

HR Leaders at the Crossroads: Remaining Relevant in the 21st Century

By Helen Peters and Robert Kabacoff



Ted is an articulate, well-educated man in his mid-forties. He has a relaxed, open approach to people and to life, and gets along easily with almost everyone. After completing his university training, Ted joined Human Resources in the staffing area, moved to compensation and benefits, and from there to a management role. Over his career, Ted worked for several large US-based multinationals, and traveled globally. For several years he lived and worked in Europe. Eventually Ted moved to ABC Industries, assuming a Director-level position in one of the company's major divisions. Ted did well, and when the Corporate V.P. of Human Resources position came open, he threw his hat in the ring. Ted had made a good impression on the management committee and had several strong supporters in the group. In a matter of weeks, he was moving into the executive suite.

Over the next year, the HR function, staff and budget grew rapidly. ABC Industries was undergoing a major transformation, which provided HR with the opportunity to implement many long needed, leading edge programs. Ted's organization was publicly cited in several surveys of HR best practices. Everything was going great. Or was it? Only two years after assuming the V.P. position, Ted was fired, and the HR staff and budget were dramatically slashed. What happened? The market for ABC's products was becoming increasingly competitive, and profit margins were being squeezed. All the new programs the HR team had implemented were taking increasing amounts of time from ABC's line managers, but were not demonstrating pay back in the business terms so desperately needed. During his

tenure, the HR budget had spiraled out of control, and Ted had difficulty explaining what had happened. In executive committee meetings he had little to contribute to discussions of overall business strategy, or operational changes that needed to be made to remain competitive. As things at ABC got tougher, and budget pressures increased, HR and its programs began to look more and more expendable. There was a call to move away from the “soft” stuff and get back to basics. Ted defended his organization, and couldn’t make the level of cuts being demanded.

“My advice is to resist the temptation to believe that HR managers and staff in organizations have a rosy future or, for that matter, any future at all, because there are some profound problems facing Human Resources as a function within organizations.”

Jeffrey Pfeffer, Stanford University

Sound familiar? Ted isn’t the first Human Resources leader to have a difficult time securing and keeping a respected place on the executive team. ABC Industries isn’t the only company where there are questions in the mind of the CEO as to whether or not the HR leader has the right stuff for today’s competitive business environment. As any executive recruiter will tell you, when a CEO is looking for a new head of HR, the first thing he or she will say is, “I don’t want a typical HR type.” They want someone who really understands what it takes to run the business, what will make it prosper, and how people can be mobilized to meet increasing demands on their time, energies, and talents. But like Ted, many of today’s HR leaders are not convincing their CEOs that they can meet those challenges. Today’s stretched organizations and harried management teams have little room for departments that are viewed solely as overhead, a perception which has been the lingering legacy of the Human Resource function. Subsequently, many companies are outsourcing their HR function, and its role has come into question.

Has HR become irrelevant? We don’t think so. Growing globalization, rapidly changing technology, pressures for cost containment, and the mounting importance of knowledge capital are exponentially increasing the demands on the HR function and its ability to contribute in a meaningful way. The need is there. But to remain relevant, HR leaders need to take a long hard look in the mirror, redefine themselves, their capabilities, and their role. They need to realize that the leadership style that served them so well in their move up the HR management ranks, and may have been adequate in top HR positions in the past, will no longer work. The measures of success have changed, and HR leaders need to meet the new standards.

Management Research Group, a global leader in assessment-based individual and organization development, has been studying leadership for over three decades. We have a

THE LEADERSHIP MODEL

The research described in this article is based on Management Research Group®'s leadership model: Leadership Effectiveness Analysis™ (LEA). The LEA model is comprised of 22 specific dimensions of leadership behavior that are measured against six essential functions of the leadership role:

Creating A Vision

- Conservative
- Innovative
- Technical
- Self
- Strategic

Developing Followership

- Persuasive
- Outgoing
- Excitement
- Restraint

Implementing the Vision

- Structuring
- Tactical
- Communication
- Delegation

Following Through

- Control
- Feedback

Achieving Results

- Management Focus
- Dominant
- Production

Team Playing

- Co-operation
- Consensual
- Authority
- Empathy

database containing information on the leadership styles and approaches of over 65,000 managers worldwide. We used this database to answer two questions: Are HR leaders different from the leaders of other functional areas? And if so, how are the most successful HR leaders – the superstars – different from the typical HR type? In other words, what is required to remain relevant in the new millennium?

THE TYPICAL HR TYPE

In order to understand the profile of the typical HR leader, we analyzed the responses of over 25,000 leaders and managers to the Leadership Effectiveness Analysis™ (LEA) Questionnaire. This questionnaire asks individuals to rate their perceptions of themselves on twenty-two specific leadership dimensions. These dimensions define the individual's ability to develop a vision or direction for the organization, to engender the support of others for that vision, to implement the vision in organizational terms, and to ensure that things happen according to the plan. Also measured are the individual's orientation towards achieving results (that is, setting high standards of performance for themselves and their organizations), and their ability to work with and through others.

We compared the leadership style of individuals in the following functional areas: human resources, finance, information systems, engineering and research, administration, manufacturing, customer service, distribution, and marketing and sales. Considering the differences in education, experience, and demands of these various roles, it is not surprising that we found differences in leadership style between and among functional areas. But we also found that there are a lot of similarities among the leadership styles of the different functions – with two notable exceptions. The HR leaders and the marketing and sales leaders are significantly different from each other, and from the leaders of all the other functional areas.

HR Leaders Are Different

Compared to other leaders and managers, Human Resources leaders are:

- *More* likely to demonstrate active concern for people and their needs;
- *More* extroverted, friendly and informal;
- *More* oriented toward building commitment by selling their ideas to others and spending time

While typical HR leaders excel in their traditional role of employee champion, they distinguish themselves in few other ways. The HR superstars, on the other hand, have a fundamentally different approach to leadership.

- trying to win agreement;
- *More* energetic, with a capacity for keeping others enthusiastic and involved;
- *Less* likely to adopt systematic or organized approaches to their work;
- *Less* willing to push vigorously to achieve results by being forceful or assertive.

In effect, these typical HR leaders present themselves as nice people and enthusiastic cheerleaders. While they may excel in their traditional role of employee advocate, they distinguish themselves in few other ways. They are not seen as particularly visionary, innovative, risk taking, hard driving, or results oriented. They are not inclined to challenge the status quo or stand up for unpopular causes. They do not distinguish themselves with brilliant strategies or command of the big picture. The big problem boils down to the fact that the typical HR type is not able to link his/her HR expertise to bottom line measures and results the organization can understand and value.

THE HR SUPERSTARS

But what about the HR superstars? How do they compare to the typical HR profile? To answer this question we went back to our database and looked at the leadership practices of 1,200 HR professionals from 400 organizations and 24 industries throughout the United States and Canada. Men and women were equally represented in our sample. All were experienced professionals and leaders. Once again we used the Leadership Effectiveness Analysis™ Questionnaire to assess leadership style. In this part of the study, we looked at not only the leaders' self-perceptions of their behavioral approach to the leadership role, but the perceptions of their bosses, peers, and direct reports as well. In addition, the 1,200 HR practitioners were rated by all three observer groups (bosses, peers, and direct reports) on how *effective* they are in their role. Effectiveness was measured along three dimensions: overall effectiveness, business skills, and people skills.

We found that the most effective Human Resources leaders have characteristics that are very different from the typical HR leader we described above. Our research suggests that HR managers who wish to be seen as an equal and respected member of the executive team should focus on the following:

OUR ADVICE TO HR LEADERS WHO WANT TO STAY IN THE GAME:

- **Create Business Impact** – See the big picture and the impact today’s decisions will have on the whole organization tomorrow
- **Communicate Clearly** – Send the tough messages and set high expectations for excellence
- **Challenge Authority** – Be a forceful advocate for doing things differently, even if that means standing up to rest of the executive team
- **Know Your Stuff** – Run the HR function as a part of the business, with demands for bottom-line results
- **Take Charge** – Be an independent thinker and demonstrate you are comfortable in the leadership role and managing conflict
- **Take a Chance** – Take risks and test new approaches that will provide clear benefits to the business

Create Business Impact: HR executives need to understand the business well enough to be able to clearly articulate exactly how the HR function can contribute to the future success of the organization. In order to do this, they must take a long-range, broad-based approach to problem solving and decision-making, using objective analysis and thorough planning before presenting their ideas. Short-term wins, or keeping people happy, are not enough. They must understand the linkages and politics within the organization, how HR can make a difference, and the importance of integrating activities. They must anticipate challenges, risks, and opportunities. In essence, they must see around the corners.

Communicate Clearly: It is the job of HR leaders to help employees understand the realities of the business and how they can help create a successful future for the organization and the people in it. They must state clearly what they want and expect from others, and articulate their thoughts, ideas, and views with precision. The effective HR leader can do this by adopting an orientation toward achievement and setting high standards for performance, starting with the performance of the HR function. By ensuring expectations are understood and keeping others well informed, the effective HR leader reduces opportunities for bad judgement and poor decisions, and helps to create a highly competent and focused workforce. The HR executive must be the role model for other leaders within the organization.

Challenge Authority: The job of every member of the executive team is to help the organization reach better decisions. The job of the HR leader is to understand exactly how the HR function can contribute to organizational capacity – that is, the “stuff” that will allow the organization to stay in business. At times, this requires HR leaders to challenge the rules, and not accept decisions as right, good, or inevitable simply because they were made at the top. Frequently, HR leaders complain that they know what the organization needs to do, but feel helpless to change things in the face of disagreement or disinterest from the rest of the leadership team. Challenging the status quo and being a forceful advocate for doing things differently means standing up to the boss and peers, being the standard bearer for ideas and information that the organization needs to know but does not necessarily want to face.

Know Your Stuff: Every member of the executive team is expected to represent both the overall business needs and their functional areas. It is critical that HR leaders under-

WHAT HR LEADERS NEED TO STOP DOING:

- **Being so nice** – letting their concern for others cloud their objectivity
- **Being too collegial** – relying too much on the opinions of others when making decisions
- **Being a conformist** – Going along to get along

stand the business of the business they are in, as well as maintain an in-depth knowledge of their own field. They need to be able to articulate the importance of the HR function to the organization, and to evaluate issues and come to conclusions based on the application of their unique knowledge base and perspective. Within their own organizations, HR managers need to be operational role models, rejecting sloppy thinking, creating a professional orientation, and developing the capacity for rapid but in-depth responses to complex organization needs.

Take Charge: Our research indicates that a critical attribute of all successful leaders is their willingness to take charge and be in a position of authority. This is not about being a “partner” to anybody. This is about being an independent thinker and comfortable in the leadership role. It is about being willing to deal with conflict, and accepting the fact that leaders and their decisions will be under constant scrutiny and will not always be popular or understood. HR executives need to stop trying to be liked. They need to be willing to take strong action when required, and assume personal accountability.

Take a Chance: The effective HR executive is comfortable in a fast-changing environment, willing to take risks and to consider new and untested approaches. The HR function must be the model for the rest of the organization in terms of how to effectively manage and deal with change. The challenges of business on a global basis need a fresh point of view and the ability to creatively adapt. Old approaches need to be discarded or looked at in fresh, creative ways. In the most effective leaders, this experimental attitude and willingness to take risks is balanced against the big-picture thinking and the in-depth expertise mentioned above.

THE HR EXECUTIVE’S DILEMMA

The dilemma for Human Resource professionals is that the very attributes that attracted them to the HR function in the first place, and helped them to succeed as they worked their way up the HR management ladder, are the attributes that are less valued at the top. At the executive level, HR leaders need to temper their natural orientation to be the people person with the following:

- **Objectivity**

The HR professional’s orientation toward developing close bonds with people, getting to

know people, and giving their colleagues the feeling that they are genuinely caring and concerned is still important. But this person-to-person approach must be offset by an ability to view people objectively, take a rational approach, and make decisions that balance both the individual's and the organization's best interests.

- **Independent Thinking**

Hand in hand with the desire for relationship is the tendency to collect input and ideas from multiple sources. Involving others in the process of making decisions substantially increases the channels of communication, the levels of trust, and the results achieved. The downside of this approach is an inclination to rely too heavily on the opinions of others, take too long to make decisions, and appear to be indecisive. Leaders who are willing to make the hard decisions are viewed as more confident and comfortable in the decision-making role. The ability to think independently is critical for true leadership and credibility with the top team.

- **Courage**

An effective leader needs to recognize when it is necessary to fight for what one wants and when it is appropriate to back down on an issue. It is important to be willing to compromise and be a helpful team player. However, when this attribute is overused, the HR executive can easily be seen as too willing to go along in order to get along. Part of the HR leader's role is to be a nonconformist, to be willing to question, and to introduce and fight for unpopular ideas and innovations. That fight may be with other members of the executive team, or with members of the Human Resources community who are too cautious or wedded to the status quo.

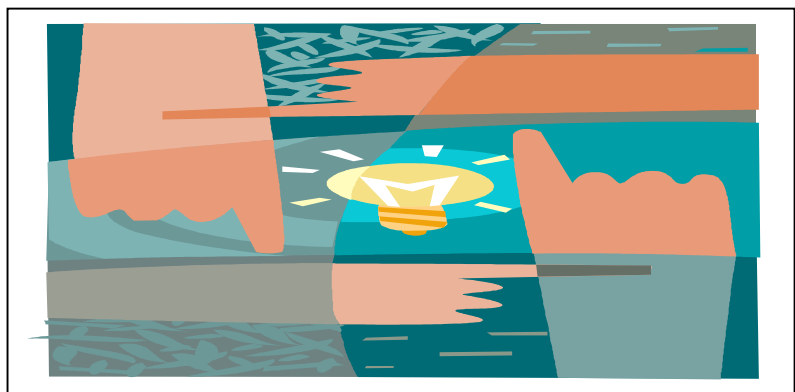
“The HR function now must become a strategic player ... a player adds value: more importantly, a player scores. HR's focus must, therefore, be on scoring – on making things happen for customers – rather than merely being a part of the team.”

Richard W. Beatty, Rutgers University, and Craig Schneier, Management Consultant

THE HR LEADERSHIP CHALLENGE

There has never been a tougher time to be in a Human Resources leadership role. The old answers don't match today's, much less tomorrow's, questions. The typical HR manager that we described at the beginning of this article has less and less of a place on the 21st century leadership team.

Globalization, rapidly changing technologies, competition from new and unexpected sources, the war for talent, a new generation of workers with different life experiences and different values – the list goes on and on. These unique challenges require unique people. They require not just Human Resource leaders, but business leaders who can balance compassion with objectivity, inclusion with forcefulness of purpose, and co-operation with courage. These are the leaders who are willing to stand up for new ideas, challenge the best in us, stay the course, and drive for results. These are the leaders who will make a difference today, and help us with our first steps into the world of tomorrow.



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