



HR: Creating Business Solutions

A Positioning Paper



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Foreword

The research that sits behind this positioning paper has been conducted within a backdrop of momentous economic challenges facing business in Australia.

Statistics currently available indicate that the labour market is entering a period of supply shortages that could last for up to twenty years in the absence of any significant external intervention. In addition, the profile of the workforce is altering dramatically and creating new paradigms for organisations seeking to access appropriately skilled employees.

If Australia is to continue to achieve high levels of growth and maintain an enviable standard of living, it is essential that Australian businesses embrace change and develop solutions that facilitate industry co-operation and continual investment in future capability, and encourage productivity and innovation.

At the centre of these changes – both driving them and responding to them – are people.

In the face of these changes, the opportunity that is open to the profession with responsibility for the management of people in Australia is an opportunity that needs to be taken up with a sense of urgency.

The research outlined in this paper identifies a continuing opportunity for HR to actively contribute specialist knowledge for the delivery of solutions critical for business success.

The capacity of HR professionals to meet these challenges will be influenced by their awareness of the broader business imperatives of their organisation and by their understanding of the impact of external market forces. Forces such as the ageing of the workforce, skill shortages and the impact of globalisation, for example, require sophisticated people strategies for every organisation to meet its objectives.

What is of concern to the Australian Human Resources Institute are the gaps present in the HR education programs offered at postgraduate level in Australian tertiary institutions. The outcomes of the research set out in this paper provide an opportunity to redress those gaps.

This positioning paper forms the basis of AHRI's immediate and medium-term strategic direction, the research findings having enabled AHRI to identify many future opportunities for the HR profession.

AHRI's relationship with the Committee for Economic Development of Australia allows the Institute and the profession to monitor their perceptions against their most important alliance – the business leader. Moving forward in the light of this realignment, the human resources profession will be well positioned to respond to the emerging labour market challenges confronting Australian business and play a pivotal role in delivering appropriate solutions.

CEDA's motivation for partnering with AHRI in undertaking this research has been a recognition of the vital importance of sound and strategic human resource management in facilitating business success. To ensure HR professionals are appropriately equipped to deal with tomorrow's business challenges, AHRI and the HR profession have a responsibility to continually review and upgrade available professional development.

In reviewing current and future requirements of the profession it is important that research is informed by strategic business priorities, as well as changing environmental factors. CEDA has sought to assist in this process.

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Executive summary

The research that resulted in this study was jointly undertaken by the Australian Human Resources Institute (AHRI) and the Committee for Economic Development of Australia (CEDA) to determine whether the subjects in postgraduate HR qualifications met the emerging capabilities required of senior HR practitioners in Australian industry.

Education is critical to the establishment of a profession and has long been a priority of the Australian Human Resources Institute. As the organisation with responsibility for representing and leading human resource practitioners in Australia, AHRI recognises that the development of a body of theory and practice is a critical element in the creation and maintenance of a profession. With that in mind, the study proceeded in three phases.

Phase one identified CEO and senior HR practitioner viewpoints on the factors contributing to business success, emerging business challenges and emerging HR capabilities. Phase two identified the current postgraduate HR qualifications in Australian universities. Phase three identified whether there were gaps between the postgraduate HR qualifications identified and the capabilities required of senior HR practitioners in the business environment.

Major findings

What determines business success?

Collated data obtained from CEOs and senior HR practitioners identified a cause and effect relationship between seven constant business success factors (recruiting & retaining skilled employees, increasing customer satisfaction, employing & developing leaders, sustaining a competitive advantage, managing risk, managing change & corporate culture, and becoming a more innovative organisation). The data also identified seven variable business challenges (skills shortage, labour supply, short-term expectations, harnessing technology, legislative compliance, budget constraints and productivity).

This study reveals that the human resources profession has many opportunities to influence the strategic direction and implementation of these seven business challenges on behalf of Australian organisations.

HR capabilities and business success

In partnering with line management to achieve profitable and sustainable organisations, and to improve workforce competence, the senior HR practitioners of Australia are expected to make significant contributions to business strategy founded on a broad grasp of the whole business and its environment. They are also expected to communicate with stakeholders at all levels of the business and influence outcomes across the organisation, including the expectations of customers. In short they are expected to talk the language of business.

HR education: postgraduate HR qualifications

The comparison of the expected HR capabilities with their integration into postgraduate HR qualifications revealed shortcomings in the capacity of the curriculum offerings to adequately prepare HR professionals for business, particularly with respect to skills in leadership and management.

Research outcomes

The central outcome of the AHRI/CEDA research is the realisation that challenges presently confronting business in Australia require HR to become a proactive strategic contributor. Accordingly Australian tertiary institutions need to revise their postgraduate HR curriculum offerings to prepare future HR practitioners to perform at the level required by business. The research results contained in this study will be made available to the universities to enable analysis of present postgraduate HR offerings.

It is strongly recommended that the research results be used to close the gaps identified in the study. It is also recommended that the professional HR management model set out in the study be taken as a blueprint for the accreditation standards of HR practitioners.

Other key focal points for AHRI in 2003 and 2004 will be research, development and dissemination of proposed people management solutions for recruitment, retention and talent management challenges, skilling Australia and leadership.

Section 1: What determines business success?

A key part of the research project was the survey of CEOs conducted by AHRI and CEDA. The survey findings resulted in an identification and ranking of a number of critical business success factors. The factors given the highest ratings were as follows: recruiting & retaining skilled employees, increasing customer satisfaction, employing & developing leaders, sustaining a competitive advantage, managing risk, managing change & corporate culture, and becoming a more innovative organisation (see Table 1).

Table 1 represents the average importance rating the CEOs surveyed gave to business success factors (the levels of importance were assigned as follows: 1 = not important and 5 = very important).

Table 1: CEO business success factor ratings

| Business success factor | Average level of importance |
|---|------------------------------------|
| Recruiting and retaining skilled employees | 4.7 |
| Increasing customer satisfaction | 4.6 |
| Employing and developing leaders | 4.4 |
| Sustaining a competitive advantage | 4.3 |
| Managing risk | 4.2 |
| Managing change and corporate culture | 4.1 |
| Becoming more innovative | 4.1 |
| Taking advantage of new technology | 4.0 |
| Managing and maintaining growth expectations | 3.8 |
| Meeting compliance and legislative requirements | 3.8 |
| Diversifying products and/or services | 3.2 |
| Penetrating global markets | 2.2 |

AHRI also conducted seven senior HR practitioner focus groups in each state and territory in Australia (except the Northern Territory). The focus groups identified the main business challenges as labour supply, productivity, profitability & sustainability, leadership & management, globalisation, and recruitment, retention & talent management (see Table 2).

Table 2: Challenges facing business — senior HR practitioner perspective

| Challenges facing business | Percentage of mentions |
|--|-------------------------------|
| Labour supply | 100% |
| Productivity | 86% |
| Profitability & sustainability | 86% |
| Leadership & management | 71% |
| Globalisation | 71% |
| Recruitment, retention & talent management | 71% |
| Skills shortage | 57% |
| Business risk | 57% |
| Legislative complexity | 43% |
| Harnessing technology change | 43% |
| Change & innovation | 43% |
| Customer & stakeholder satisfaction | 28% |
| Budget constraints | 28% |

When the results of the focus groups were analysed it became clear that there was an overlap in some areas between the business success factors as identified by the CEOs, and the business challenges as identified by the senior HR practitioners. That is, the same phrase was used to describe the issue from the two perspectives. Further analysis of the challenges revealed a potential cause and effect relationship, which enabled a clearer picture to emerge of the opportunity HR has to contribute to business success.

The seven business success factors identified (see the vertical axis in Table 3) are critical factors constantly affecting business success (or failure). They exist across all businesses and are impacted by a range of variables at any given time. The seven business challenges identified (see the horizontal axis in Table 3) are issues that impact on these success factors. The challenges are not always present within business (for example the legislative compliance issue is not a constant) but they are challenges that the HR profession has a responsibility to manage in order to achieve business objectives.

By developing HR strategies and solutions to manage these business challenges on behalf of their organisations, the focus groups believe the HR profession will demonstrate a substantial impact in the achievement of the business success factors – thus delivering clear value to the organisation.

Table 3: Business success factors and business challenges matrix

| Business success factors | Business challenges | | | | | | |
|--|---------------------|---------------|-------------------------|-----------------------|------------------------|--------------------|--------------|
| | Skills shortage | Labour supply | Short-term expectations | Harnessing technology | Legislative compliance | Budget constraints | Productivity |
| Recruiting & retaining skilled employees | x | x | x | x | | x | |
| Increasing customer satisfaction | x | x | x | x | | x | x |
| Employing & developing leaders | | x | x | | x | | x |
| Sustaining a competitive advantage | x | x | x | x | x | x | x |
| Managing risk | x | x | x | x | x | | |
| Managing change & corporate culture | x | x | x | x | x | | |
| Becoming a more innovative organisation | x | x | x | x | x | | |

The pages immediately following are a summary of the impact of the business challenges on the business success factors as put by the senior HR professionals during the focus groups and set out in Table 3. The discussion arising from Table 3 is designed to reflect that cause and effect relationship.

It should be noted that not all the business success factors were seen to be influenced by business challenges (for example, the focus groups did not discuss ‘managing risk’ in relation to ‘productivity’).

The focus group discussions were deliberately conducted with minimum structure to enable comments to be made freely.

Recruiting & retaining skilled employees

In order to be competitive in both the national and global marketplace, focus group participants spoke unanimously of the need to attract and grow their most talented people.

Skills shortage

In some industries (for example, nursing and teaching) emerging skill shortages have not been adequately anticipated. When skills are in short supply, talent is attracted away from less attractive employers and regional areas to more appealing competitors in the wider marketplace. In the search for talent, there was acknowledgement of a recent shift in the balance of power from employers to employees.

Labour supply

Through the exercise of government policy initiatives (especially in the area of superannuation) a cultural expectation of early retirement has developed in Australia. Accordingly, it was acknowledged that increasing numbers of employees over 55 years of age are leaving the workforce or scaling down their hours, exacerbating the shortage of labour. Many focus group participants spoke about the loyalty and commitment of younger workers who are sometimes perceived as seeking recognition before they have developed appropriate capabilities.

Short-term expectations

Flat organisational structures in many organisations were acknowledged as having limited the career options for many young graduates and other talented employees with aspirations of career growth. Succession planning is made more difficult in an environment where there is a perceived lack of loyalty from staff. The challenge is to work through these issues and develop long-term commitment from emerging talent.

Harnessing technology

Despite the outlay costs, it was recognised that investing in appropriate technology is one of the ways organisations can distinguish themselves as employers of choice.

Budget constraints

Budgetary limitations have relevance in terms of salary or in-kind financial offerings to attract high performing talent. As a supplement to financial incentives, organisations consider best-employer features such as employment flexibility and employee involvement in decision-making. It was accepted that evidence of organisational commitment to talent development is a feature of organisations seeking to become employers of choice in the talent war.

Increasing customer satisfaction

People management issues have an impact on the satisfaction of customers and stakeholders. Focus group participants commented on the perceptible increase in consumer expectation and the corresponding decrease in loyalty, leading to increasing challenges for business. It was agreed that HR had an opportunity to align the people of the organisation to these challenges.

Skills shortage

Skill shortages in such industries as manufacturing, nursing and teaching, if not resolved, could result in organisations within those industries being unable to meet consumer and stakeholder demand. For example, the lag in resolving existing skill shortages has impacted on the quantity and quality of services available in the health and education sectors.

Labour supply

The impending retirement of baby boomers has the potential to impact on customer and stakeholder satisfaction. The focus groups highlighted blue-collar areas where the average age of trades people is in the mid-40s. These industries are faced with retaining older workers while at the same time attracting new recruits in order to provide the service levels to which customers and stakeholders have become accustomed.

Short-term expectations

Customer and stakeholder satisfaction is often seen as a direct response to current business practices and as such requires HR to seek immediate solutions. However some people management solutions (for example, learning and development programs) require time to realise the benefits. It was thought that poor understanding of time imperatives for HR initiatives to take effect, impedes the ability to develop a business case for people solutions that result in long-term customer-focused organisational cultures.

Harnessing technology

Technology improves the speed of production and service to customers; however, it relies on employees being well trained in relevant applications so that customers and stakeholders can see the benefits.

Budget constraints

Often services to customers are directly affected by the resources available to deliver. With tighter budgets, the challenge for HR is to collaborate with line to seek more effective use of labour to deliver the expected requirements of customers and stakeholders.

Productivity

The ability for workers to be productive correlates directly with the satisfaction of customers and stakeholders. HR and line management need to work together to increase individual and team productivity in line with customer and stakeholder expectation.

Employing & developing leaders

It was unanimously thought by the focus groups that leadership is a critical factor affecting business in Australia and internationally. While it has always been an issue, the increased incidence of corporate collapse, unethical behaviour by senior executives and a lack of appropriate business role models in recent times, provoked comment and calls for steps to be taken to redress the lost ground in this area.

Labour supply

The retirement of the baby boomers from the Australian workforce is impacting on the development of leaders in Australia. As existing leaders leave employment, developing leaders are becoming increasingly restricted in their access to potential mentors and role models. Leaving aside the question of whether leaders are born or made, the lack of visible leaders at all levels in the workforce was thought to be a significant business challenge.

Short-term expectations

The pressure to generate short-term results at the expense of long-term sustainability impacts on leadership development. Leadership was discussed as requiring both a long-term vision for the organisation and the courage to assert this vision within an organisation. Constant pressure to generate short-term outcomes both in the private sector which is driven by shareholder expectations and in the public sector which is driven often by electoral cycles, were cited as leadership challenges for Australian business.

Legislative compliance

Legislation is predominantly reactive in origin. Recently there have been proposals to embed in legislation such issues as executive remuneration declarations to protect shareholder value. These examples were cited as leadership challenges. Leadership embodies concepts such as ethics, courage, communication and vision. Reactive legislation seeking to preserve these principles generates legal complexity over and above that which previously existed. While it may be desirable, new compliance legislation is nevertheless an additional burden with which business needs to grapple.

Productivity

Productivity of individual employees is improved by their organisational commitment. A considerable range of variables, including understanding and acceptance of the vision and purpose of the organisation, generates employee commitment. The vision, and the obvious and active commitment to the mission, values and staff of the organisation, were cited as examples of ways to obtain greater discretionary effort, less employment churn and an increased capacity to recruit talent. It was felt that leadership in this form must be displayed at every level of the organisation.

Sustaining a competitive advantage

The focus groups acknowledged that sustaining a competitive advantage depends on maximising opportunities through differentiation of product offer, including price through control of costs, so that the organisation is more attractive in the market than its competitors.

Skills shortage

Participants spoke repeatedly about the challenge to differentiate themselves without appropriately skilled employees. It was identified as both a constraint and an opportunity for organisations that have recognised the development of a skilled workforce creates the conditions to remain competitive. That is, by ensuring that their workforce has the requisite skills to deliver to the future needs of their business, they were protecting long-term sustainability.

Labour supply

The ability to create and maintain a competitive organisation is constrained by the shortages of supply within the labour market. It is also constrained by the demographic and social make up of the labour supply. For many traditional organisations, such as defence and the public service, the model of employment was cited as being less attractive to the current labour market than it was previously. A shift in expectations, including job-for-life and the nine-to-five day, was acknowledged. This shift has a profound impact on the capacity of business to guarantee sustainability. The challenge for HR is to identify employment methods that enable a sustainable competitive organisation within the present models. That will need to include the impact of innovation to attract the best talent.

Short-term expectations

Shareholder and market demands for short-term returns place enormous challenges on organisations attempting to build long-term sustainable business models, particularly from the perspective of human capital creation. The focus groups acknowledged that it takes time to grow human capital but expressed concern that frequently neither line nor senior management appeared to appreciate that. It was expressed in terms that you cannot take a 'crash course' in knowledge. This is particularly felt in training, development and recruitment to critical positions.

Harnessing technology

The initial costs of technology compared with the relative advantages of possessing it were often challenged in the focus groups. It was acknowledged that technology was necessary to compete, but the capacity to deliver profitability was not universally supported. The fear of not remaining current with technological applications was mentioned in relation to sustainability and competitiveness.

Legislative compliance

Legislative compliance is a significant expense yet its value was questioned. The increasing use of lawyers to deal with matters previously dealt with by HR was an issue, as was the litigious business environment now in existence. Some thought that while the training budget had not decreased in real terms over the past few years, the capacity of HR to use it strategically was compromised by compliance needs. Others saw this as an opportunity to leverage compliance into greater value-adds.

Budgetary constraints

The constant requirement to manage costs in order to increase profitability places significant pressure upon organisations committed to building for sustainability and competitiveness. The achievement of a balance between these tensions was unanimously recognised as critical.

Productivity

The concept of increasing productivity lies at the core of any discussion about profitability and sustainable competitiveness and was acknowledged as being at the core of the purpose of HR. The capacity of HR to educate and encourage the line to learn to manage their teams to maximise the tools and solutions provided by HR is a critical challenge for the profession into the future.

Managing risk

Focus group participants noted that there appears to be a growing impact on the risk to business of poor people management decisions and that a proactive approach in this area was necessary to anticipate risks and maximise the opportunity for business entailed in improved people management.

Skills shortage

Focus group participants reported experiencing the business risk associated with shortages of specialised skills. For example the issue of skill shortages in nursing was cited as placing the Australian public health system at risk of not being able to provide necessary medical care.

Labour shortage

As baby boomers exit the workforce, organisations are realising they may not have the labour to expand or even sustain core business activity. To remain competitive, they will be increasingly faced with the pressure to market their business and employment benefits to attract and retain workers. It was recognised that HR is aware of the challenge of managing the risks associated with the ageing demographic of the workforce and developing appropriate HR initiatives to keep older workers in the workplace.

Short-term expectations

Recent corporate collapses have generated pressure from shareholders for better management of business risk to safeguard their investments. This may

impede some business leaders from taking risks that are focused on achieving sustainability in the longer term rather than achieving immediate profit results. It was accepted that the HR profession must assume a more aggressive role in assisting business to manage risk, particularly in relation to the issue of executive remuneration.

Harnessing technology

It is expensive for organisations to continually upgrade and re-skill employees in the latest technological advancements. The challenge for business in respect to technology is to manage the significant costs associated with its purchase and implementation against the potential impact on competitiveness of not having it.

Legislative compliance

The potential for litigation in the workplace is increasing. To minimise that risk legislation has been enacted (for example, EEO, OHS, privacy) which has the effect of forcing business to manage risk. As a consequence HR practitioners need to face the challenge of keeping abreast of new legislation and advising line and senior management of the business implications.

Managing change & becoming innovative

(The last two business success factors set out in Table 3 are treated together for the purposes of this discussion)

It was acknowledged that Australian industry must innovate in order to differentiate product offers to the market and thus to sustain competitiveness. Accordingly the reality of a constantly changing business landscape was accepted by the focus groups. The landscape changes as a result of such things as globalisation, organisational restructuring and increasing consumer and stakeholder expectations. From the perspective of the HR practitioner, that means managing changes such as an increasingly casualised workforce, greater use of outsourced providers and a reduction in numbers of staff engaged through traditional employment methods.

Skills shortage

In an environment where there is competition for skilled labour, Australian organisations often struggle to import specialised knowledge into the business without incurring unsustainable costs. As part of the HR function involves preparing the organisation to deal with future outcomes, HR should be training for the future so that a base level of skills is provided in the workforce from which organisations can maximise their chances of catching innovation cycles.

Labour supply

The focus groups recognised that identifying and managing talented people is the key to a successful innovation and change strategy. As the labour market continues to decrease in size Australian organisations are competing for scarce talented labour. Developing attraction and retention strategies is becoming a priority in many organisations.

Short-term expectations

Innovation initiatives often require time to realise business outcomes. Focus group participants expressed concern that in an environment where short-term expectations are a priority there is a danger in setting aside initiatives that require ongoing expenditure for realisation of profits in the future.

Harnessing technology

The speed at which technology is introduced into organisations creates continuously changing work processes. This results in HR spending a large proportion of time and budget in recruiting, restructuring and training to accommodate new technology.

Legislative compliance

Australian compliance legislation has increased in recent years resulting in changes to work practices. HR is particularly conscious of burgeoning privacy legislation, financial regulation, legislation relating to workplace behaviour and the changing industrial relations landscape. These legislative changes have impacted considerably on HR budgets and call for highly specialised skills, which not all practitioners are trained to provide.

The role of HR in business success

The preceding discussion indicated the role HR can play in creating business solutions that affect the factors critical to business success.

The task now for HR professionals is how to integrate the knowledge gained about the business success factors and the HR solutions to them into professional training and into work practices.

The section that follows sets out in some detail the HR capabilities identified in the focus groups and proposes how they can impact on the achievement of business success. It offers finally an HR management model that will serve as a blueprint for future action.

“It’s also important that the HR director drives a powerful customer service model within the function.”

**David Clark,
Group Executive HR,
National Foods**

Section 2: HR capabilities and business success

As indicated earlier in this paper, the senior HR practitioner focus groups emphasised the joint responsibility of line management and HR systems management in bringing about business success: line managers are responsible for the direct management of their people, with HR practitioners taking an enabling role. This view was confirmed in the CEO survey results that revealed large numbers of respondents who allocated primary responsibility for traditional HR functions to line managers (see Table 4).

Table 4 represents how often the surveyed CEOs allocated primary responsibility of people management functions to line managers, human resource managers and outsourced specialists respectively.

Table 4: Primary responsibilities for people management functions as mentioned by CEOs surveyed

| HR functions | Line managers | Human resource managers | Outsourced specialists |
|---|---------------|-------------------------|------------------------|
| Strategic HR planning processes | 20% | 77% | 3% |
| Facilitation of change management | 66% | 33% | 1% |
| HR measurement reporting | 7% | 90% | 3% |
| Individual performance management processes | 89% | 11% | 0% |
| Human capability profiling | 15% | 85% | 0% |
| Leadership development | 59% | 40% | 1% |
| Knowledge management | 78% | 21% | 1% |
| Workforce planning | 57% | 43% | 0% |
| Performance appraisal processes | 59% | 41% | 0% |
| Recruitment & selection processes | 41% | 59% | 0% |
| Induction processes | 24% | 76% | 0% |
| Team development processes | 69% | 31% | 0% |
| OH&S standards & policies | 14% | 86% | 0% |
| Training needs analysis | 31% | 68% | 1% |
| Training & development programs | 16% | 81% | 3% |
| HR compliance requirements | 7% | 90% | 3% |
| Negotiating awards, EBAs & workplace agreements | 22% | 72% | 6% |
| Risk management of human resources | 28% | 69% | 3% |
| Staff ownership of the organisation's strategy | 86% | 14% | 0% |

Table 4 shows that CEOs allocate almost equal responsibility between line managers and HR managers for the areas of leadership development, workforce planning, performance appraisal processes, and recruitment & selection. According to the CEOs, HR practitioners should assume primary responsibility for the strategic HR planning processes, human capability profiling, HR measurement reporting, induction processes, OH&S standards & policies, training & development programs, compliance requirements, and negotiating awards, EBAs & workplace agreements.

To enable joint accountability between HR people and line management, CEOs indicated their senior HR practitioners should lead, consult and collaborate with line management in four areas:

1. Instigation of HR initiatives that enhance the organisation's strategic plan and core business
2. Creation of a corporate culture that aligns with organisational values
3. Facilitation of change and innovation
4. Alignment of organisational structure with strategy and systems.

These differentiating HR capabilities were mirrored in the focus groups.

HR management model

What follows contains a summary of senior HR practitioner views of the HR capabilities in terms of their capacity to meet the challenges facing business.

The interrelationship between HR knowledge and capabilities, people management objectives, and the role of HR as the profession responsible for 'people leading business' is represented in Figure 1.

Figure 1: HR management model



Figure 1 sets out how skilled HR professionals can lead business through a relevant body of knowledge to achieve human resource management solutions. The model demonstrates the logic of applying sound HR management capabilities to make a real impact on profitability, workforce competence and employee commitment.

The acquisition of HR management knowledge and capabilities is most usually acquired through postgraduate HR qualifications. Section 3 of this report examines how the knowledge and capabilities are taken up in Australian postgraduate HR courses.

Business outcome focus

HR practitioners require a broad knowledge and understanding of the whole business in order to create people management systems and structures that support improvements in business performance. The critical measure of success in people management, as with other inputs into the business, is future sustainability and profitability. To achieve this HR applies a balance between cost effective people management solutions and boosting organisational productivity. To be perceived not merely as a cost-centre but as a value-adding input, HR must demonstrate value in terms of tangible return for the business.

Strategic thinking

The central strategic requirement of HR practitioners is that they understand the core business. The relationship with their peers at executive level depends entirely on HR's grasp of core business objectives and the people management input they are able to make in that context. It is critical to business success that senior HR sit at the same table as the executive group and participate as an equal in strategic decision making, thus enabling the business to gain maximum advantage from its human capital.

Communicating and influencing

According to many focus group participants, the ability to understand the broader business environment and bring informed judgements to decision making, is a key HR capability. A measure of that skill is the ability to influence and communicate change effectively in the business to remain competitive. Historically HR practitioners have been required to develop sensitivity to people management issues and have the ability to make tough decisions. One capability discussed was the communication skills required to implement changes in the workforce that improve a business outcome. Another was the capability to leverage HR initiatives with senior executives which requires skills in negotiation. Senior HR practitioners agree that reading the business climate, driving corporate culture and motivating employees to innovate and change are core capabilities.

Customer and stakeholder focus

The HR function adds value when it effectively consults with both line management and the executive group. That usually means having customer-related imperatives in the forefront of the mind because that is where line managers must demonstrate performance and where executive-level strategy is often focused. Knowing the CEO agenda and gaining the authority and ability to act are important capabilities for senior HR practitioners. It was accepted that to gain credibility HR is well advised to fix short-term problems quickly and cost effectively while at the same time developing sustainable long-term solutions.

As indicated earlier, with shared accountability for people management growing in Australian organisations, HR must focus on developing people management capabilities in line managers.

Application of professional HR knowledge

Indicative fields of knowledge for the HR profession are categorised by the AHRI special interest groups as recruitment & retention, remuneration & benefits, learning & development, occupational health & safety, risk management, international human resource management, employee/industrial relations, and human resource management systems. Senior HR practitioners must be able to apply professional HR knowledge across the full breadth of HR responsibility when proposing solutions for an identified business challenge. For the profession that means recognising and managing the impact of different fields of HR knowledge and how they work together to improve productivity and other business outcomes.

Ethical behaviour

HR practitioners demonstrate and promote ethical standards in line with the organisational mission, vision and values. Given the interface between the people in an organisation and ethical standards and behaviour, senior HR practitioners are expected to exercise leadership in policy development on organisational values and ethics in all areas of the business. Together with line management, it is HR's responsibility to communicate and ensure that sound ethical practice underpins and is intrinsic to the culture of the organisation.

“I believe the most important requirement for senior HR practitioners is to be business focused, highly effective communicators, adaptable to change and highly capable of gathering new knowledge and skills.”

*Jane Goodluck, Manager Human Resources,
Department of Treasury and Finance.*

Section 3: Postgraduate HR qualifications

What is being taught?

Postgraduate HR qualifications for the academic year 2003 were offered across 20 Australian universities. The term 'postgraduate HR qualification' refers to a graduate diploma, graduate certificate or masters degree consisting of a major study in human resources. Subject titles and synopses that make up those qualifications in the university handbooks were analysed and grouped to determine how often the same or similar subjects mentioned the HR capabilities as identified by both CEOs and participants of the senior HR focus groups.

The frequency count indicates a core set of subjects and a diverse range of electives that were offered in HR related fields (see Tables 5–8). This possibly reflects the breadth of specialisation in the HR profession. The AHRI special interest groups (SIGs) recognise the specialisation areas as employee/industrial relations, human resource information systems, international human resource management, learning & development, occupational health & safety/risk management, recruitment & retention, and remuneration & benefits.

Tables 5-8 represent how often the same or similar postgraduate subjects leading to HR qualifications were mentioned in university handbooks. The tables are listed as high frequency (mentioned 100–70% of times), medium frequency (69–30%), low frequency (29–15%) and infrequent (14–0%).

Table 5: Subjects with a high frequency of mentions in postgraduate HR qualifications

| Postgraduate HR subjects | Number of mentions | Percentage of mentions |
|--|--------------------|------------------------|
| Strategic Human Resource Management | 20 | 100% |
| Management of Change and Organisational Development | 20 | 100% |
| Fundamentals of Human Resource Management | 17 | 85% |
| Industrial Relations | 17 | 85% |
| Labour Laws | 15 | 75% |
| Organisational Behaviour and Organisational Analysis | 15 | 75% |

Table 6: Subjects with a medium frequency of mentions in postgraduate HR qualifications

| Postgraduate HR subjects | Number of mentions | Percentage of mentions |
|--|--------------------|------------------------|
| Performance Management and Reward Systems | 11 | 55% |
| Human Resource Development | 11 | 55% |
| Strategic Management | 10 | 50% |
| Contemporary Issues in HRM | 10 | 50% |
| Management and Leadership Theory and Practice | 8 | 40% |
| Comparative Industrial Relations | 8 | 40% |
| International HRM and HRD | 7 | 35% |
| Recruitment and Selection | 7 | 35% |
| Human Resources Workplace Projects | 7 | 35% |
| Managing Diversity and Cross Cultural Awareness | 7 | 35% |
| Research Skills and Techniques | 6 | 30% |
| Human Resource Management and Technology Systems | 6 | 30% |
| Comparative Global Workforce and Management | 6 | 30% |

Table 7: Subjects with a low frequency of mentions in postgraduate HR qualifications

| Postgraduate HR subjects | Number of mentions | Percentage of mentions |
|---|--------------------|------------------------|
| Negotiation, Bargaining and Advocacy | 5 | 25% |
| Managing Stakeholders and Internal Consultants | 5 | 25% |
| Human Resource Information Systems | 5 | 25% |
| Evaluating Human Resources | 4 | 20% |
| Business Accounting and Finance | 5 | 25% |
| Training and Facilitation Capabilities | 4 | 20% |
| Dispute Resolution: Methods and Results | 4 | 20% |
| Management and Organisational Ethics | 4 | 20% |
| Marketing Management | 4 | 20% |
| Mediation: Processes and Uses | 3 | 15% |
| Health and Wellbeing in the Workplace | 3 | 15% |
| Conflict Resolution | 3 | 15% |
| Human Resources Management on the Pacific Rim | 3 | 15% |
| Developing Individual and Organisational Capabilities or Workplace Competencies | 3 | 15% |
| Labour Market Studies and Labour Economics | 3 | 15% |
| Economics for Managers | 3 | 15% |

Table 8: Subjects with infrequent mentions in postgraduate HR qualifications

| Postgraduate HR subjects | Number of mentions | Percentage of mentions |
|--|--------------------|------------------------|
| Foundational Psychology for Coaching | 2 | 10% |
| Psychological Assessment and Selection | 2 | 10% |
| Global Business Communications | 2 | 10% |
| Public Sector Management | 1 | 5% |
| Communication in Organisations | 1 | 5% |
| Law and Labour Relations in East Asia | 1 | 5% |
| Asia Pacific Business | 1 | 5% |
| Knowledge Management | 1 | 5% |
| Entrepreneurship and Business Innovation | 1 | 5% |
| Business Analysis and Planning | 1 | 5% |
| Qualitative Analysis | 1 | 5% |
| HRM and Business Systems | 1 | 5% |
| Public Sector Economics | 1 | 5% |

Are there gaps?

The AHRI research provided evidence that the postgraduate subjects leading to HR qualifications on offer at 20 Australian universities appears to fulfil the strategic and change management requirements for HR practitioners in the workplace. However, it reveals gaps in educating HR professionals in leadership and general business management skills (see Table 9).

Table 9 represents the HR capabilities mentioned respectively by senior HR focus group participants and CEOs, compared with mentions in university handbooks.

Table 9: Comparing university postgraduate subjects and related HR practitioner capabilities

| Required senior HR practitioner capabilities | Corresponding postgraduate HR subject title | Percentage of university handbook mentions |
|--|--|--|
| Strategic thinking and planning | Strategic Human Resource Management | 100% |
| | Strategic Management | 50% |
| Business outcomes focus | Business Accounting and Finance | 25% |
| Customer and stakeholder focus | Managing Stakeholders and Internal Consultants | 25% |
| Ethical and professional behaviour | Management and Organisational Ethics | 20% |
| Communicating and influencing | Communication in Organisations | 5% |
| Application of professional knowledge | Human Resources Workplace Projects | 35% |

“We heard a strong and consistent message from the business community: HR professionals are eager to move into the strategic arena, but need further skills to do so”

Carol Kulik,
Professor of Management, Melbourne University,
speaking about HR input into Melbourne’s new masters degree in HRM
(HR Monthly July, 2003)

Section 4: Research outcomes

AHRI research: outcomes to date

AHRI has commenced the following four initiatives that relate to this study.

1. University program accreditation

In association with the Australian New Zealand Academy of Management (ANZAM), AHRI has undertaken to develop a university course accreditation process. The process will ensure that all university courses in human resource management have the opportunity to be accredited by the Australian Human Resources Institute. Accreditation will involve consultation with industry and academia to ensure that the programs provided by the universities are informed by market drivers and are reviewed regularly to ensure currency. This accreditation will link to AHRI member accreditation.

2. Leadership development research

In partnership with Mt Eliza Business School and CEDA, AHRI has initiated research to conduct a comprehensive analysis of the senior leadership development of Australia's top 100 organisations.

3. Focus on providing access to leadership solutions for Australian business

AHRI has set the theme for its 2004 annual convention as "People Leading Business". The principal objective of the convention will be to provide international and national thought leadership and access to solutions for HR people to develop a leadership culture within their own organisation. The emphasis will be on assisting HR people to appropriately support the people managers of their organisations to encourage a culture whereby leadership can develop.

4. Release a discussion paper on skilling Australia

In association with Business Services Training Australia, AHRI will release a discussion paper on Skilling Australia, based on input from the Skilling Masterclass and Debate conducted at the 2003 AHRI national convention. The paper includes a series of recommendations to government, industry and individuals in relation to financing the development of a knowledge economy within Australia in a balanced and responsible way.

AHRI research: outcomes pending

In the light of the findings of this study, AHRI has committed to the following five initiatives:

1. Revise university postgraduate education

AHRI will make this study available to the Australian universities so they are able to use its findings to analyse their present postgraduate HR management qualifications, close the gaps identified therein, and take steps to ensure that university marketing materials reflect those revisions.

2. Establish an HR accreditation process

AHRI will draw on the findings of this research to assist in the development of an accreditation process for membership of the HR profession, using Figure 1 of the study as a blueprint to start that process.

3. Research talent management

With a specialist partner, AHRI will undertake a talent management research project in recognition of the centrality of recruitment and retention of talent in the Australian labour market.

4. Provide members with a broader business exposure

AHRI has undertaken to provide greater exposure to its membership of issues affecting Australian business today. Senior business leaders within Australia have an expectation that HR professionals will have a broader perspective on the business they work within as well as the business community in general. Given that the traditional HR educational background may not provide this type of exposure, the opportunity exists for AHRI to ensure that the suite of products and programs offered to members captures perspectives that are derived from a range of sources. This will involve greater use of strategic alliances such as the CEDA relationship, and a greater emphasis on providing training opportunities designed specifically for HR professionals to obtain exposure to other issues.

5. Regular review and recommendation process

Given the link between accreditation of courses and member accreditation within the Institute, AHRI is committed to continuously monitor the perception by business of HR's developing role in the creation of business solutions. To ensure the support of business in the accreditation process, AHRI will review this research every two years and make comparisons with the HR qualifications offered in Australian tertiary institutions to ensure ongoing relevance of theory and currency of practice.