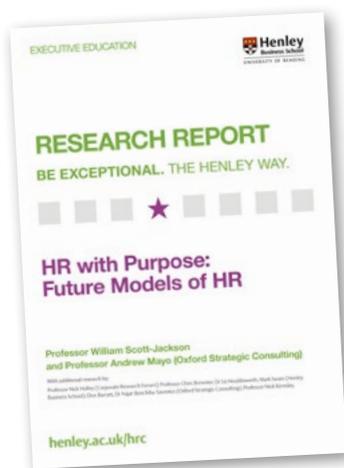


THE PURPOSE OF THE HR FUNCTION AND WHAT FUTURE MODELS OF HR MIGHT LOOK LIKE

How can the HR function (HRf) best add value and organise itself, given the likely changes and challenges in the socio-economic and business environment over the next 5 to 10 years? This is a question answered in a new Henley research report, *HR with Purpose: Future models of HR*.



The report is based on research carried out by Professor Chris Brewster, Mark Swain and Dr Liz Houldsworth of Henley Business School, in collaboration with a number of other leading figures in the HR world.

In-depth interviews were conducted with selected thought leaders – both senior practitioners and academics – in public, not-for-profit and private sectors in the US, Europe, the Middle East and Asia Pacific. Alongside an extensive review of existing studies and analysis, the research generated new ideas and perspectives, which were

then debated at a major summit at Henley Business School.

A key starting point was, ‘What is the purpose of the HR function?’ The study confirmed that despite the opportunities for the HRf to demonstrate real strategic value, it has generally been under-valued and lacked purpose and capability.

The paper’s recommendations provide not only a vision for a transformed function but also immediate steps that can be taken to achieve a strategic role.

Where we are today

The focus and organisation of the HRf has evolved, partly due to a changing of the role over time (including welfare, industrial relations and talent management), and partly in response to the changing needs of organisations.

Consequently, senior leaders, while consistently acknowledging that people are their most important strategic asset, have felt that the ability of the HRf to deliver people’s potential is extremely low. Pleas for ‘a seat at the table’ and attempts to train HR practitioners in ‘business savvy’ will be to no avail if the function is seen as having little strategic value and not much to add to the strategic debate.

Continuing improvements in process technology have meant that delivery of people-related processes has improved dramatically. However, fundamental future changes in how people engage with organisations and technology will have a disruptive impact on the management and delivery of



human resources, and this demands a transformation of the role and impact of the HRf.

The organisation of the HRf has commonly settled into two functions: a delivery function, with the responsibility for utilising process technology; and an expert function, which will typically be accessed externally. In addition, many HR functions also include various roles (including a leader’s) that aim to be strategic, and this is where the opportunity for the most dramatic transformation in strategic value occurs.

Where we need to be

According to the report, three logical processes should be used to achieve strategic value:

1. Define the purpose of the function
2. Define the process by which that purpose would be best achieved
3. Define the organisational options for how that process could be delivered

Evolve and transform

Future changes in technology and patterns of work present a major opportunity (and threat) for the HRF to add value through the technologically-enabled effective delivery of people-related processes and the provision of advanced expertise in areas such as engagement. However, the main opportunity is to demonstrate strategic value in the context of a clearly defined strategic purpose. The report presents two possible future structures for the HRF – evolve and transform – based on a clear purpose:



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To deliver the capabilities needed to achieve outstanding strategic success.



In an ideal world, the HRF would reorganise itself to reflect this purpose but in fact, of course, action to achieve that purpose is far more important than the organisational structure itself, and action towards that purpose can be taken immediately.

What can we do now?

We have described the steps required to build strategic capabilities and the starting point, which has significant value in itself, is to define what they are, based on a clear understanding of the organisation's strategic intent.

The required capabilities can be defined by researching competitors and asking, 'What would we need

to be as successful as the best in our market?' So, for a hotel group like Jumeirah, these could include the enabling capabilities of leadership and engagement and the best practice capabilities of world-class cooking or efficient check-in.

An effective way to identify the differentiating capabilities (DiSCs) is to hold a structured workshop, ideally with the top team, which aims to clarify strategic priorities and generate candidate DiSCs that can then be prioritised. It is possible for capabilities to be delivered through non-human means and so it is useful to consider the appropriate 'vehicle' for building the capability. AI-based cashiers, for example, could be a potential vehicle for helpfulness in banks and other retail outlets (e.g., systems such as Siri for the iPhone and Echo by Amazon).

Hence, the HR function can finally demonstrate its true strategic contribution and value to the organisation by delivering the capabilities needed to achieve outstanding strategic success – now.

To view the full paper [click here](#)