

## Book Review on HR from the Outside In: Six Competencies for the Future of Human Resources.

Dave Ulrich, Jon Younger, Wayne Brockbank and Mike Ulrich New York: McGraw Hill, 2012

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### Book Review

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Sarah Kieran

*Kemmy Business School, University of Limerick*

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As the research, teaching and practice of HRM continues to respond to and be shaped by contemporary business advances, Ulrich, Younger, Brockbank and Ulrich propose that a competency approach provides a 'leading logic for diagnosing, framing and improving' the resulting HR challenges (p. 30). Commencing in 1987, 'HR from the Outside In' is the result of the sixth round of the authors' Human Resource Competency Study; a global survey of HR Professionals, Line Managers, Academics and Consultants. Though the authors note many previous contributions to competency research, they believe this study's unique 360° view will enable HR professionals to significantly increase their levels of competence and contribution. The authors' ability to distil complex findings through years of experience and translate compelling evidence into practical guidelines, usable tools and common-sense advice is what makes this book both relevant and impactful.

Six core competencies have been identified; Strategic Positioner, Credible Activist, Change Champion, HR Innovator and Integrator, Capability Builder and Technology Proponent. Some competencies have carried through directly from previous models and others have evolved or been reshaped. The central message however, as reflected in the book's title, is that all six are now strongly underpinned by an 'Outside-In' ethos. HRM has moved through three waves from 'Administrative Excellence' to 'Innovative and Integrated Practice' to the more contemporary view of 'Strategic HRM' whereby direct contribution to organisational performance is achieved through developing business acumen, enabling business strategy and aligning HRM activities with the resulting strategic choices (p.19). Today, the authors argue, HRM must move through a fourth wave - strengthening strategic contribution through more direct and active engagement with external elements; customers, investors, communities and other stakeholders. As the book progresses through an exploration of each competency, it provides ideas as to how this 'outside' might be brought 'in'. How these ideas are interpreted will likely depend on the perspective and experience of the reader; some appear very valuable, some quite manageable, some hugely aspirational, some questionable. But, all are interesting and thought-provoking.

The body of the book devotes a chapter to each competency following a clear and very readable formula. Firstly, a story or two demonstrating the competency at work in an organisation is shared, secondly, the factors behind each competency and their impact on individual effectiveness and business performance are explained in full, and finally, some practical tools to initiate and develop ability in the competency are recommended. Common among all chapters is the spectrum of potential activities in which HRM may engage. These activities range from the simple, resource-effective and overtly valuable through to the complex, time-consuming, expensive and potentially distracting. As they are now summarised, the reader can consider: How much might be too much?

### The Strategic Positioner

No longer is it sufficient to initiate, steer and engage in strategic discussion, HRM should be proactively positioning the organisation to win by; interpreting the global context, decoding the customer experience and co-crafting the strategic agenda. This can be achieved through simple efforts such as ensuring financial reports, customer performance data and board meeting presentations are distributed across the team, HR Business Partners master

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\* E-mail: [sarah.kieran@ul.ie](mailto:sarah.kieran@ul.ie)

and share 'the logic' of their division, and HR is represented on cross-functional teams. In addition however, it is recommended that HRM engage more directly with customers, investors and sector communities in order to be able to sense customer expectations, investor perceptions and sector futures. Five per cent of HRM's time (and, with HRM's encouragement, 5% of all employees' time) should be devoted to direct customer engagement in some form; examples include attending customer conferences and holding focus groups into customer expectations or investor expectations. In turn, this insight positions HRM to more fully engage with organisational strategy by asking more insightful questions, probing alternatives, interpreting potential outcomes and placing greater emphasis on process and accountability.

### **The Credible Activist**

Having evolved from Personal Credibility to Activism, the view is that HR professionals need to take greater personal initiative across the organisation. HRM must earn trust through business results, display integrity as a role model for the organisation's values, be more self-aware regarding skills, approaches and feedback, and strengthen the HR profession. Furthermore HR professionals need to be influencers and relate to others by understanding, anticipating and planning for stakeholder interests. They must be willing to take appropriate risks on behalf of the organisation by promoting discussion around the 'grey zones' of the business – some sound advice is provided on the management of the middle-ground HR professionals inhabit between corporate headquarters and local sites (p.96). Membership of professional organisations, networking, sharing insights with colleagues and attendance at HR community events are all recommended. Taking a SMART approach to HR activities and actively managing team performance are also advised. However, the underlying message here is that business impact can only be achieved with an equal focus on credibility and activism. Being a Strategic Positioner can only be fully realised if those doing the positioning are doing the right thing in the right way with the right people on board.

### **The Capability Builder**

In this chapter, HRM is presented with a basic outline and practical framework for tackling their greatest task – 'creating the right organisation'. The authors refer to previous waves in organisational effectiveness; efficiencies, bureaucracy, systems thinking and more recently capabilities. Capabilities are defined as the enduring elements of the organisation; culture, core processes, competencies and human capital – the 'distinct organisational atmosphere' that not only affects employees but also customers and investors. Once identified, HRM must capitalise on these capabilities by ensuring a 'line of sight' between strategy, culture and individual behaviours, and creating a meaningful work environment. A practical template for undertaking a capability audit, a simple step-by-step to guide the process of alignment, and a questionnaire for assessing 'abundant organisations' are provided. This is supported with some sound advice such as the value of developing short, 90-day projects, always piloted first and then building around 'virtuous cycles' of return on investment to create benchmarks of tried and tested initiatives. Placing the 'why' of work front and centre in all organisational capabilities with, of course, HRM as the 'role model for meaning' is highlighted. There is a worthwhile word of warning on securing leadership and management buy-in up front, the difference between 'activities' versus the more meaningful 'capabilities', and the importance of finding measures to navigate and develop intangible capabilities.

### **The Change Champion**

As organisations today continue to grapple with continuous change, the consensus here is that the pace of organisational change should match the pace of change on the outside. The shift in this competency from previous research centres on HRM's need to sustain change rather than just supporting its initiation. Though much of this chapter merely synthesises the broader change literature, the authors bring some focus to the individual, initiative and organisational levels of change. At an initiative level the common change approaches are merely listed alongside the acknowledgement that bridging the 'know-do gap' is HRM's greatest challenge. The greatest value-add of this chapter is the focus on creating sustainable change at an institutional level where it is advised that HRM efforts should be directed towards 'exposing and confronting' the hidden patterns or 'organisational viruses' within change. The 36 common 'viruses' identified make for amusing and thought-provoking reading; crisis jumping, activity mania, dog and pony shows, process mania, over measurement and false-positives are just a sample. This reviewer's favourite? Fire Hydrant Syndrome: where everyone has to leave their mark on an initiative before anyone can move on it.

## The HR Innovator and Integrator

Having previously based competencies around particular HRM activities such as organisational design or talent management, these elements are now combined into one competency central to all HRM activities where innovative HR practices must be fully integrated across the organisation to create a 'synergistic whole'. It is argued that value is only created when 'efficacy meets alignment' across work force planning, talent development, organisational and communications practices, performance management and the leadership brand. Most of this chapter is devoted to a high-level overview of what might be considered best-practice across each of these HR practices – with of course due attention paid to the role of the 'outside' for each, for example involving customers and investors in determining organisational competencies or performance standards up to the point of including customer feedback in performance reviews. The role of context and creating a strong link back to building capabilities is highlighted with the usual word of warning to HR not to take the latest 'solution' and then go in search of a problem. However, it is the authors insight into the importance of the leadership brand – composed of a 'code' likely common to any organisational leader and then 'differentiators' which are unique to the organisation – that provides for more interesting reading. The view is that leadership is considered a core capability which should be developed in line with brand-marketing principles. A template for development is provided with clear steps and a range of actions for HR professionals and HR leaders.

## The Technology Proponent

According to the authors, technology today should be a 'learning and knowledge platform' which connects HRM with the outside and assists innovation and integration on the inside. Technology infrastructure has impacted HRM in many ways in recent years with the advent of employee databases, work force planning tools, online performance management systems etc. However, the role of 'big data' in HRM is only recently being realised and the challenge, according to the authors, is HRM's ability to take data-led insights and turn them into new and innovative initiatives, for example, allowing employees manage their own rosters online. Interestingly, the need for a guest author (M.S. Krishnan) on this chapter reinforces the authors' view that HRM technology lags behind that of other organisational functions. This chapter does not offer the level of insight, advice or practice guidelines offered in previous chapters. Even more interestingly, it is only with this competency that the authors question if it might take HRM 'away from' its core activities. The conclusion for this reviewer is that the authors themselves are not yet wholly competent technology proponents. Ironically it might only be with this competency that all others can be fully realised. Surely it is only through technology-enabled access to market information, global-scale employee data, social media, and cost-effective initiative implementations that we can really bring the outside-in and act on it appropriately?

Critically, *HR from the Outside In* barely addresses organisational context yet it has been found to have a significant impact on HRM practices and standards (Belizon et al. 2013; Dainty, 2011). Research has also highlighted that HR Professionals do not perceive a competency approach to be as affective in developing or predicting the performance of HR business partners as we might have been led to believe (Caldwell, 2010). The book however makes for very rewarding and interesting reading for HR professionals and teachers of Strategic HRM. Though one could criticise the vignettes on 'competencies in practice' which open each chapter for not providing any rich insight, overall the authors achieve their goal in providing a solid framework for diagnosing and improving HRM competencies through their summaries of best-practice, sharing of experience, advice and practical templates to aid implementation.

To conclude, it is worth reflecting on the authors' suggestion that HRM should push its boundaries, taking an even more assertive strategic role in the organisation through in-depth, up-to-the-minute and even predictive business knowledge. Similarly, it is proposed that customers, investors and other stakeholders play a formal role in shaping programmes around talent and performance. For many HR professionals still grappling with existing competency models and never-ending supplies of business data it begs the question: Is it too soon to physically bring the outside-in? As each competency unfolds, though empirically founded and worthy each might be, there is an increasing potential to become overwhelmed by the depth and breadth of behaviours and activities which are expected from HRM. To heed the authors' advice regarding the 'know-do' gap, is it wise to further widen this gap before we have enabled those responsible for successfully bridging it?

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## References

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