

What's Next for HR to Create Value in the Ever-Evolving Business Context?

FutureWork24

Shaping the Future of Work for Business and for the
Lasting Benefit of Society

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Question for Today

How can I and my organization create value for all stakeholders through human capability?

Attention to human capability: Latest trends

1. **Studies of CEO, senior business leader priorities:** Economic uncertainty, technology, people
2. **Conference topics:** Agility, culture, mental health, hybrid, leadership
3. **Government reporting as materiality:** Requirements to disclose report “human capital”
4. **Board agenda:** technology, driving value through values, creating unity, innovation in change
5. **Intangible value:** average is 80% of market value or cost of capital (debt)
6. **ESG attention:** social citizenship, planet
7. **Employees:** burnout, engagement, mental health, productivity

Now is the time: Evolving views of HR

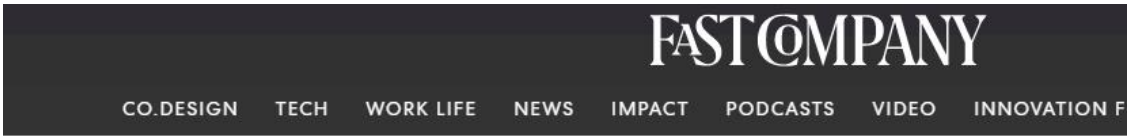
THEN



NOW



NEXT?



08-01-05

Why We Hate HR

In a knowledge economy, companies with the best talent win. And finding, nurturing, and developing that talent should be one of the most important tasks in a corporation. So why does human resources do such a bad job — and how can we fix it?



02-21-23 | HR

Why more people want to work in HR now

As human resources has evolved into a more strategic role, the field is becoming more attractive to all kinds of workers. But will that improve its reputation?

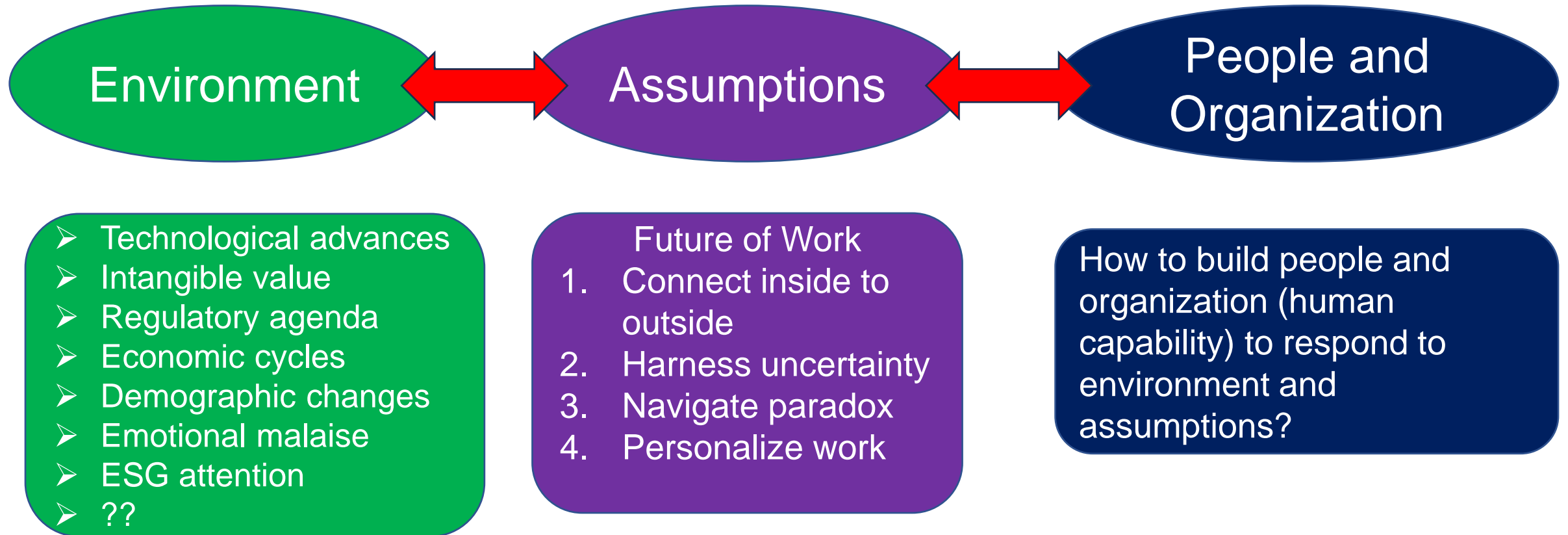


[Source image: Expect Best/Pexels]

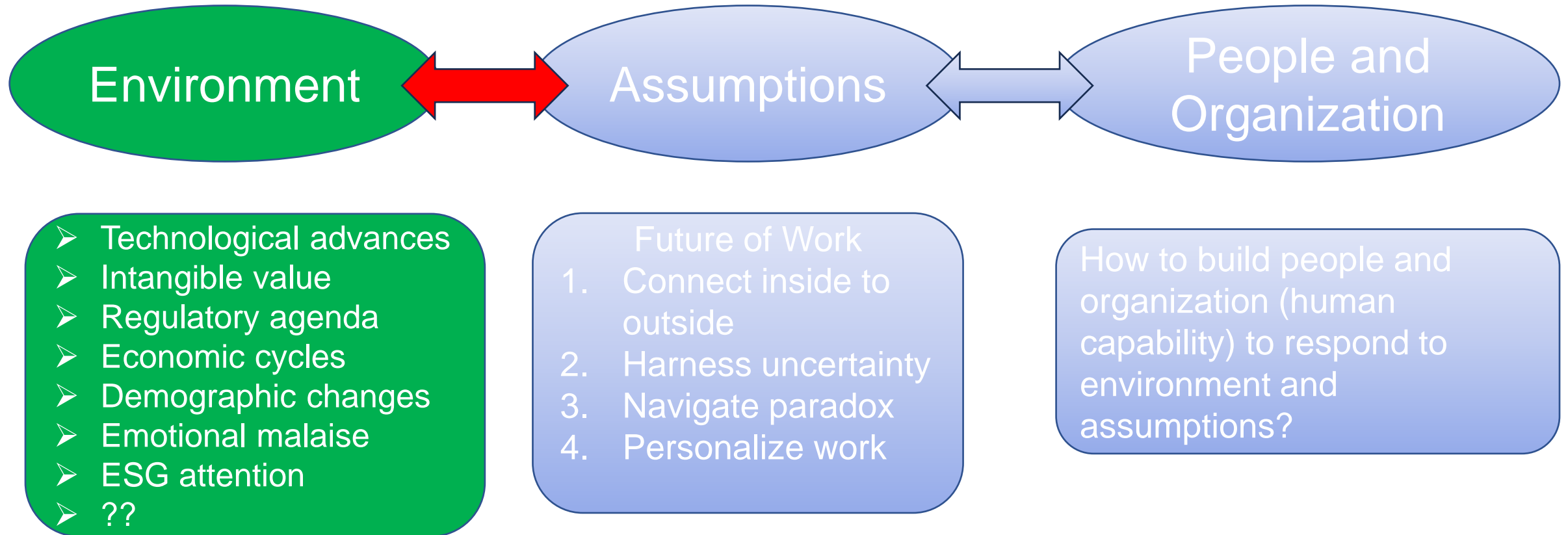
<https://www.linkedin.com/pulse/what-makes-effective-hr-function-value-logic-dave-ulrich/>

What's next for HR value creation?

Now is the time for HR



Now is the time for HR: Environment, Assumptions, Human Capability



Future of Work: **Environment**, Assumptions, Personal

Economic Conditions



Emotional/Mental Health



Political Toxicity



Digital Revolution

**Context is kingdom:
Content is king (assumptions and personal choices)**

New SEC Rules on Human Capital Disclosures

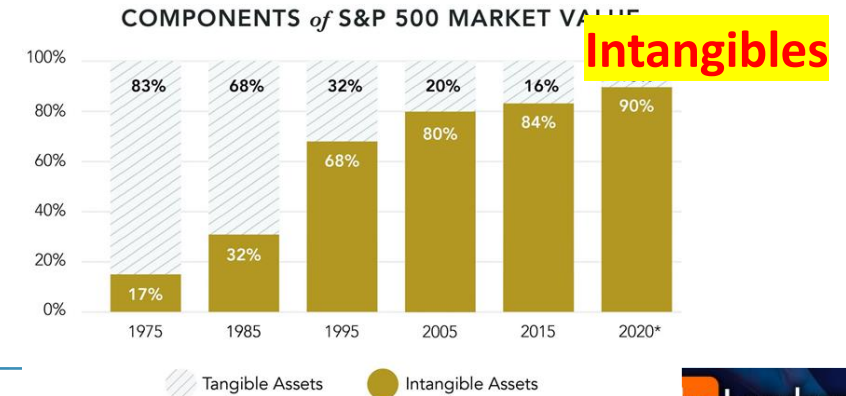
Regulation reporting



Civil Unrest Social Change

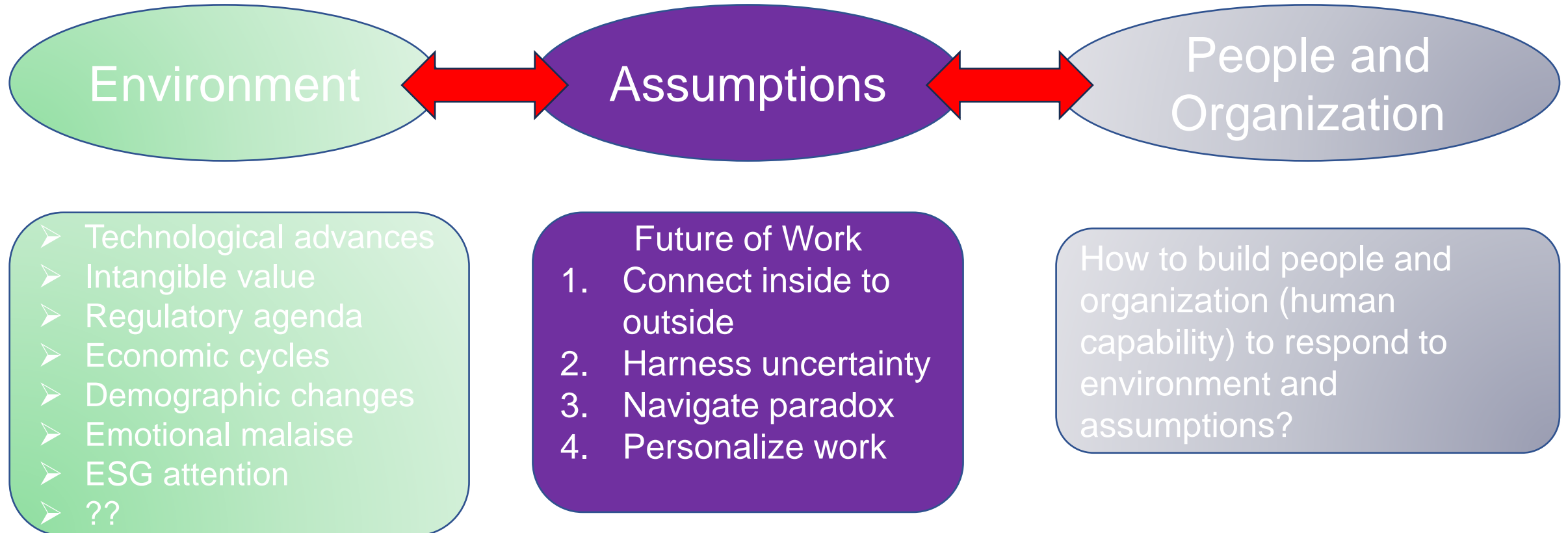


ESG: Climate Change



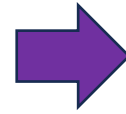
Intangibles

Now is the time for HR: Environment, **Assumptions**, Human Capability



Assumptions

- Paradigm
- Mindset
- Beliefs
- Expectations
- Values
- Attitudes



Assumptions:

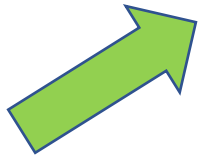
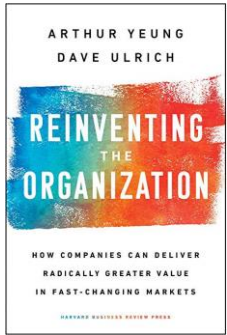
The way we see and order the world that explains how things work, predicts what will happen, and guides my actions

Leadership Assumptions

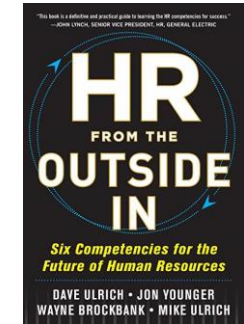
- Participation means consensus
- One size fits all; people are all the same
- The future is a linear progression of the past
- +

Future of Work Assumption 1: Connect inside and outside

When you think of the “future of work”, do you take an outside in (green arrow starting with environment) or an inside out (yellow arrow starting with internal actions) approach?



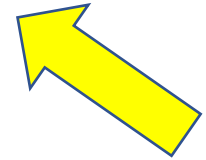
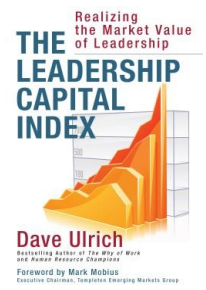
Outside in
Because of
Value defined by receiver



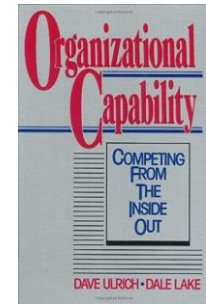
Environmental context

Future of Work

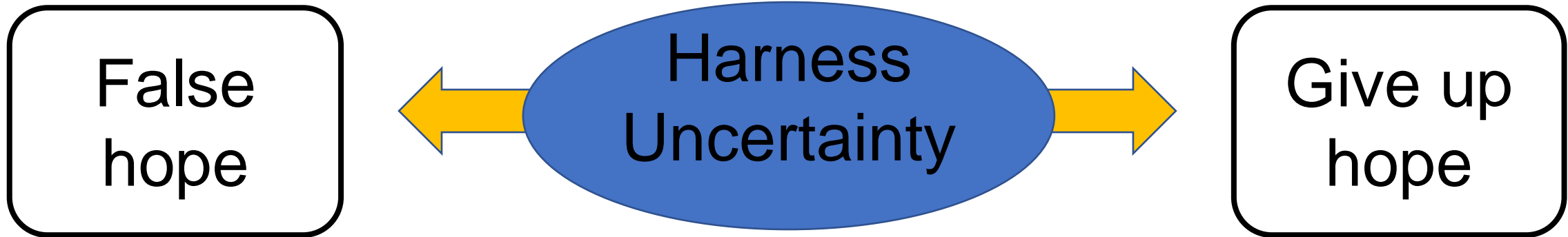
Internal (human capability) actions



Inside out
So that
Build on your strengths to strengthen others



Future of Work Assumption 2: Harness uncertainty by finding certainty



- Discover **certainty** in uncertainty
- Use uncertainty as an inflection point for reinvention, transformation or reimagination



Finding certainty in uncertainty

What is something you are uncertain about that is causing you stress or anxiety?

1. Regardless of what happens, what **values** are you certain you want to live?
2. Regardless of what happens, who can you **rely on**? Who can rely on you?
3. Regardless of what happens, what are you **confident** you can/will do?
4. Regardless of what happens, what are you **grateful** for that you have experienced already?

Future of Work Assumption 3: Identify paradoxes required for success

Paradox and Navigation

Paradox:

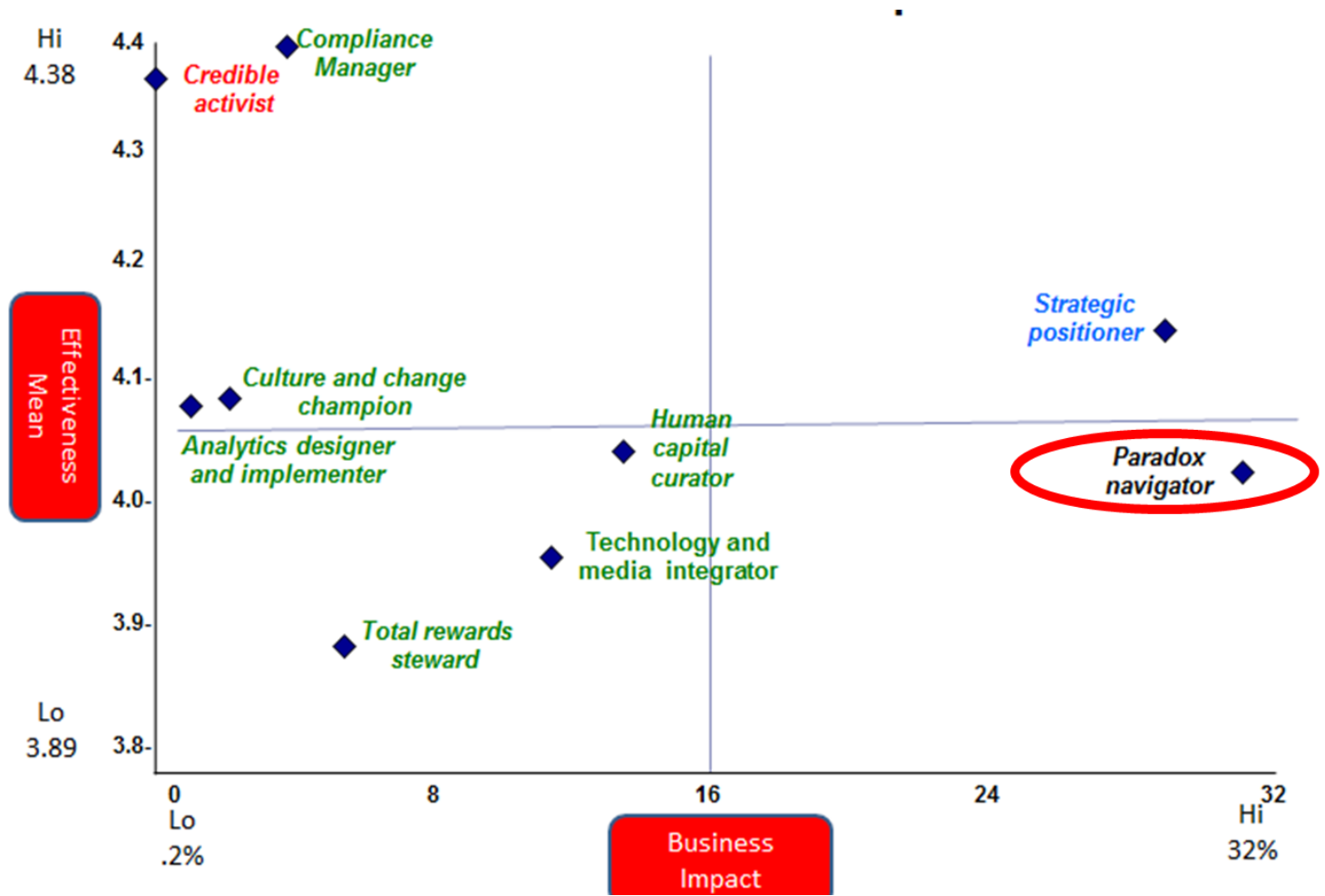
- Latin: Apparent contradiction
- The perception that contradictory or mutually exclusive elements are present or operating together.



A *navigator* is the person on board a ship responsible for the process of monitoring and controlling the movement of the craft from one place to another.

Assumption 3: Identify paradoxes required for success

Why paradox? Research on Leadership/HR Competencies



360 data from over 30,000 respondents using 360 instrument. See: **Victory through Organization**

Assumption 3: Identify paradoxes required for success

What are common paradoxes and where do we focus today?

1	Investment focus	Bottom line: cost, efficiency, profit	C B A 1 2 3	Top line: growth, creativity, innovation
2	Organization unit	Corporate enterprise (centralized)	C B A 1 2 3	Local unit (decentralized)
3	Where to do work	Work independently and virtually	C B A 1 2 3	Work collectively with other people
4	How work is done	Control: Disciplined	C B A 1 2 3	Freedom: Empowering, autonomy
4	Work focus/	Focus inside-out on workplace	C B A 1 2 3	Focus outside-in on marketplace
5	Work target	Upgrade individual competence	C B A 1 2 3	Create organization capability/workplace
6	Philosophy	Equity: meritocracy; differentiate	C B A 1 2 3	Equal: similarity; all the same
7	Problem solving	Decisive: make decisions	C B A 1 2 3	Thoughtful: explore options
8	Culture agenda	Care, compassion, empathy	C B A 1 2 3	Challenge, competitive, execution
9	Information	Science: using numbers/statistics	C B A 1 2 3	Art: making observations, qualitative
10	Approach to work	Change/agility: experiment	C B A 1 2 3	Stability: consistency, standardize

Exercise: [1] pick the 3 most critical paradoxes we must manage; [2] mark where we are now (CBA123)
[3] mark where we need to be (CBA123)

Future of Work Assumption 4: Personalization



Personalize: Care for each person
respecting their individual wants and needs



Personalize: Tailor work setting to the
unique needs of each individual (flexibility in who,
where, what, and how work is done)



Assumption 4: Two Dimensions of Personalization



Personalize: Care for **each person** respecting their individual wants and needs

Employee Experience

What employees want and get from their work: be safe, believe, become, belong (well being)

Engagement

Intrinsic attitudes (well-being, meaning, flourish) that denote employees' enthusiasm for their job

Commitment

Being connected through identity or work systems to job, team, organization

Satisfaction

Extent to which employee "likes" job and aspects of the job: affect, attitudes, etc.

Motivation/Motives

Forces that initiate work-related behavior (expectancy, goals setting, personal traits, job characteristics)

Employee sentiment



Personalize: Tailor work setting to the unique needs of each individual (flexibility in who, where, what and how work is done)

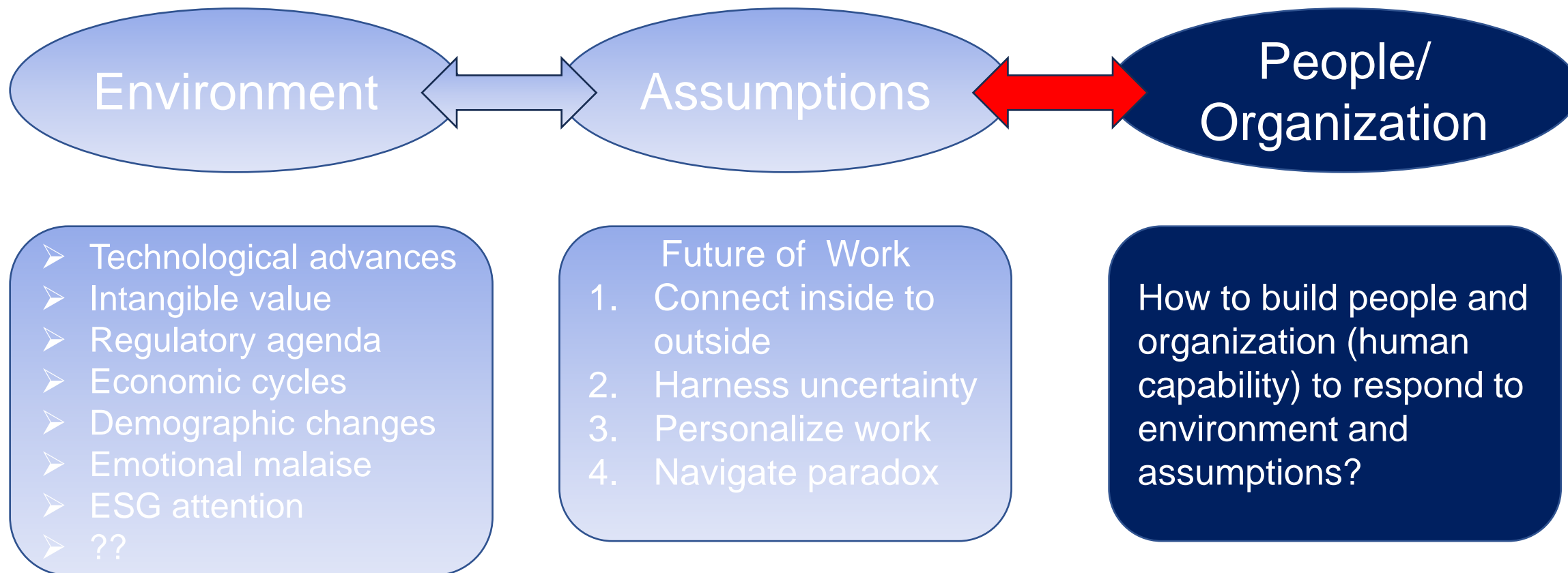
- **Place:** where work is done (office vs. home vs. remote site)
- **Work Activity:** how work is done (in person vs. technology)
- **Work conditions:** hours, dress, benefits, full vs. part time,
- **Tie flexibility to contribution:** ensure that flexibility leads to success

Question for Today

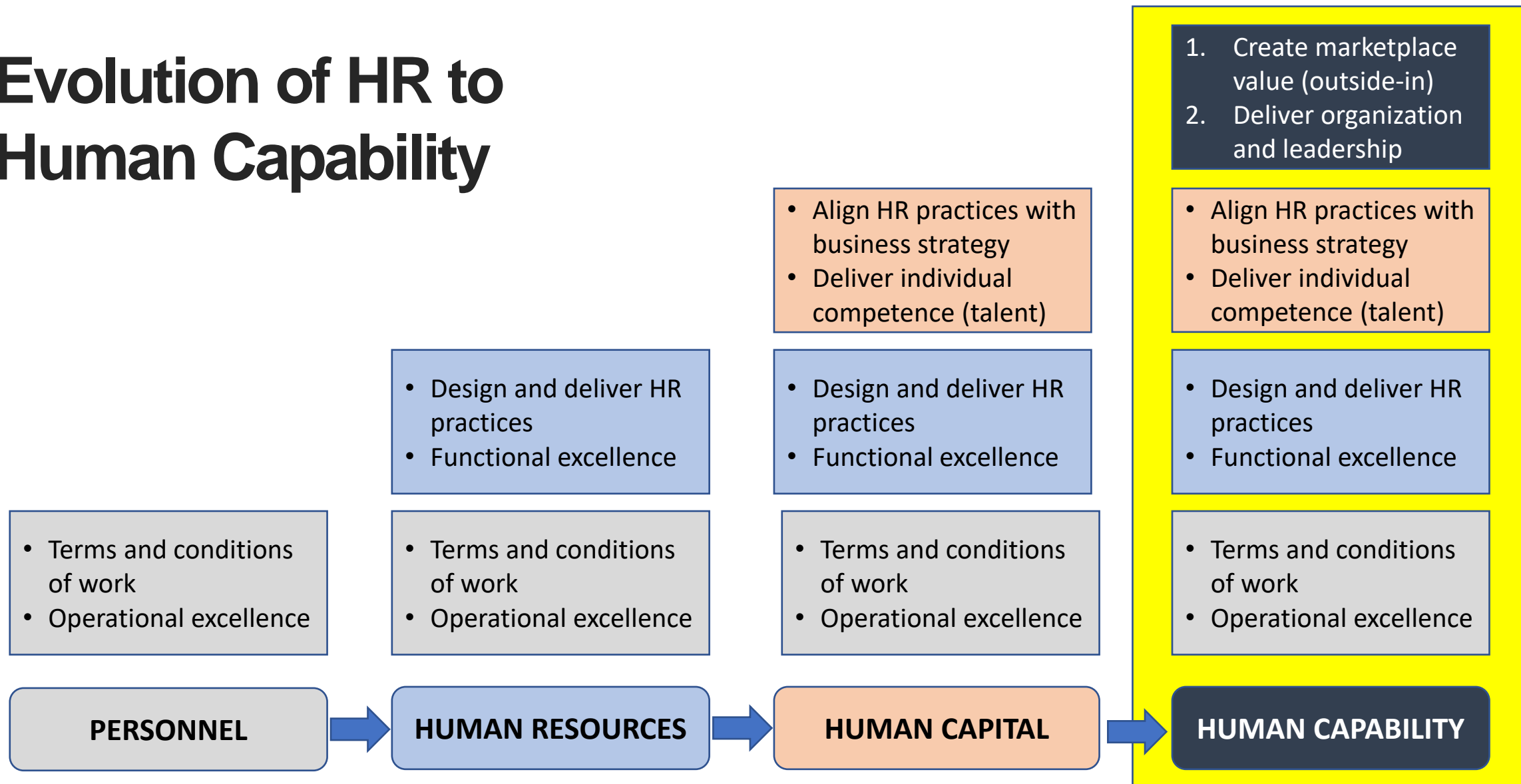
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- 1. Understand external conditions that change future of work assumptions**

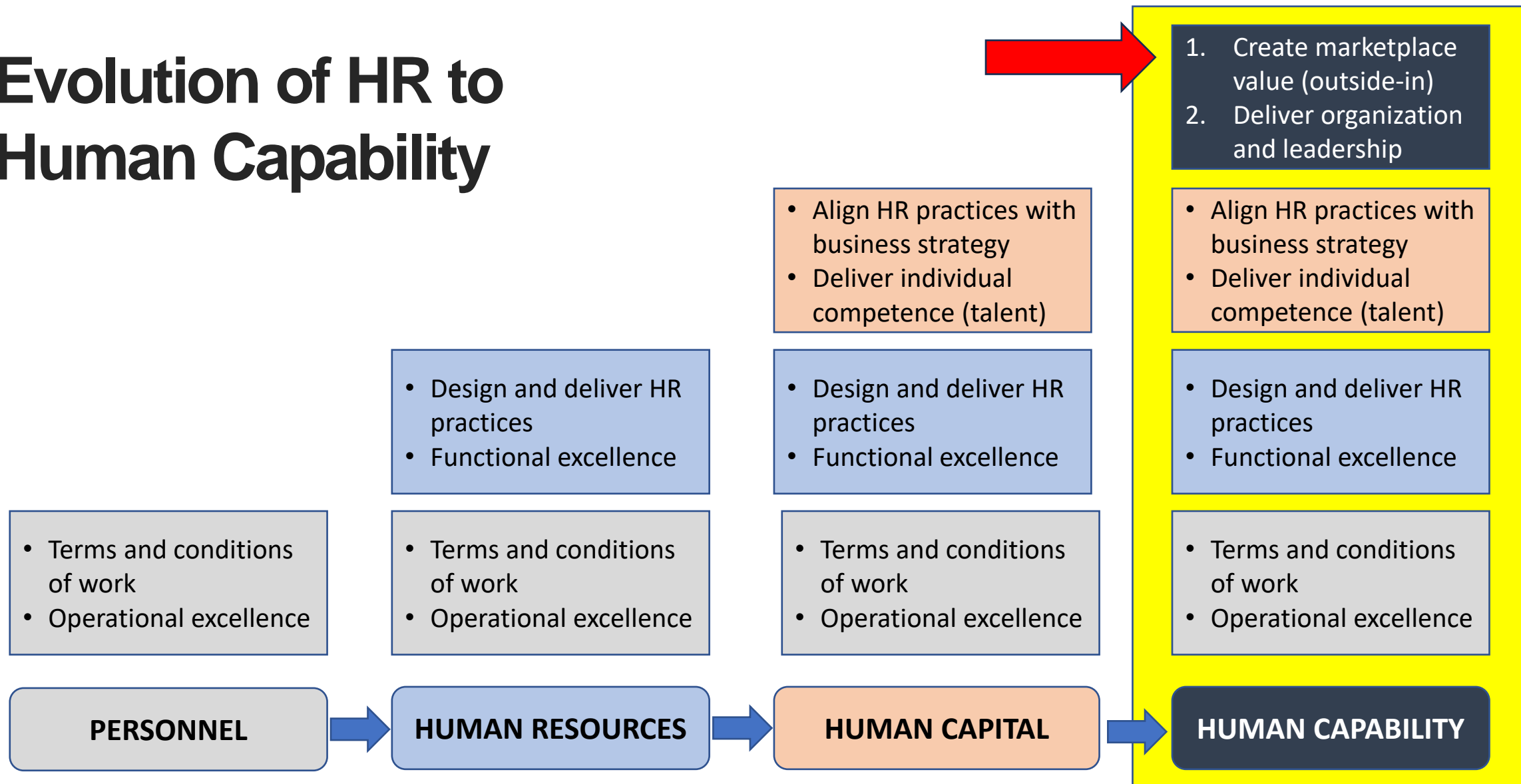
Now is the time for HR: Environment, Assumptions, **Human Capability**



Evolution of HR to Human Capability



Evolution of HR to Human Capability



Value Creation Logic: Assumption Question

What is the most important “thing” that HR or business leaders can give an employee?

Please select one:

1. A feeling of physical and psychological safety
2. A sense of belief (meaning, purpose)
3. An ability to become better (learn, grow)
4. A feeling of belonging (community, relationships)
5. All the above
6. None of the above

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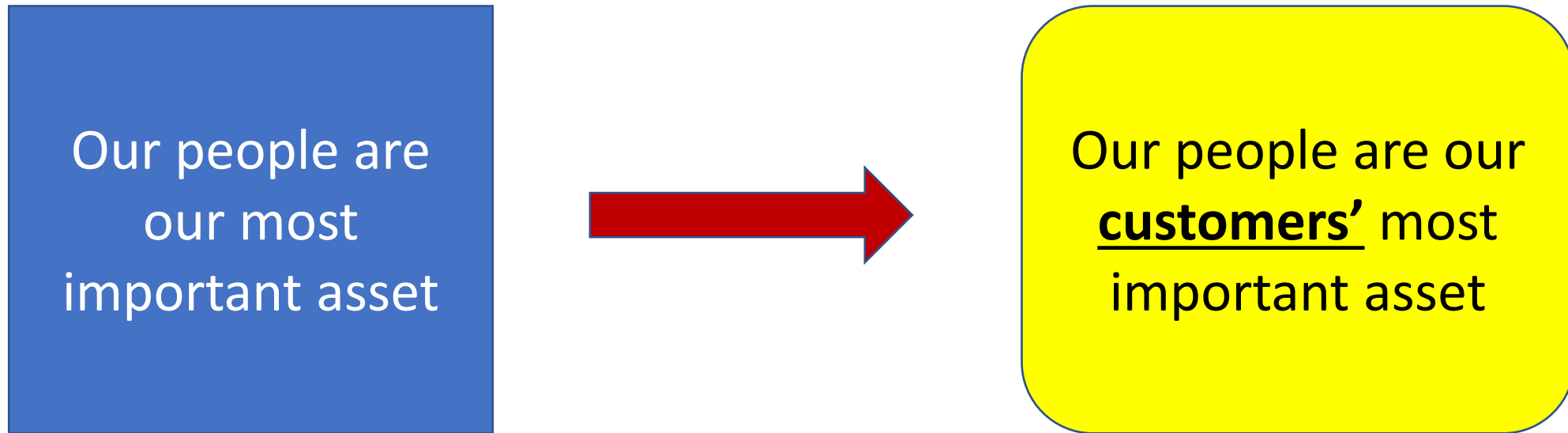
so that

**An organization
succeeds in the
marketplace**

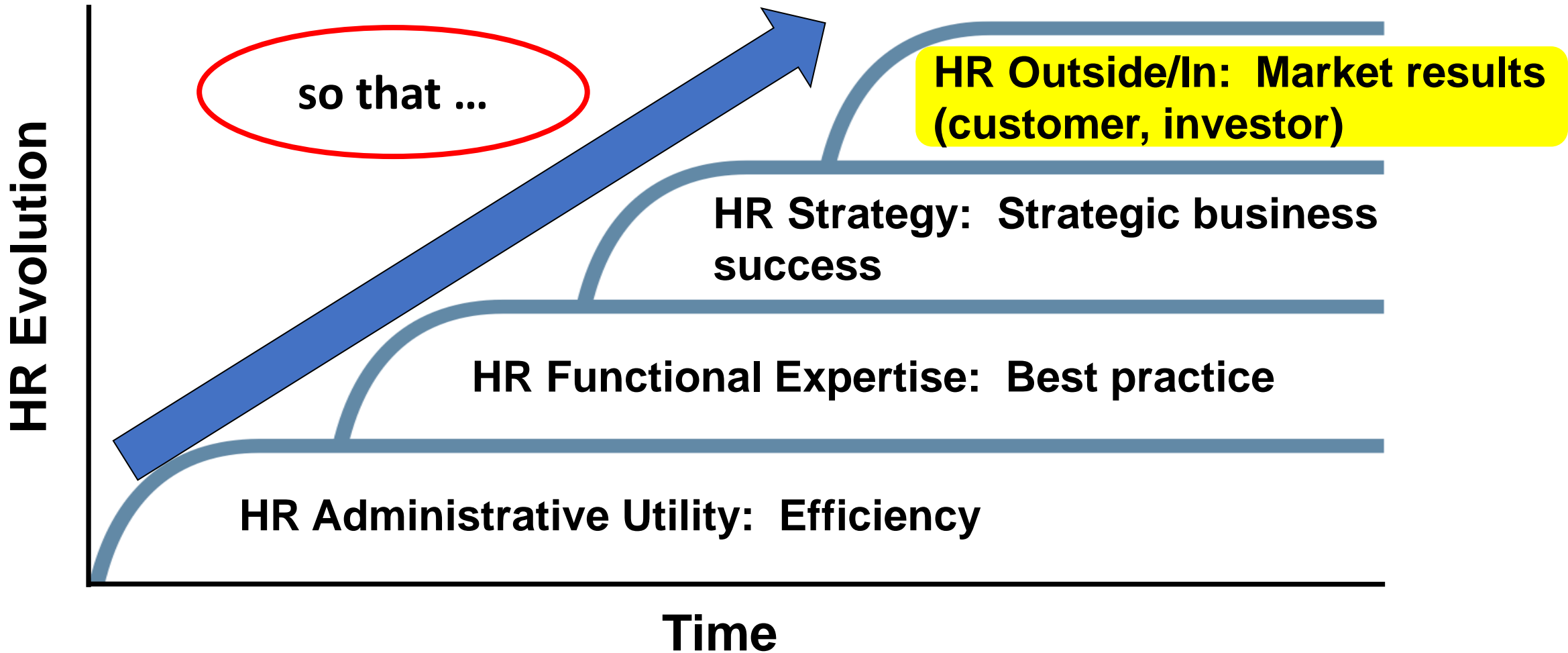
Assumption about Talent/People

Our people are
our most
important asset

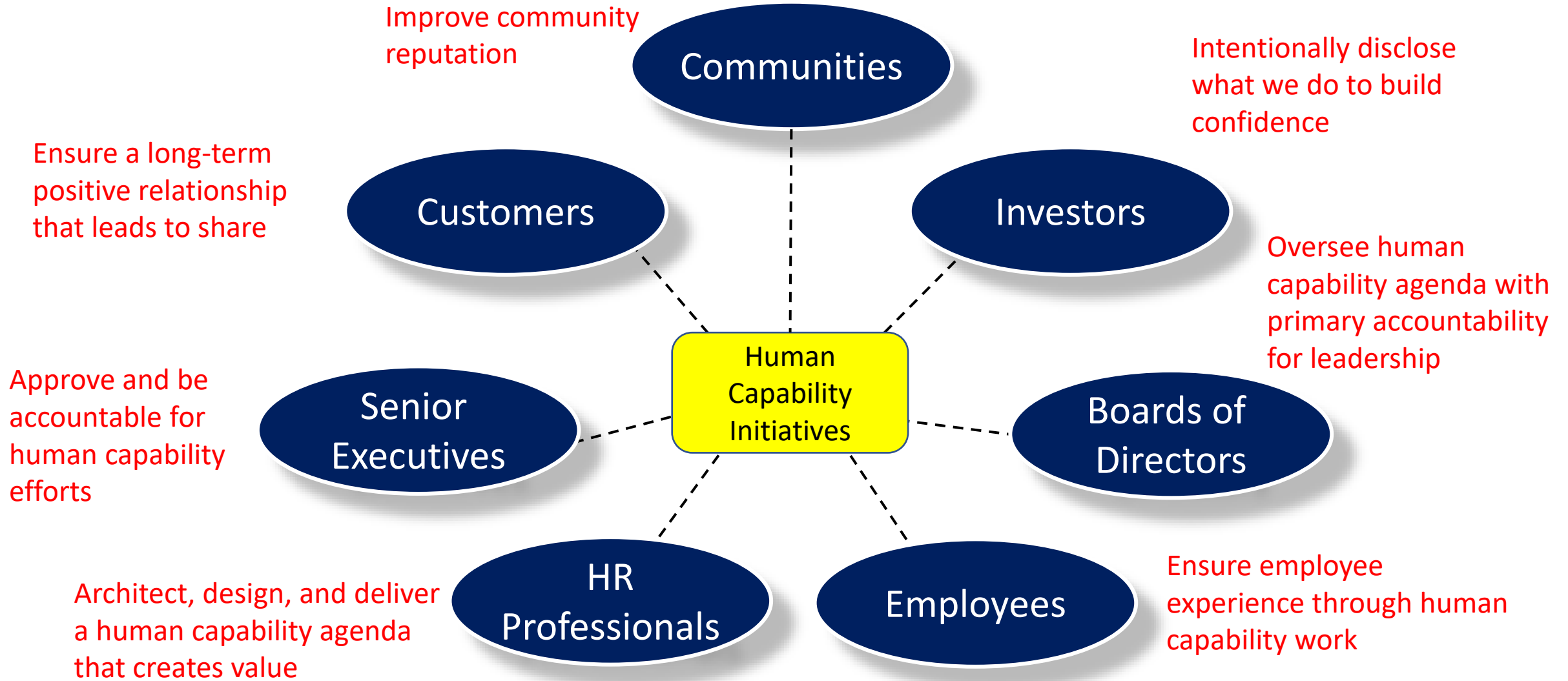
Assumption about Talent/People



HR outside in: Evolution of HR



What do we offer each stakeholder on human capability?

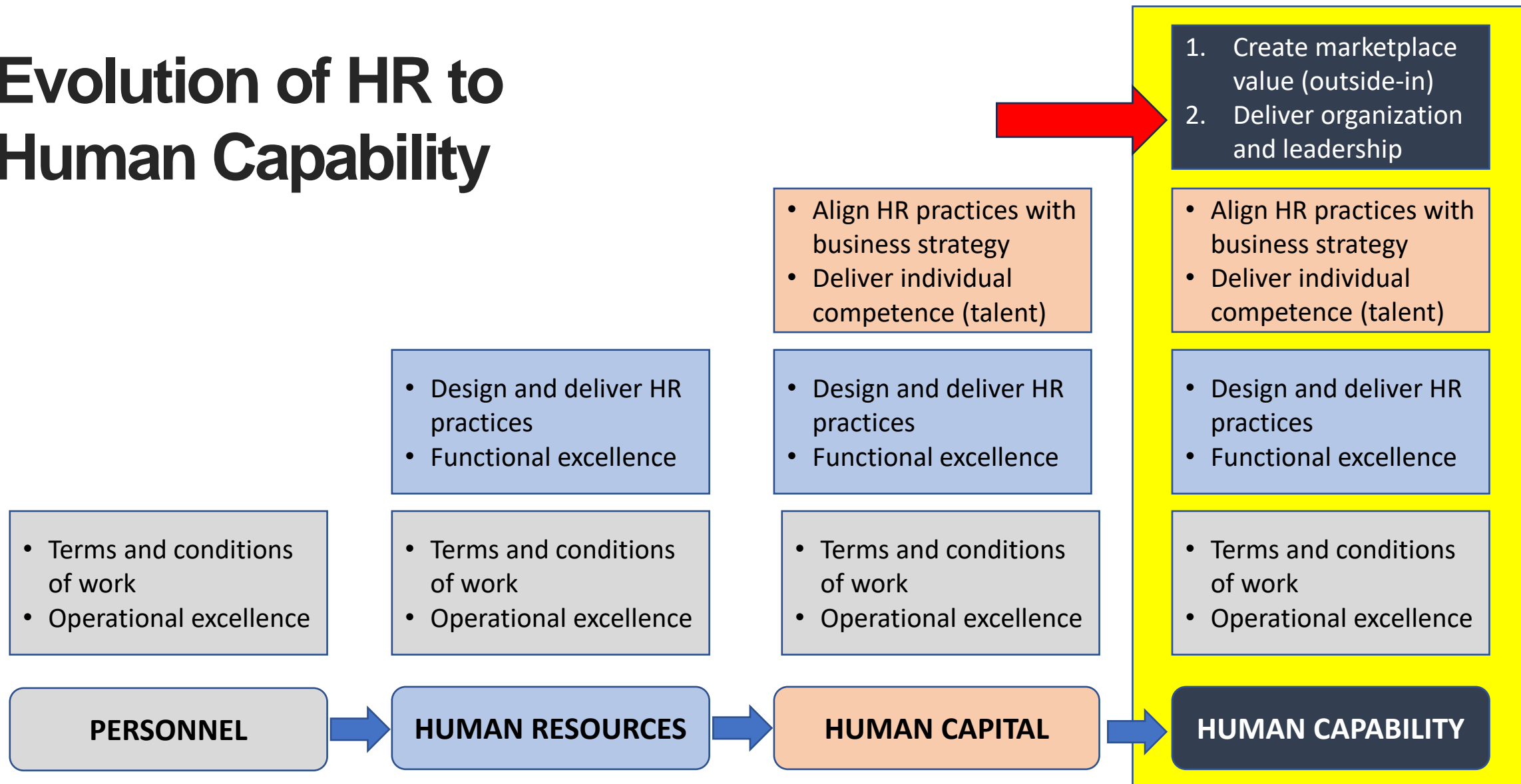


Question for Today

How can I and my organization create value for all stakeholders through human capability?

- 1. Understand external conditions that change future of work assumptions**
- 2. Define how all stakeholders get value from human capability**

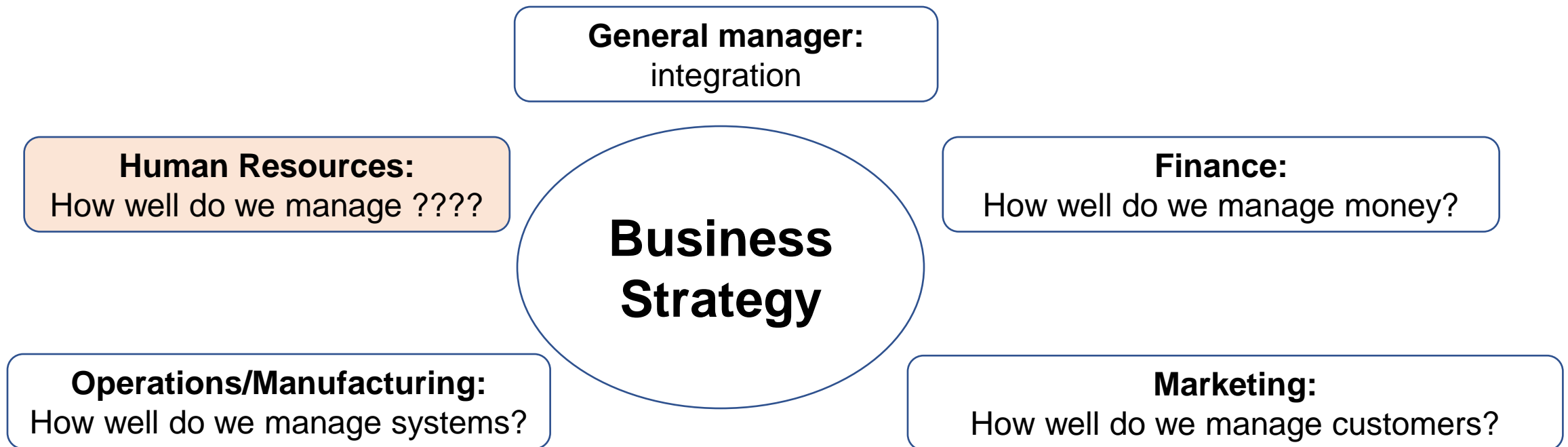
Evolution of HR to Human Capability



HR is not about HR ...

Outcomes:

What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)



Human Capability Initiatives

What are some of the latest “HR initiatives”?

Agile organization

Diversity, equity, and inclusion

Technology:
Digital reinvention
AI, machine learning

Communication

Hybrid work

Distributed leadership

Leadership academy

ESG: Social responsibility

Personal skills (Covey, deBono)

HR practices: people, work, accountability, information

Reskilling Workforce

Leader as meaning maker with emotion

Changing the right culture

HR transformation

Yang triangle and capability

HR people: competencies

Collaboration/ network/ecosystem

Strategic clarity / Purpose

Employee well being/ experience

Science of taxonomy, typology, classification



Home > Organization Science > Vol. 1, No. 1 >

General Organizational Classification: An Empirical Test Using the United States and Japanese Electronics Industries

Dave Ulrich, Bill McKelvey

Published Online: 1 Feb 1990 | <https://doi.org/10.1287/orsc.1.1.99>

Menu at restaurant

Visiting a library

Selecting a car

Making investment

Enrolling in classes

Overview of Human Capability

- **Today:** Most people and organization initiatives and assessments are piecemeal and haphazard
- **Tomorrow:** A shared definition of human capability and metrics to focus on making decisions in each of the four pathways that drive internal value and can be compared across companies.

HUMAN CAPABILITY

TALENT (HUMAN CAPITAL)

What should your company do to ensure the right individual competence, workforce, or skills?

LEADERSHIP

What should your company do to have the right leaders and shared leadership at all levels?

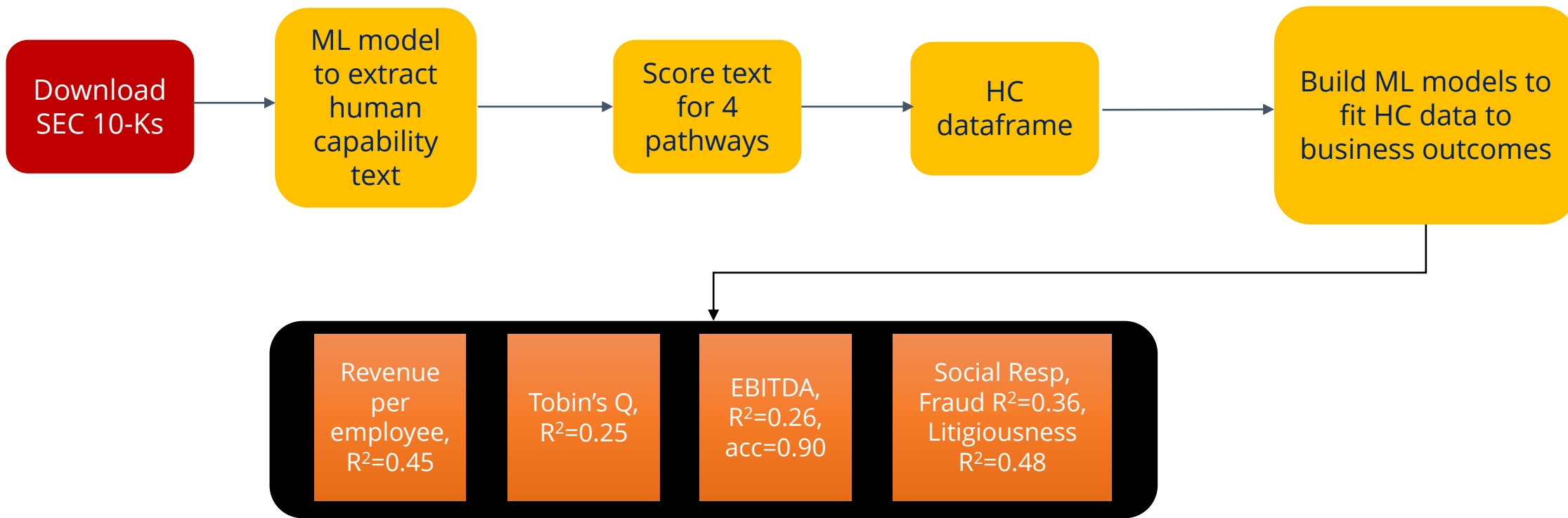
ORGANIZATION

What should your company do to have right organization capability, workplace, or team?

HUMAN RESOURCES (HR)

What should your company do to have the right HR department, practices, metrics, and people?

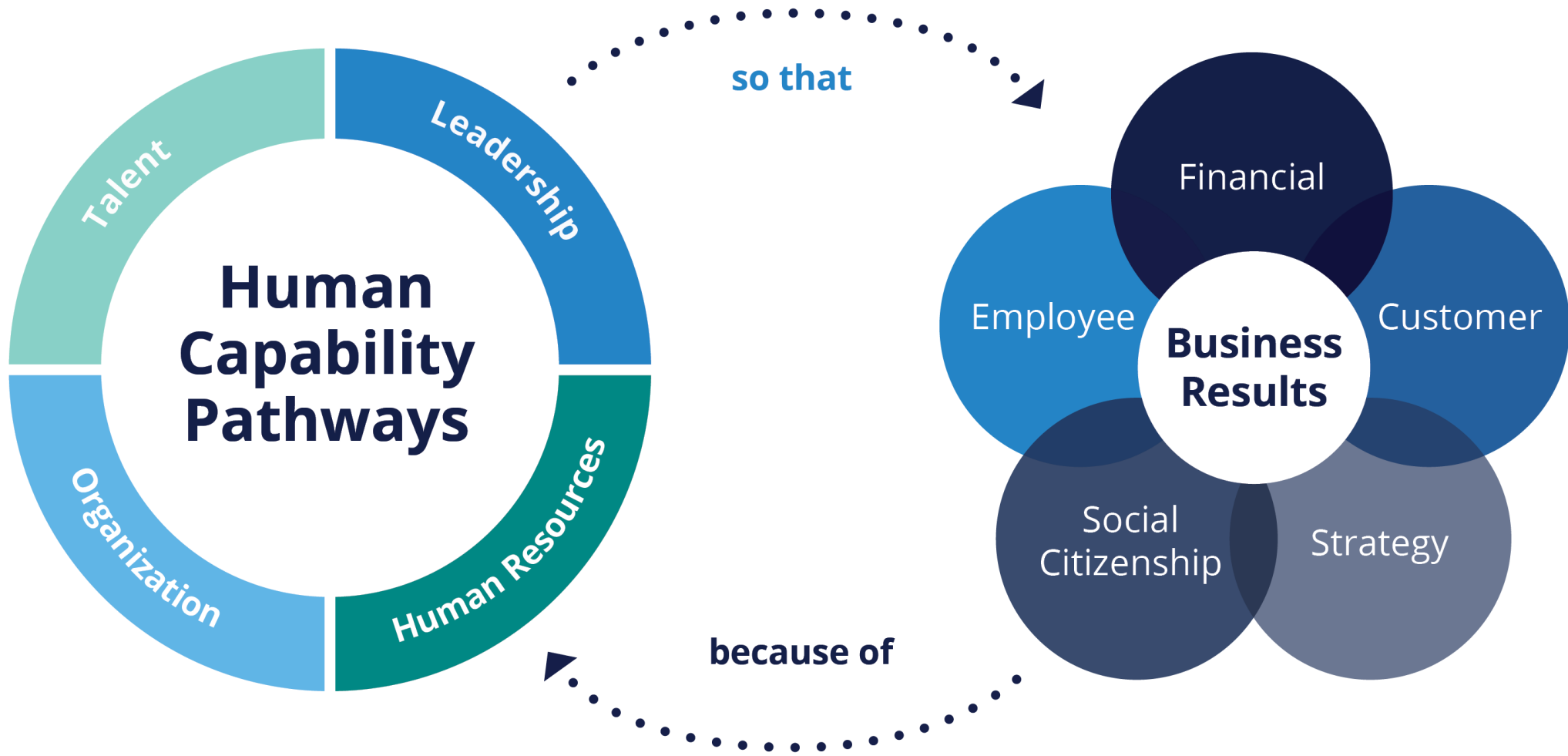
RBL Tool: Governance and Guidance for Growth through Human Capability (G3HC)



Human Capability has impact on business outcomes across the SEC

RBL Tool: Organization Guidance System (OGS)

Human capability pathways and stakeholder results are interdependent



Human Capability Initiatives

How many of these initiatives have you tried in your organization?

Agile organization

Diversity, equity, and inclusion

Technology:
Digital reinvention
AI, machine learning

Communication

Hybrid work

Distributed leadership

Leadership academy

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Overview of Human Capability

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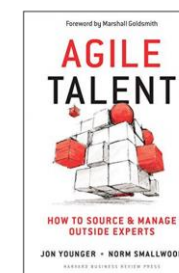
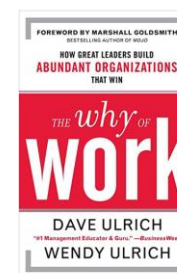
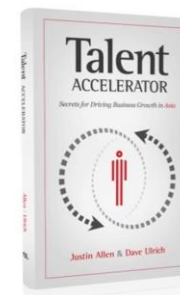
ORGANIZATION

What should your company do to have the right organization capability, workplace, or team?

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What should your company do to have the right HR department, practices, metrics, and people?

A Talent Formula



***Talent* =**

COMPETENCE
(ability to do the work)



COMMITMENT
(willing to do the work)



CONTRIBUTION
(finding meaning from
the work experience)

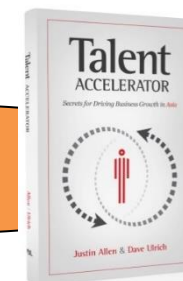
Bring the right people
INTO the organization,
move them THROUGH,
and move them OUT

Create greater employee
emotional response to
work as seen in
engagement and
commitment

- Believe: increase meaning and purpose
- Become: have a growth mindset
- Belong: be part of a community

INDIVIDUAL
Talent, Workforce
People

Talent Menu: 10 Key practices



Competence

Bringing people into, moving them through, removing them from organization

A

Bringing people IN

1. **Acquiring Talent:** we bring the right people into the organization

B

Moving people THROUGH

2. **Managing employee performance**
3. **Developing employees**
4. **Managing employee careers and promotions**
5. **Communicating with employees**
6. **Encouraging diversity, equity, and inclusion**

C

FLOW of people from organization

7. **Retaining the best employees**
8. **Managing departing employees**

D Commitment

9. **Improving and tracking employee engagement**

E Contribution

10. **Creating a positive employee experience**



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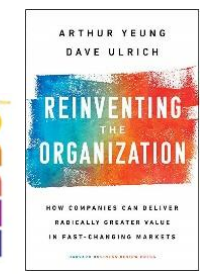
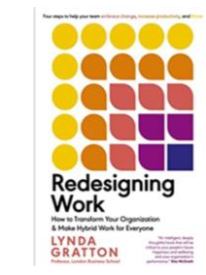
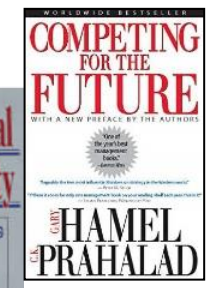
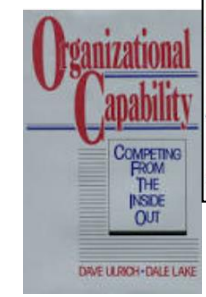
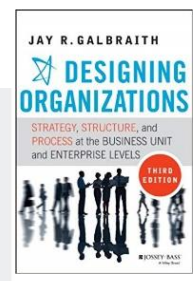
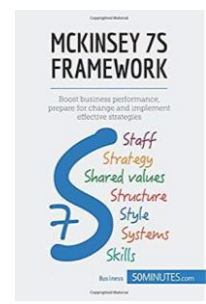
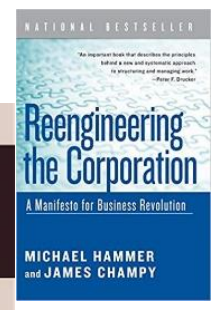
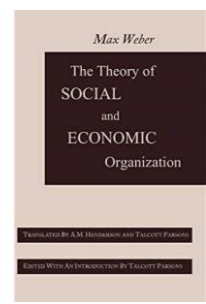
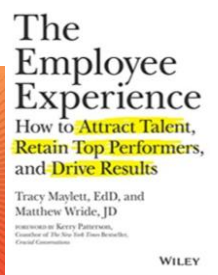
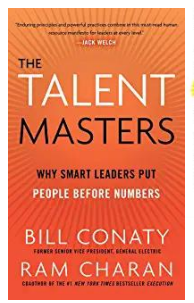
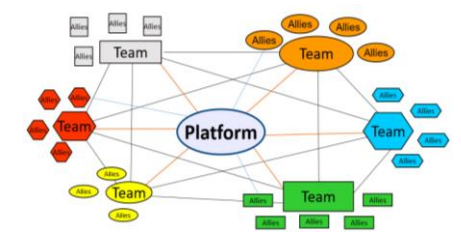
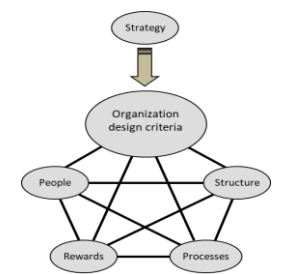
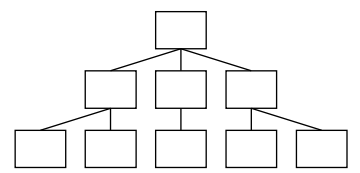
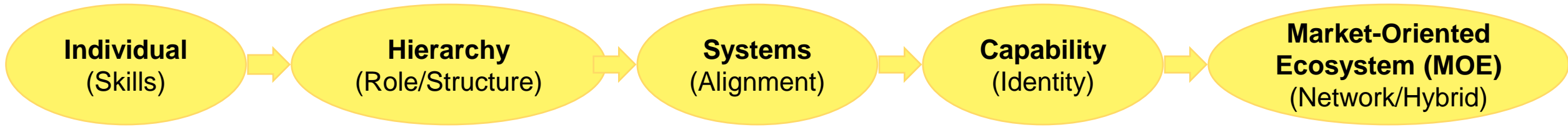
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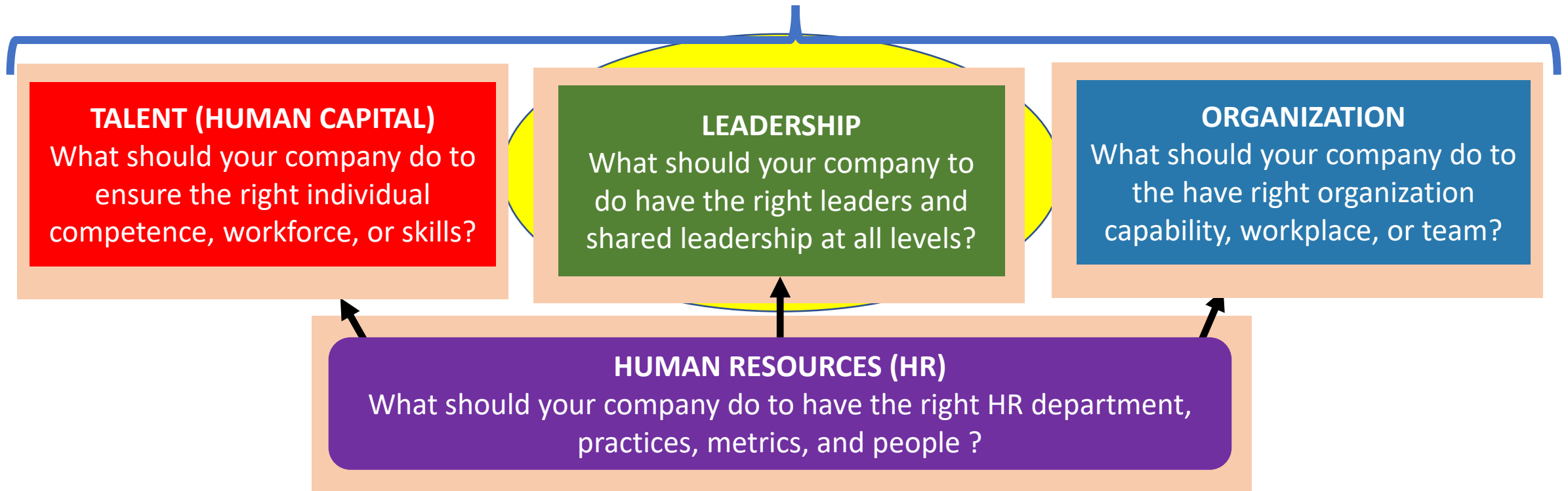
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Evolution of organization form



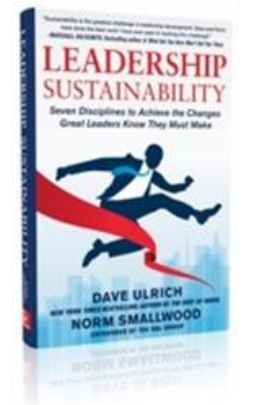
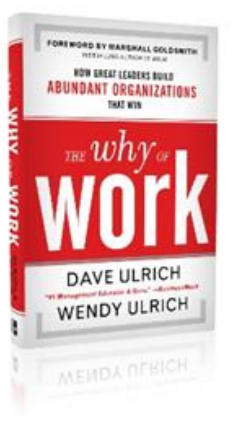
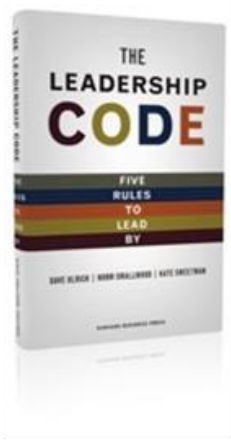
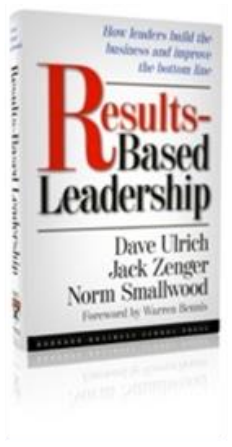
Overview of Human Capability

HUMAN CAPABILITY

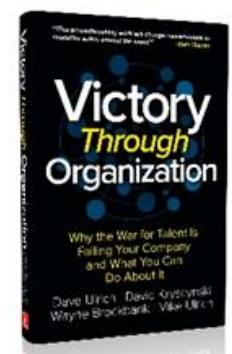
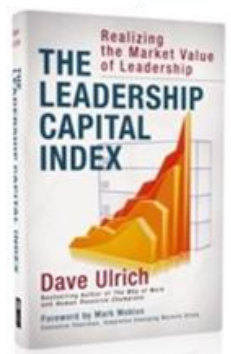
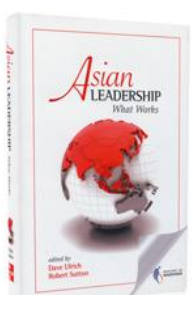
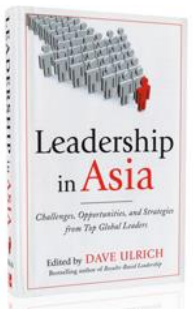
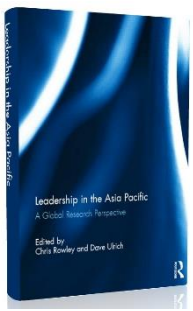


Creating leadership capability

Customers Employees



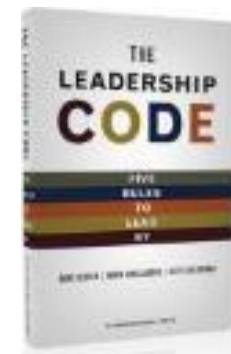
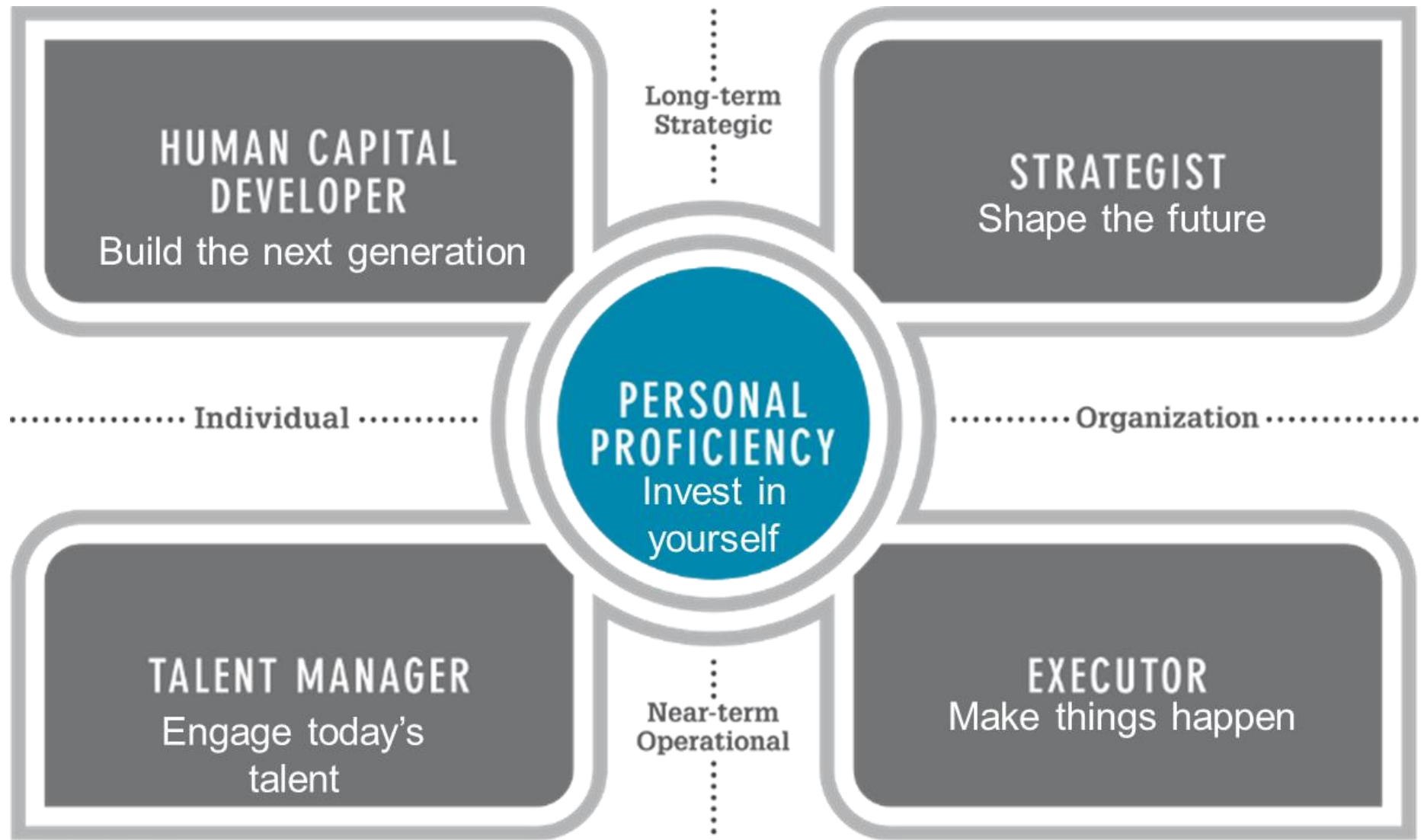
That Get Implemented



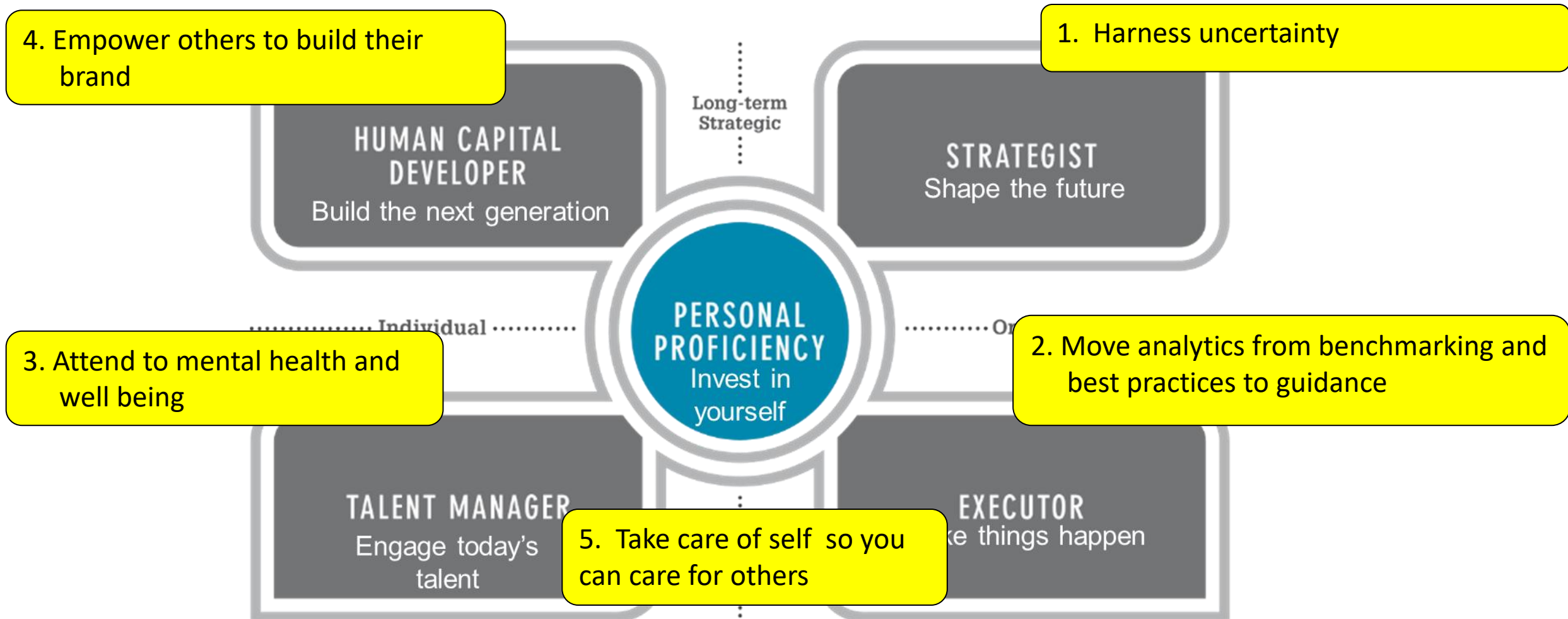
Investors Organization

What's next for HR value creation?

Leadership Code: The DNA of Effective Leaders



Leadership Skills for Purpose, Clarity, and Change



Question for Today

How can I and my organization create value for all stakeholders through human capability?

- 1. Understand external conditions that change future of work assumptions**
- 2. Define how all stakeholders get value from human capability**
- 3. Recognize and make human capability choices in talent + organization + leadership**

Overview of Human Capability

HUMAN CAPABILITY

TALENT (HUMAN CAPITAL)

What should your company do to ensure the right individual competence, workforce, or skills?

LEADERSHIP

What should your company do to have the right leaders and shared leadership at all levels?

ORGANIZATION

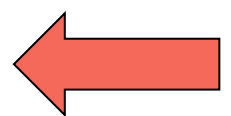
What should your company do to have right organization capability, workplace, or team?

HUMAN RESOURCES (HR)

What should your company do to have the right HR department, practices, metrics, and people?

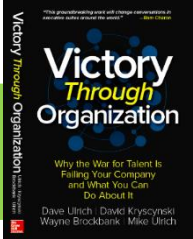
HR Department Evolution

HR criteria and assessment



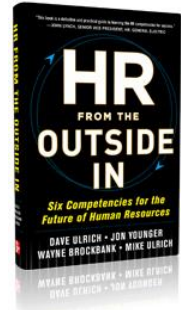
Victory through Organization

Does HR create sustainable organization capabilities?



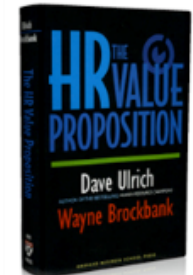
HR Outside In

Does HR deliver value to customer and investor?



HR Value Proposition

Does our HR department deliver value?



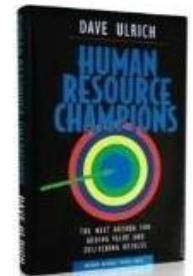
HR Transformation

Does our HR department change to meet needs?



HR Design

Do we have the right HR organization?

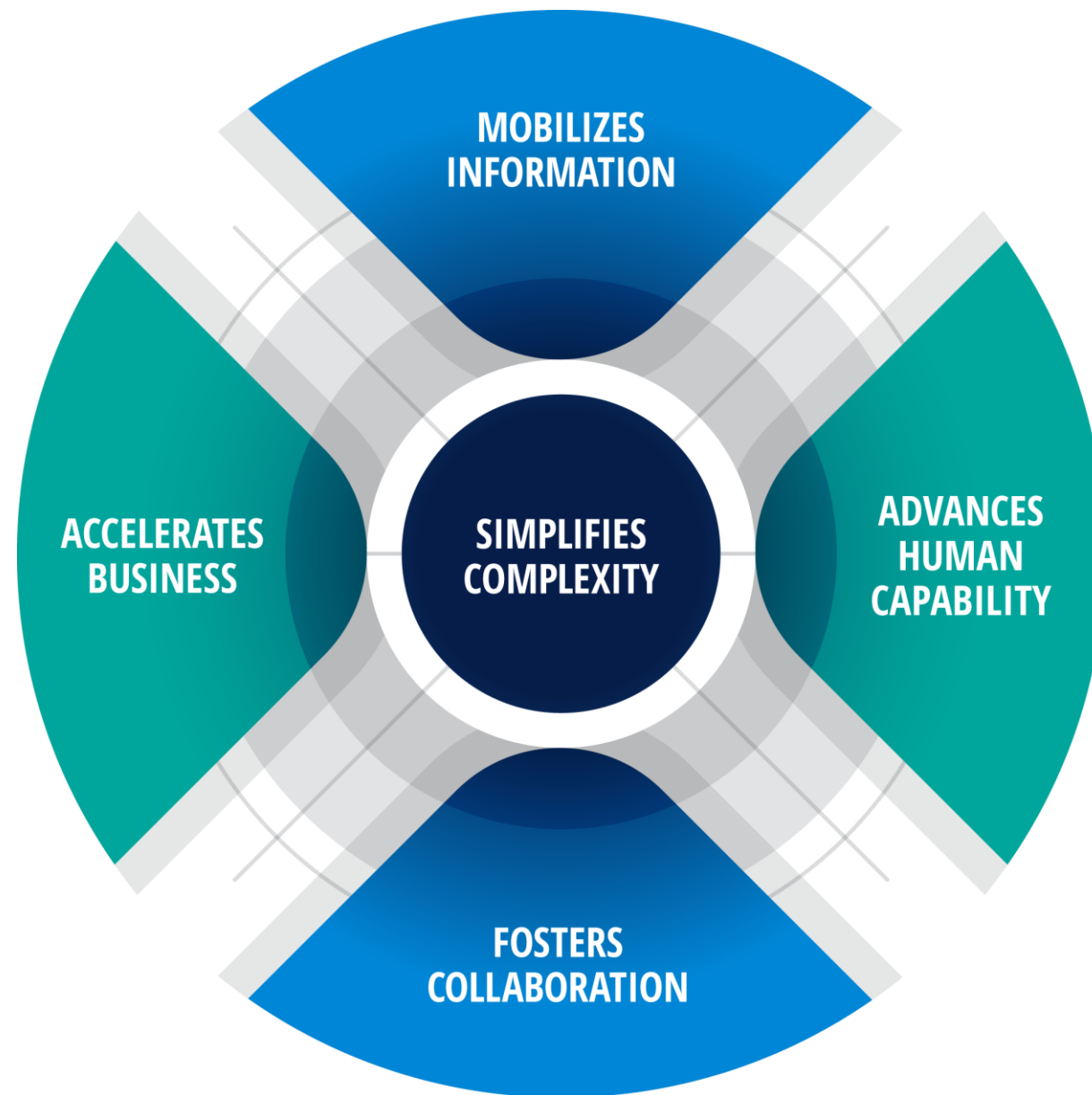


HR function **actions** for effectiveness

HR Domains	Action
1: HR Reputation	Do an HR reputation exercise to build unity about identity
2: HR Customers	Define key stakeholders and determine what each gets from human capability
3: HR Purpose	Create an HR purpose (mission): who we are, what we do, why we do it
4: HR Design	Govern HR to connects specialists to generalist and allocate resources with agility
5: Human Capability	Diagnose, prioritize, and deliver human capability that creates stakeholder value
6: HR Analytics	Provide rigorous and relevant information to improve decision making
7: HR Digital Technology	Use digital to be efficient, innovate, share information, and form relationships
8: HR Practices	Innovate, align, and integrate people, performance, information, and work initiatives
9: HR Professionals	Diagnose, test, and upgrade competencies of HR professionals
10: HR Relationships	Define and ensure positive working relationships among HR and HR and others

HRCS: Round 8

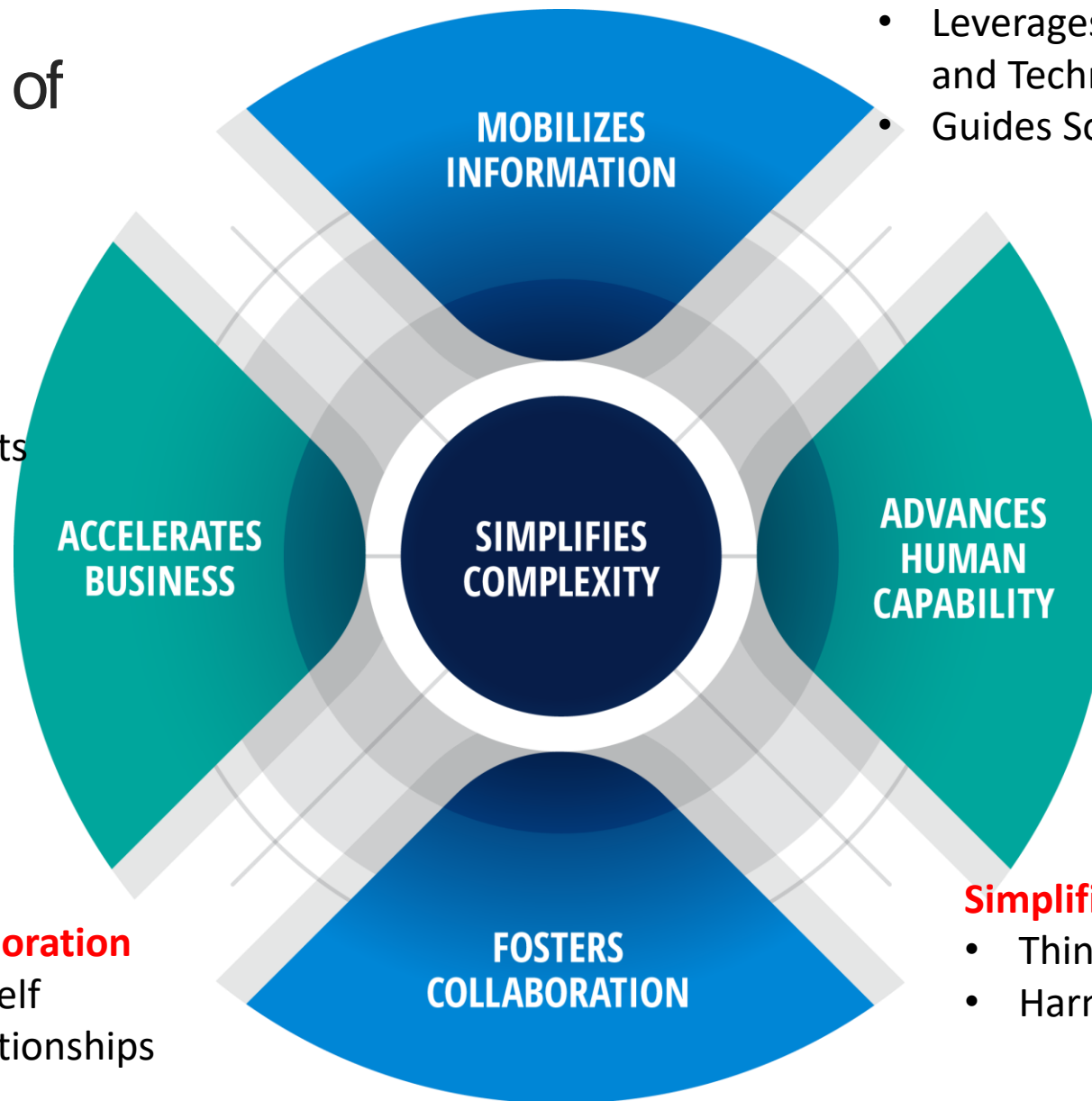
Overall HR competency model



HRCS:

Round 8 Summary of domains and skills

(verbs)



Mobilizes Information

- Leverages Information and Technology
- Guides Social Agenda

Advances Human Capability

- Elevates Talent
- Delivers HR Solutions by capabilities
- Champions Diversity, Equity, and Inclusion

Simplifies Complexity

- Thinks Critically
- Harnesses Uncertainty

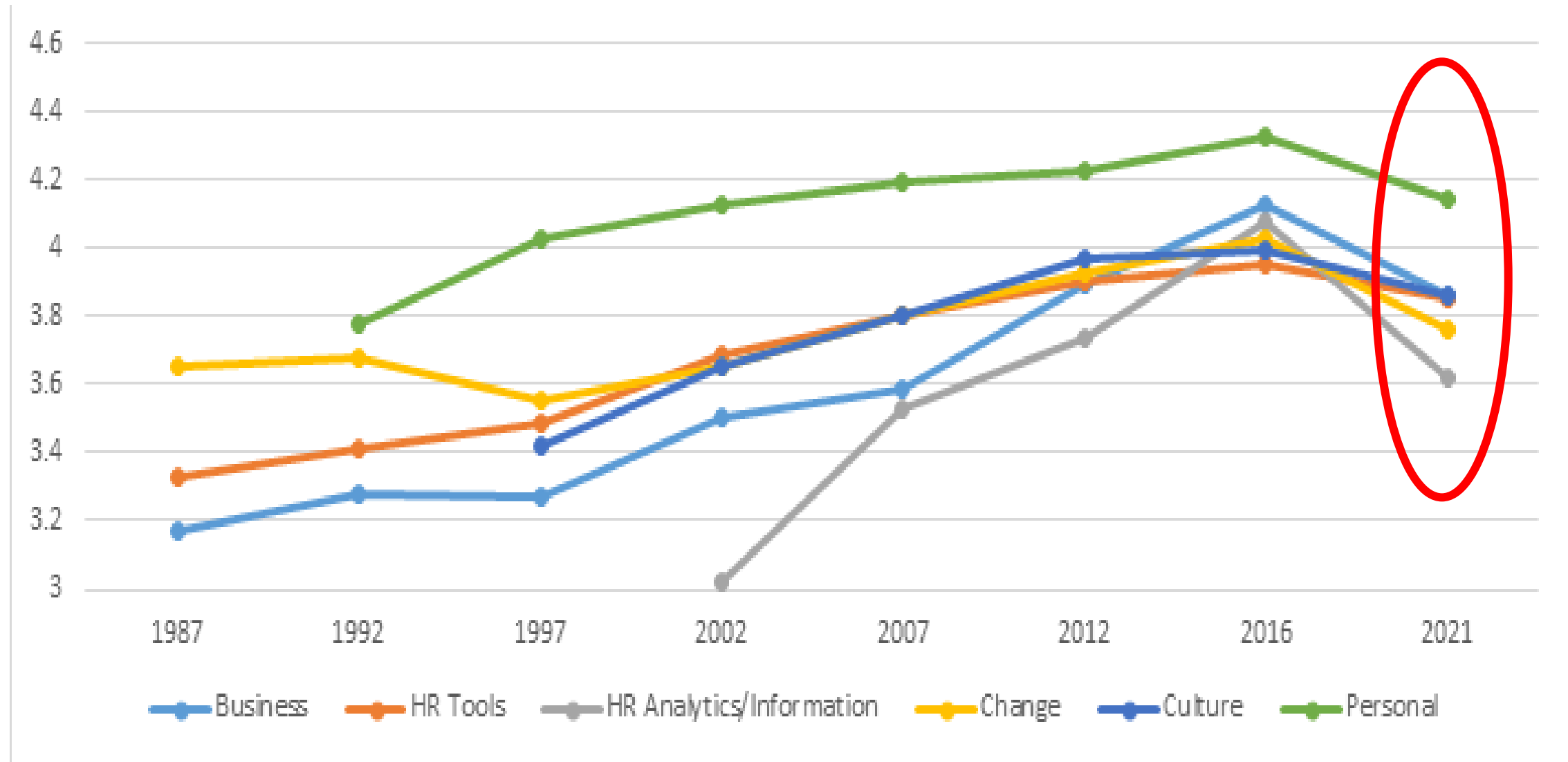
Fosters Collaboration

- Manages Self
- Builds Relationships

Accelerates Business

- Generates Competitive Insights
- Influences the Business
- Gets the Right Things Done
- Drives Agility

Evolution of HR Competencies 1987 to 2021



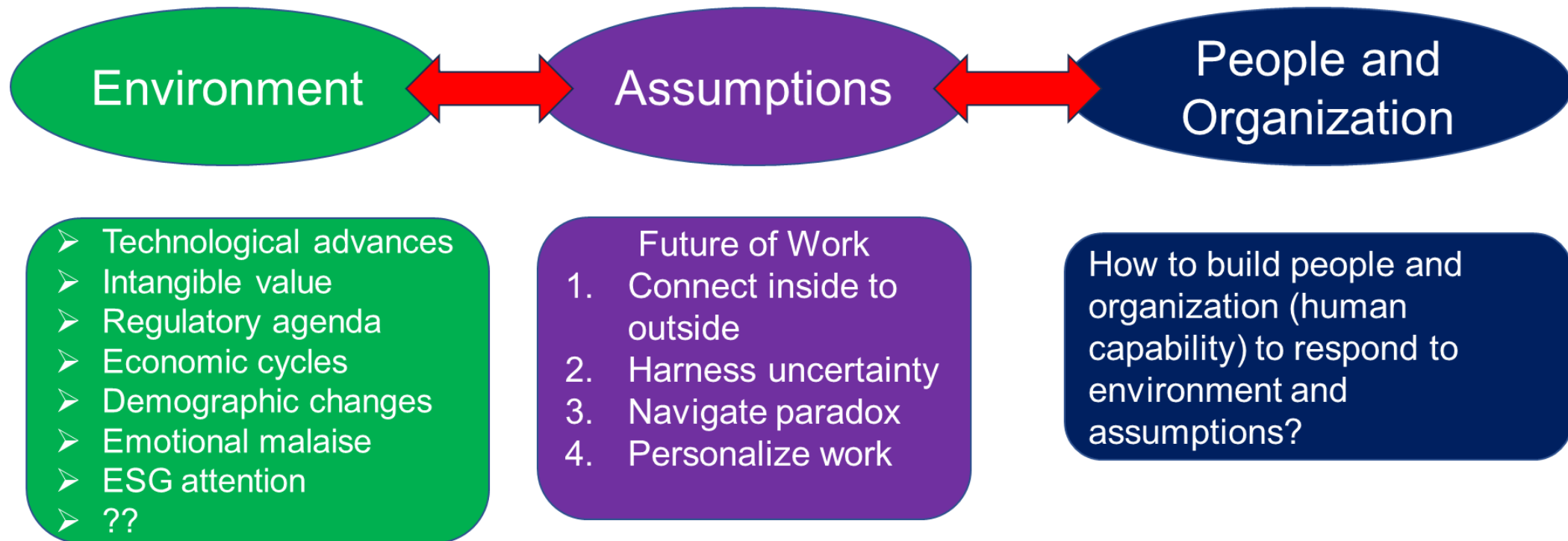
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- 3. Recognize and make human capability choices in talent + organization + leadership**
- 4. Upgrade HR function and HR professionals**

Question for Today

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The
BEST
is yet **AHEAD**

**What's next:
Create stakeholder value through human
capability**

Let's stay connected!!!



Please follow me on **LinkedIn** to view my regular posts with insights and tips.



@dave_ulrich