Many forces affect businesses and how they operate today. These range from globalization to increased competition, to the changing age and competency profile of the current workforce. As an enabler for the knowledge economy, information technology can also be considered a driving force. In the wake of recent terrorist threats and corporate scandals, security and corporate governance concerns also expand the operational requirements of a business.

While these forces may affect companies in varying degrees over time, some organizational realities remain unchanged. Management will always want to leave a healthy organization for the next generation, and this may entail investing in and maximizing various assets. The increasing recognition of “human capital” as an asset with a significant impact on sustained competitive advantage is driving the transformation of many companies’ HR function.
**Current HR challenges**

Because more is expected of people today, HR practitioners must be more than an administrative arm of an organization and be increasingly involved in enabling growth, productivity, and profitability. HR practitioners are compelled to assume business and consulting roles, aside from transactional functions such as compensation and benefits administration or routinary recruitment. Companies also have to focus on employee retention in order to maintain their customer base and ultimately deliver quality service and attain a return on investment (ROI). Further, HR practitioners need to reach out to a more diverse and young workforce with a continually changing value system that affects their work ethic.

Other challenges include acquiring new technologies, which calls for new skills, and adopting to changing social values such as better quality of life in less time, less loyalty to the company, or higher pay for less hours of work. Employees’ need for work-life balance has become more pronounced, challenging HR and management to find appropriate motivators for today’s employees.

All of these challenges will only compel HR practitioners to intensify their search for the right people and to take on new roles to be able to retain them. As knowledge capital becomes one of the critical success factors for corporations, the search for the best and the brightest will become a constant and costly battle, and retaining the best people will be increasingly difficult. This increases the pressure on the HR function to create an environment in which employees continue to flourish and propel companies toward the achievement of their objectives.

To fulfill their increasingly strategic role in companies and contribute to building competitive advantage for their organizations, HR practitioners must address the following questions (see Exhibit 1).
In order for the HR function to move from the backroom to the boardroom, HR issues must be addressed, and the role of line managers must evolve into that which accommodates an increasing involvement in developing solutions to address the concerns of their people. Together, the strategic importance of HR issues and the changing role of line management will be the two key forces of change operating on HR.

Strategic HR issues include:

- **Responsibility of the HR function** – What is HR really tasked to do? Can HR really stand as a strategic partner of the CEO?
- **Responsibility of line managers with respect to HR issues** – Should management of employee concerns fall solely on the HR Department or be shared at all levels, from senior management down to junior management?
- **Manner by which HR can help the organization compete in the marketplace** – What efficiencies can be achieved in the HR Department in its processes, policies, and procedures? What processes can be retained, and what can be outsourced? What best practices can be implemented?
- **Technology requirements** – What systems will HR need to support its changing and growing requirements?
The HR function of the future: new roles and a changing focus

Given all the issues confronting today’s HR function, HR practitioners are being called to assume roles beyond the traditional HR administrative functions. Dave Ulrich¹ has outlined five key roles HR has to play in order to help organizations meet their strategic objectives:

- **Strategic business partner** – HR must factor in policies on employee welfare and new or changing competency requirements when corporate strategies are being developed. Through partnering with management, HR may take on the role of consultant and assist in strengthening the relationship between employees and senior management.

- **Change agent** – HR professionals must lead in actively building and maintaining a corporate culture that embraces people development.

- **Employee champion** – HR must create a productive work environment, ensure effective communication, and manage workforce relations.

- **Manager of personnel acquisition and development** – HR must define, generate, continuously reinforce, and sustain organizational skills, knowledge, abilities, attitudes, and desired behaviors.

- **Manager of processing, compliance, and reporting** – HR must align its strategic and tactical plans with those of the corporation, comply with laws, create policies, and execute administrative processes, all in a cost-effective manner.

Several of the roles may help HR respond to the evolving profile of today’s workforce. As change agent, employee champion, and advocate of employee development, HR departments in some organizations have instituted improvements in the workplace, such as upgraded or flexible employee benefits, wellness programs, and the like. HR may also assist in developing more effective training programs that include not only technical courses, but also programs that enhance soft skills and make use of multiple learning modes.

In the HR organization of tomorrow, business partnering will include change leadership, replacing administrative support functions (see Exhibit 2).

¹ Dave Ulrich is a Professor of Business Administration at the University of Michigan.
As agents of change, HR practitioners may be seen taking on more consulting-type responsibilities. They may also be seen functioning as “executive coaches” and reinforcing the competencies not only of the workforce but also of company leadership.

**Attaining the HR function of the future**

HR management is no longer confined to the social sciences, and requires skills and knowledge in other disciplines such as marketing and communication, management of information systems, operations, economics, and finance. Some organizations may even invest in training programs that can further the business acumen of their existing HR practitioners. As such, HR practitioners will be more comfortable in the role of strategic partner, equipped to be in boardrooms, and perceived as an increasingly important ally by senior management and line managers.

The structure of HR departments in some organizations has already begun to evolve. Instead of being divided according to specialized functions such as compensation and benefits, training, recruitment, and the like, some HR departments have restructured themselves to service “accounts” or business units, requiring HR generalists who are knowledgeable in all functions of HR as “account managers.” These HR generalists can then provide
relevant solutions or interventions to appropriately address the specific needs of their respective accounts, or the various units in the organization. This structure enables more HR practitioners to veer away from being highly transaction-based to more solutions-focused.

Technology is also an important factor in attaining the HR function of the future. By leveraging technology, HR can reduce some of its more routinary tasks and processes and create more time for focusing on strategic HR concerns. An integrated Human Resource Information System (HRIS) can also serve as a tool for gathering information that will be used to carry out a number of HR functions such as performance appraisals, employee counseling, and recruitment. Outsourcing is also an increasingly viable option for reducing time spent on highly administrative and transactional activities such as payroll, timekeeping, and the like.

All of these changes will then allow HR to become more than a support unit and advance into a quasi-independent business within an organization. In some companies, HR has begun to act as an internal consultant. Other companies may also opt to get external consultants to perform HR functions in lieu of the traditional HR department.

**Conclusion**

Ultimately, HR practitioners must begin to move from backroom to boardroom. With the heightened need for knowledge workers, HR is being propelled to the forefront of business strategy. Much is being asked of HR practitioners today — versatility in business functions, propensity for innovation, diagnostic insight, and a broadened knowledge of business processes. But all these may be worth HR’s efforts if practitioners can say that their broadened competencies have enabled their companies to improve performance and deliver excellent service to their customers.

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