes and quality improvement.

Assessment of Talent: ability to judge and assess talent, recruit and select staff appropriate to current and future organizational needs; appreciation for and emphasis on developing a diverse workforce.

Integrity: forthright; direct; widely trusted.

Intelligence: ability to grasp complex concepts and determine courses of action.

Energetic: action oriented; hard working; likes challenges.

Active Listening: ability to absorb and translate others' statements into objective responses and actions; ability to give and receive feedback in an appropriate manner.

Composure and Professionalism: ability to maintain professional demeanor in difficult or stressful situations; patience with customers; ability to diffuse anger and deal with difficult customers.

Presentation Skills: ability to present and convey information in a wide variety of settings.

Flexibility: ability to cope effectively with change and uncertainty; ability to reprioritize quickly; ability to maintain a balanced perspective and see all sides of an issue.

Vision: ability to see the 'big picture' within the industry, the organization and the function now, and in the future; ability to translate a future state for others and instill a sense of vision in them; ability to motivate others.

Political Awareness: sensitive to political situations; able to assess political climate and how it affects responsibilities.

Competences in all these areas are expected of all members of the human resources organization, to varying degrees depending upon specific job responsibilities. The experienced practitioner is expected to be more proficient than the novice, the departmental manager more skilled than the staff practitioner.

The future directors and leaders of the human resource function must develop, over time, a broad perspective of the field, strong communication skills, and be able to exercise influence over organization managers. Specific skill requirements are dependent upon an individual's organizational role, their stage of career development, and the organizational culture in which they function.

The success of the Human Resources professional hinges on five competencies, according to Ulrich (2000), Professor of Management at the University of Michigan. His research indicates that 12 percent of that success is the professional's understanding of the organization's business. The professional's knowledge of best practices, particularly where to find them, is 16 percent of success. Some 19 percent is the ability to manage culture, 24 percent is the ability to manage change, and 29 percent is personal credibility. The elements of these five competencies are:

Understanding of the Organization's Business: The professional must understand Human Resource practices, the structure of the overall organization, finance principles, and computer information systems.

Knowledge of Best Practices: The professional must be an effective verbal communicator, work with managers to send clear and consistent messages, be an effective communicator in writing, facilitate organizational restructuring, design programs that drive change, facilitate design of internal communication processes, attract the appropriate talent to the organization, design compensation systems, and facilitate dissemination of customers information.

Ability to Manage Culture: The professional must share knowledge with units throughout the organization, champion culture transformation, translate the desired culture into specific behaviors, challenge the status quo, identify the culture required to foster the organization's business strategies, and frame the culture in a way that excites employees.

Ability to Manage Change: The professional must establish trust in relationships with others, be a visionary, take a proactive role in bringing about change, build supportive relationships with others, encourage others to be creative, and identify problems critical to business success.

Personal Credibility: The professional must possess a track record of success, have earned trust, instill confidence in others, have "chemistry" with key constituents, demonstrate integrity, ask important questions, frame complex ideas in useful ways, take appropriate risks, provide candid observations, and offer alternative perspectives on business issues.

Human Resource Challenges

For over a decade, the society for Human Resource Management and the commerce clearing house have sponsored an ongoing study of the most important competitive trends and issues facing HR. These key trends extend beyond "people issues" per se, but they all focus on the need to develop a skilled and flexible work force in order to compete in the twenty-first century (Rothwell 1996).

Going Global

In order to grow and prosper, many companies are seeking business opportunities in global markets. The trend is toward opening up foreign markets to international trade and investment.

For all of the opportunities afforded by international business, when managers talk about "going global", they have to balance a complicated set of issues related to different geographies, cultures, laws, and business practices. Human resource issues underlie each of these concerns and include such things as identifying capable expatriate managers who live and work overseas; designing training programmes and development opportunities to enhance the managers' understanding the foreign cultures and work practices; adjusting compensation plans to ensure that pay schemes are fair and equitable across individuals in different regions with different cost of living.

Embracing new technology

Advancements in computer technology have enabled organization to take advantage of the information explosion. With computer networks, unlimited amounts of data can be stored, retrieved, and used in a wide variety of ways, from simple record keeping to controlling complex equipment. In our everyday living we see bank tellers, airline reservation clerks, and supermarket cashiers using computers to perform their jobs.

Information technology has, of course changed the face of HRM. Perhaps the most central use of technology in HRM is an organization's human resource information system (HRIS). An HRIS provides current and accurate data for purposes of control and decision making; in this sense it moves beyond simply storing and retrieving information to include broader applications such as producing reports, forecasting HR needs, strategic planning, career and promotion planning, and evaluating HR policies and practices.

Managing change

You can't simply maintain the status quo, because somebody's always coming from another country with another product, or consumer tastes change, or the cost structure does, there's a technology breakthrough. If you are not fast adaptable, you are vulnerable. This is true for every segment of every country in the world (Senge 1991).

Programs focused on total quality, continuous improvement, downsizing, reengineering, outsourcing, and the like are all examples of organizations making changes to modify the way they operate in order to be more successful. Some of these changes are reactive, resulting when external factors have already affected an organization's performance. Other changes are more proactive, being initiated by managers to take advantage of targeted opportunities, particularly in fast-changing industries where followers are not successful.

Developing Human Capital

The idea that organizations "compete through" highlights the fact that success increasingly depends on an organization's ability to manage human capital. Human capital is an overall term used to describe the value of knowledge, skills, and capabilities that may not show up on a company's balance sheet but nevertheless have tremendous impact on an organization's performance.

Human capital is intangible and elusive and can not be managed the way organizations manage jobs, products, and technologies. One of the reasons for this is that employees, not the organization, own their own human capital with them, and any investment the company has made in training and developing those people is lost.

To build human capital in organizations, managers must begin to develop strategies for ensuring superior knowledge, skills, and experience within their workforce. Staffing programmes focus on identifying, recruiting, and hiring the best and the brightest talent available. Training programmes complement these staffing practices to provide skill enhancement, particularly in areas that can not be transferred to another company if an employee should leave (Thomas 1994).

Responding to the market

Meeting customer expectations is essential for any organization. In addition to focusing on internal management issues, managers must also meet customer requirements of quality, innovation, variety, and responsiveness. These standards often separate the winners from losers in today's competitive world. How well does a company understand its customers' needs? How fast can it develop and get a new product to the market? How effectively has it responded to special concerns? "Better, faster, cheaper.." these standards require organizations to constantly align their processes with customer needs. Management innovations such as total quality management (TQM) and process reengineering are but two of the comprehensive approaches to responding to customers.

Containing cost

Investments in reengineering, TQM, intellectual capital, technology, globalization, and the like are all very important for organizational competitiveness. Yet, at the same time, there are increasing pressures on companies to lower costs and improve productivity to maximize efficiency. Labour costs are one of the largest expenditure of any organization, particularly in service and knowledge-intensive companies. Organizations have tried a number of approaches to lower costs, particularly labour costs. These include downsizing, outsourcing and employee leasing, and productivity enhancements, each of which has direct impact on HR policies and practices (Sherman et al., 1998)

The 2002 Human Resource Competency Study reports that HR competencies and practices now impact nearly 10 percent of business financial performance, more than double the influence five years ago. As the trend toward outsourcing and electronically processing transactional HR work continues, HR professionals increasingly will have the time and focus to be able to add greater strategic value, the study shows. "We found that in high-performing firms, HR is becoming more of a strategic contributor," said Wayne Brockbank, professor and director of Human Resource Executive Programs at the Business School. "Strategic contributions include culture management, disciplines of fast change, mobilizing the organization for tightly integrated responses to competitive pressures and enhancing the quality of strategic decision-making."

The HR Competency Study has been conducted four times in the last 15 years by Brockbank and U-M Business School colleague David Ulrich. It has involved more than 26,000 participants.

In this year's iteration of the competency study, nearly 7,100 HR professionals, HR associates and non-HR associates from 241 large and small companies in diverse industries around the globe were involved. The results have been shared at business conferences in North and Latin America, Asia and Europe, and have been incorporated into the HR curriculum of Michigan's Executive Education programs. They also will contribute to a HR Competency Guidebook and Self-Assessment offering, now under development.

The 2002 study identified five major competencies? Strategic contribution, personal credibility, HR delivery, business knowledge and HR technology. In the past, culture management, change management and personal credibility were separate "silos," but now they are integrated within the HR function as a new strategic-contribution competency area.

In other key findings, the study reported that HR professionals from high-performing companies are centrally involved in strategically connecting the firm with its external environment, marking a shift in focus from internal to external customers. HR professionals also are taking greater responsibility for building powerful organizational cultures based on market demands and company requirements to execute strategy, and for disseminating these cultural underpinnings throughout their organizations.

Personal credibility and a good track record of results as well as knowledge of the firm's business and its industry are still requisite competencies for HR professionals who seek acceptance as key players in an organization, according to the study. In addition, HR professionals and departments must be able to deliver both traditional and operational HR activities related to development, structure and measurement, staffing, and performance management. HR technology, though promising, was found to have relatively little impact on the corporate bottom line at this point (Bernie 2003)

As Heffernan and Flood (2000) note, "one new and emerging human resource theme is that of competencies and their role in helping organizations cope with the changing environment, and the need to integrate an organization's human resource strategy and its business strategy

Boam and Sparrow (1992) outline a number of business pressures creating the need for new competencies in organizations. Among these pressures are new technology, the drive for quality, more flexible and responsive organization, supply of resources, new competitive arrangements, the internationalization of business and the power of information.

It is also important to keep a futuristic perspective. Recent research on the human resource profession suggests that it is evolving. While a number of tasks and skills required stem from its transactional role within an organization, the future appears to emphasize a consultative role; one that has an eye on the business operations and can add value to the enterprise, an emphasis on customer service, and planning for future needs. It does us no good to prepare human resource professionals for jobs that no longer exist. We must anticipate the changes within the profession and provide training and development opportunities, and guidance to meet the anticipated needs of the future

The role of HR Professionals has been evolving much faster during the current decade than it was ever. The changing environment and increased realization of human value at work have made HR function in general and its managers in particular, every critical to organizational success. In order to understand and map the role of HR professionals in coming years, Dr. William Rothwell, Professor at Pennsylvania state university in association with society for HR Development conducted a broad based study in 1996. The study identified six major trends that will affect and drive during the next ten years. These are: Globalization, Technology, Change, Knowledge capital, Speed in Market change, and cost control. HR professionals have a distinct role to play in

this changing scenario. The study also identified a competency skill set for HR professional that is specially required currently and ten years from now dealing with above described trends. Visioning emerges as a competency for the future skill set. Existing skill sets such as people skills, understanding the business, credibility, developing credibility, comfort with change and consultative approach will remain valid even in future.

In a nutshell, Dr. William Rothwell says HR professionals need to emerge as strategic HR leaders. The study envisages more than a maintenance role for HR leader. According to Schoonover (2003), studies have found that HR competencies are able to meet the on going challenges.

Conclusion

HR Competency is a powerful HR strategy that requires HR professionals learn skills to overcome the challenges for the business to succeed. Develop the HR competencies can give excellent people who are the components of Intellectual capital. Intellectual capital enhances the market capital of the organization.

HR Competencies has been prescribed as an important tool for managing challenges. William (1996) holds that HR challenges could be overcome by the HR competencies. Schoonover (2003) notes from studies also found that ongoing challenges could be met by the HR competencies. Hence HR Competencies are crucial in managing the Human Resource challenges

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