

IGNITING HR FOR STRATEGIC BUSINESS PARTNERSHIPS



HR AS A STRATEGIC FORCE? THE HEAT IS ON.

HR's proper role in helping to formulate and execute business strategy has been the subject of intense discussion for many years.

Although gaps remain between the expectations of the business and HR's contribution, HR is clearly on a transformation journey. It is shifting focus from enabling back-office efficiency and effectiveness to becoming a strategic business partner.

Recent [Accenture and HFS research on intelligent operations¹](#) highlights the growing strategic relevance of HR. Businesses are looking to HR for leadership in many areas. Reskilling the workforce to accommodate new technologies and marketplace conditions and attracting top talent in increasingly competitive industries are just two examples.

Workforce development and recruitment, however, are just the beginning. Other survey findings confirm there are additional opportunities for HR to add strategic value. Pursuing them will require HR to expand its traditional skill sets. Business acumen, data-driven planning, the effective use of innovative technologies, and adopting a customer focus will open new doors for HR—and new kinds of outcomes for the organizations they serve.

Businesses are ready for strategic HR. Leading HR organizations are ready, too. They are sparking change and igniting value.

THINKING STRATEGICALLY

The best news identified in Accenture's recent study is that HR is already thinking strategically and is aligned with business priorities.

When asked to identify the top challenges they face, the HR executives we surveyed pointed to corporate performance and competitive agility (see Figure 1):

Figure 1: The top challenges named by the HR executives surveyed:



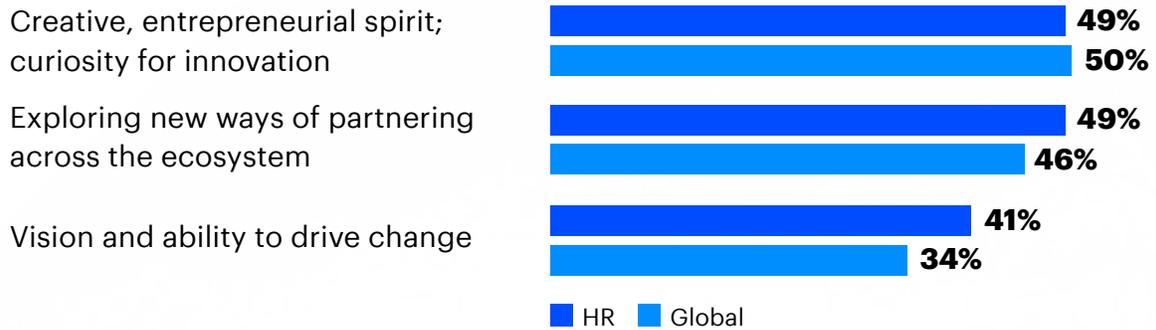
Source: The Future Belongs to Intelligent Operations survey, 460 enterprise respondents, 39 HR respondents, 2017, HfS Research and Accenture

These top-three challenges matched those identified by the full set of respondents in the overall study—a survey of 460 senior-level executives across 13 industries and 12 countries.

HR, however, is even more attuned than the general business population to major marketplace and technology themes and objectives. Ninety-two percent of the HR executives surveyed agree that disruption and competitive threats are driving investments, compared with just 78 percent of all leaders.

HR and business respondents are also aligned when it comes to key workforce requirements needed to cope with business challenges. Creativity, ecosystem collaboration, and the ability to envision and realize change top the list (see Figure 2):

Figure 2: Main workforce requirements now



Source: The Future Belongs to Intelligent Operations survey, 460 enterprise respondents, 39 HR respondents, 2017, HfS Research and Accenture



THE BUSINESS IS PRIMED FOR HR LEADERSHIP

Businesses are looking to HR for leadership and energy.

For example, when asked about critical enablers to achieve business goals, nearly two-thirds of those in the overall study (63 percent) identified “reskilling the workforce” as particularly important. That puts workforce retooling on par with other business and technology enablers like automation and artificial intelligence (AI) (62 percent); risk mitigation (63 percent); and use of cloud technology (64 percent).

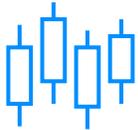
The need to attract top talent through recruitment also stood out in the overall findings. When asked about priorities for transforming various business functions, talent acquisition was the second highest ranked and essentially equal (64 percent) to top-ranked priority IT application maintenance and development (65 percent). Clearly, businesses acknowledge the need for a more transformative approach to the attraction and retention of top talent.

HR is out in front of the business when it comes to moving their organizations toward a more agile workforce, characterized by a combination of internal and external talent, mobilized for a particular project, and then re-mobilized for the next. Seventy-nine percent of HR respondents think the agile workforce will have an impact on their company’s ability to operate in real time. Just 60 percent of all leaders surveyed feel the same.

Businesses are looking to HR for leadership—especially in workforce acquisition and reskilling. They welcome transformative approaches in both areas.

OBSTACLES TO HR SERVING A STRATEGIC ROLE

With all the support it's receiving from the business, HR still faces hurdles in earning a stronger strategic role in the organization.



Perception as “static”

Many business leaders still perceive HR as slow to change with the times. Participants in the overall survey were asked to estimate the amount of change over the last 18 months across different business functions. At the bottom of the list? Talent development and recruiting. Because these functions do not appear to have changed much in a year-and-a-half, it is likely that many HR organizations will struggle to maintain relevance and importance in a business environment that's changing at a blistering pace.



Digital skill gap

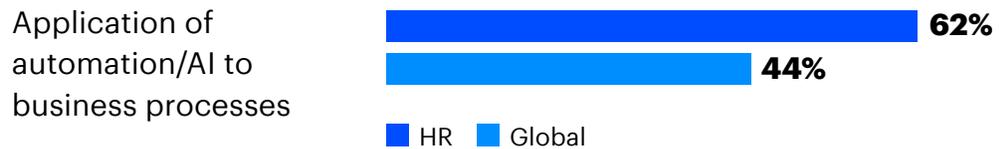
Businesses are looking for people trained in higher-level digital skills. Fifty-four percent of executives worry that their organizations lack needed skills in data analytics, AI and machine learning. Only 41 percent of HR respondents agreed. Similarly, 56 percent of executives want more people versed in digital business models. Only 46 percent of HR respondents see that as a pressing need. These findings suggest that businesses need skills that HR does not acknowledge or have the resources to address.



Underappreciation of automation and AI

Businesses are increasingly moving toward intelligent operations that combine data, applied intelligence and human ingenuity to accelerate decision making and deliver breakthrough experiences and outcomes. Only 44 percent of HR executives noted the importance of the use of automation and AI as business enablers, compared to 62 percent of all respondents. Embracing automation and AI could free the HR team from transactional, non-value-added activities and allow them to focus on strategic activities and further gain traction with the business (see Figure 3).

Figure 3: How important do you think the following enablers will be in helping your organization achieve its business goal?



Source: The Future Belongs to Intelligent Operations survey, 460 enterprise respondents, 39 HR respondents, 2017, HfS Research and Accenture



A missed data opportunity

Accenture’s report on intelligent operations noted that data is rapidly shifting from a peripheral component to a fundamental driver of operations and competitive advantage. And while 51 percent of respondents in our overall study named “interest in and ability to make data-driven decisions” the top business driver that will have a major impact on the business, HR significantly lagged the field here at 28 percent. If HR is to transform and progress along the continuum of intelligent operations—to adopting and benefiting from innovations like AI and machine learning—the effective use of data is essential.

IGNITING THE FIRE FOR STRATEGIC HR

HR leaders looking to improve HR's strategic relevance are taking a new leadership stance. Specifically, they:

1

Own their roles as business professionals

HR executives are often justifiably proud of being best-in-class professionals in the HR industry, but that's not nearly enough. They need to be broadly business-relevant—driving the business agenda forward through the people and underlying programs and policies that support them.

2

Blaze the trail on customer-centricity

Our research revealed a curious blind spot when it comes to customer experiences. "Staying relevant to customers" was listed as a key business challenge by only about 1 in 5 survey respondents, from both the overall study and the HR-specific findings. This presents a big opportunity for HR to step up to establish the skills, capabilities, performance goals and metrics needed to support customer-focused operations.

3

Create an agile, responsive workforce by breaking down silos

At most companies, HR is responsible for permanent employees; procurement oversees the management of contractors; and outsourcing companies own the data for payroll and benefits. As HR leaders strive to use analytics to predict workforce needs and create a more agile workforce, they will need to bring together and work with all those process, technology and data owners.

4

Aim higher when it comes to reskilling

As shown in the survey data, businesses highly value HR's role in reskilling. But they also need higher-level, digital skills. While budgets often limit HR to focus on more basic kinds of training, a strong business case can be made for investments in the higher-level skills needed to keep a business competitive. The skills needed 12 months from now will be different from those needed today, and a business-relevant HR is better positioned to create a more business-relevant workforce.

5

Drive decisions, actions and innovations with data

Data is the currency of future success. Today, when HR thinks about data, its mindset is typically about employee records and other data within the four walls of HR: Who are the employees? What's their salary range? How does their performance compare to others? To be more business-relevant, HR needs to consider broader issues like how a person is aligned to the business in terms of skills and experience. Are they producing valuable outcomes, and what's the value of that production? Gaining those insights requires looking beyond the typical HR data set.





A BRIGHT FUTURE

The idea of HR becoming more business-relevant and strategic is, in one sense, “pushing on an open door.”

Business stakeholders are looking for the kinds of capabilities owned by HR. At the same time, HR can do so much more by becoming more data-driven and customer-focused, and by thinking more like a business professional. Leaders in HR are recognizing the urgency for action. With the business environment moving so fast, they have no choice but to keep up. Fortunately, all the fuel they need is at their disposal.

Now it's time to ignite HR's full strategic potential.

ENDNOTES

1. www.accenture.com/us-en/insight-intelligent-operations

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