

HR business partner competency models: re-contextualising effectiveness

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The rise of 'HR business partnering' over the last decade has led to an enormous growth in HR competency models. Competencies are believed to provide a mechanism for reinventing traditional HR roles and improving the effectiveness of HR professionals as business partners. But are they effective? The survey and interview evidence presented here suggest that the effectiveness of competency models is disappointing, and they appear to be particularly weak at predicting performance in a business partner role. There are also significant contextual variations in effectiveness based on the degree of change experienced by the HR function, how consistently business partnering is implemented, overall levels of reduction in transactional HR, and the patterns of centralisation–decentralisation of the HR function. The findings highlight the intrinsic limitations of competency models, as well as the powerful influence of contextual factors, and they raise important questions about the future direction of HR business partnering.

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INTRODUCTION

Over the last decade, HR professionals have increasingly been urged to develop new competencies as 'HR business partners' in their ongoing search to integrate business strategy with people management practices (Ulrich *et al.*, 1995; Ulrich, 1997; Losey, 1999; Ulrich and Brockbank, 2005; Ramlall, 2006). In principle, competency models offer the possibility of creating an integrated and consistent framework for selecting, appraising, training and developing HR managers as business partners, as well as a mechanism for linking HR strategy and business performance (Boyatzis, 1982, 1993; Ulrich *et al.*, 1995; Baill, 1999). Many large organisations have developed very sophisticated and role-specific competency models for business partners, and an academic research and consultancy industry has grown up around this area, especially for organisations that wish to move into HR business partnering (Cabinet Office, 2005; Hunter *et al.*, 2006; CIPD, 2007). But how effective are these models? Are they really a useful foundation for role reinvention, performance improvement and the transformation of the HR function?

Despite the growth in 'business partnering' competency models and their widespread advocacy, there appears to have been very few empirical or survey-based investigations of the effectiveness of these models in redefining HR roles or in delivering a more strategic HR function (Huselid *et al.*, 1997; Boselie and Paauwe, 2005; Ulrich and Brockbank, 2005). This article presents survey and interview data from the first major investigation of HR business partnering in the UK (Caldwell,

2007). The findings suggest that competency models are perceived to be broadly effective in selecting business partners, but are less effective in developing business partners or linking HR strategy and business performance. Crucially, they are poor at predicting performance in a business partner role. The research also indicates that there are four important contextual factors that appear to influence practitioner evaluations of the effectiveness of competency models. Effectiveness varies with the degree of change to the HR function, the consistency in implementing business partnering, the level of reduction in transactional HR, and the extent to which the HR function is centralised or decentralised. The findings indicate the importance of re-contextualising the constraints on the effectiveness of competency models, and they raise important questions about how business partnering will develop in the future as HR roles are further stretched in the ever-ambitious drive to link HR and business performance (Hope Hailey *et al.*, 2005; Francis and Keegan, 2006; Wright, 2008).

The article begins with a brief review of the use of competency models as a mechanism for reinventing HR roles and creating links between business partnering and performance. This is followed by an outline of the main survey and interview findings, including their scope and limitations. The findings are then discussed in terms of the limitations of current competency models, the challenges posed by broader 'capability' frameworks, and the critical influence of contextual factors on perceptions of effectiveness. Finally, it is concluded that a re-contextualisation of HR business partner competency models and a rethink of the future of business partnering may be required.

HR COMPETENCIES, HR ROLES

Management-based competency models began to proliferate in the early 1990s, mainly under the influence of Boyatzis's (1982) pioneering study of *The Competent Manager*. Boyatzis promised a new, more integrated and universal approach to management education, training and development (Burgoyne, 1993). He also brought a new rigour and apparent consistency to competencies by making a decisive and fateful link between competencies and performance and competencies and effectiveness (Yeung, 1996). Boyatzis (1982) defined competency as: 'an underlying characteristic of an employee (i.e., a motive, trait, skill, aspect of one's self-image, social role, or a body of knowledge) which results in superior performance' (p. 21). This generic and context-independent definition allowed competencies to be objectified, analytically disaggregated and grouped into skills, knowledge, self-concepts, traits and motives. It also allowed competences to be hierarchically defined by levels of proficiency, position and performance: 'essential', 'core' or 'foundational' competencies were contrasted with 'differential competencies' that distinguished superior from average performance, and there were also higher-level 'strategic competencies' that appeared to be vital to organisational performance and competitive success. Despite this apparent analytical precision and the promise of consistency, competency models were rarely successful in defining performance linkages, and the proliferation of definitional disputes and competing models has led to growing confusion as to precisely what competencies are, how they are measured, and what precise impact they have on performance (Boyatzis,

1993; Antonacopoulou and Fitzgerald, 1996; Huselid *et al.*, 1997; Brockbank and Ulrich, 2003; Boselie and Paauwe, 2005; Delamare Le Deist and Winterton, 2005).

When competency models were assimilated into the HR field, the search for the link between competencies and performance was paramount (Ulrich *et al.*, 1989; Baill, 1999; Brewster *et al.*, 2000). This was certainly true of the most influential model of HR competencies originally developed by Ulrich *et al.* (1995) at the University of Michigan (Yeung *et al.*, 1996). The initial model-building process began with broadly universal-generic ambitions, but over the years, the model has undergone numerous updates and revisions (1987, 1992, 1997 and 2002). In the earliest versions it was suggested that there were three decisive HR competencies that appeared to explain the performance of HR professionals: 'knowledge of the business', 'functional expertise' and the 'management of change'. An updating of the research findings suggested, however, that there were two other important competencies: 'culture management' focused on changing employee behaviour and 'professional credibility', or how practitioners embodied the business values of their organisation. But this model was also later revised into five overarching competency categories that sought to distinguish low from high performing organisations: strategic contribution, personal credibility, HR delivery, business knowledge and HR technology. Despite these revisions, the 'Michigan model' of HR competencies is still characterised by definitional disputes, analytical inconsistency, and the performance impact of specific competencies has proved to be shifting and elusive (Becker *et al.*, 2001).

If the meaning, range and performance impact of HR competencies have tended to shift over time, there nonetheless remained an overwhelming belief that competencies provided a unifying methodology for role reinvention. Ulrich's (1997) primary pedagogic goal in affirming competencies was to transform HR professionals into a new category of manager: the 'HR business partner'. This required HR professionals to become 'strategic partners', 'administrative experts', 'employee champions' and 'change agents'. These four roles were holistic and instrumental; they shifted the focus from the traditional support role of the personnel professional and concentrated instead on HR as a delivery function that served the imperatives of business success (Legge, 2005). But this was always an overly ambitious transformation given the intrinsic role ambiguities of the HR profession, which derived from its shifting cross-functional boundaries, substitutable expertise, unclear accountabilities and performance measures, and invariably problematic dependence on line managers for HR delivery (Caldwell, 2003). It is no surprise then that competencies more than roles provided the rhetorical discourse of outcomes and performance that underpinned business partnering as a new market-driven logic for 'creating value' (Ulrich and Brockbank, 2005: 242).

The 'Ulrich model of business partnering' has been widely espoused both in the USA and UK partly because of its rhetorical simplicity and its forceful message to change the HR function. But as business partnering has grown in popularity, perplexing questions have been raised regarding how each role is defined and what specific competencies they require. Are the roles linked by a universalistic/generic set of competencies, or does each role have a unique set of competencies that are role-specific and perhaps context-specific? Why are some competencies (*e.g.* 'personal credibility') less important than others? Should all HR practitioners embrace business

partner competencies? These questions have in turn created confusion as to what precisely business partnering is in practice. For example, most proponents of Ulrich's apparently holistic model of the HR professional as business partner have identified it with the idea of the 'strategic partner' or the 'change agent' role, and this has sidelined the specialist roles of the administrative expert, as well as the more traditional paternalistic remit of the employee champion: very few HR professionals have embraced these titles, and the rhetoric of business partnering appears to leave little room for employee advocacy, business ethics or the virtues of professional expertise (Legge, 2005).

Ulrich and Brockbank's (2005) recent reformulation of HR roles and competencies has tried to correct the imbalances of business partnering roles, including the underlying presumption that all HR practitioners should 'move exclusively' to HR business partnering (p. 202). The administrative expert is redefined as a 'functional expert' – an implicit reinstatement of the virtues of specialist HR knowledge and expertise. The 'change agent' role is absorbed into the strategic partner, and the employee champion role is rebadged as two new roles: 'employee advocate' and 'human capital developer'. In addition, an apparently new integrative HR leadership role is inserted into the model to partly capture the shift from managerial competencies to leadership capabilities: a trend discernible in much of the competency literature (Finch-Lees *et al.*, 2005). But despite these revisions, the external, market-driven and unitarist imperatives of business partnering are still at the centre of the model, and they are underpinned by an even stronger emphasis on competencies. There is now a whole chapter on the subject, and competencies become the central instrumental mechanism for transforming HR, rebuilding HR leadership and creating a new 'HR value proposition' (Ulrich and Brockbank, 2005: 221).

Ulrich and Brockbank's recent 'revisionist' reformulations of business partnering partly reflect newly emergent realities, as well as a more ethical reading of HR roles in a post-Enron world (Kochan, 2004). However, what really began to erode Ulrich's original four-box matrix of roles was not its ethical deficit, but the translation of prescriptive roles and generic competencies into detailed job descriptions, and competency frameworks for the new holders of the 'HR Business Partner' job title. As 'HR business partners' were appointed at the business unit – departmental or regional level – often with an operational remit, task defined agenda or local line business focus, this required the creation of detailed job specifications. This raised some awkward questions. What were the appropriate functional and cognitive competencies of HR business partners, are they context-specific? Can behavioural competences really encompass the 'meta-qualities' or 'capabilities' required in demanding business-facing HR roles? More broadly, what are the links between competencies and performance, and competencies and context?

In practice, the implementation of HR business partnering has rarely followed a single model, and there is growing concern regarding the efficacy of the more generic and context-independent competency frameworks propounded by advocates of business partnering (Ulrich and Brockbank, 2005). Major issues still surround the range and definition of functional and behavioural competencies, and how they are formalised and evaluated, both with respect to management and leadership. There is also particular concern as to how much 'business knowledge', both formal and

tacit, HR people need to ensure they are effective in a strategic business partner role (Boselie and Paauwe, 2005)? But by far the biggest issue for practitioners is the link between new business partner competencies and performance. Are HR business partner competency models really effective in selecting and developing business partners, linking HR strategy and business strategy, or predicting performance in a business partner role?

Unfortunately, the overarching questions of effectiveness have rarely been critically addressed in the HR competency literature, at least directly. Instead, the primary inward-looking focus has been on reclassifying and redefining behavioural attributes and indicators to fit the normalizing agendas of selection, training, development and appraisal. The survey and interview evidence reviewed here shifts the focus to HR practitioners' overall perceptions and evaluations of effectiveness. This shift of focus highlights four major contextual factors that appear to have a significant influence on perceptions of effectiveness. They are: the degree of organisational change experienced by the HR function, the impact of competency models on the degree of consistency in implementing business partnering, the level of reduction in transactional HR, and the degree of centralisation and decentralisation of the HR function. Together, these four factors suggest the need for a broader re-contextualisation of competency models and a rethink of the limits and possibilities of business partnering.

THE SURVEY

Despite the growth of HR business partnering in the UK, there have been few significant empirical surveys of its uptake, diverse forms, impact on the HR function or its success in delivering strategic HR (Reilly *et al.*, 2007). There has also been limited research on the use and effectiveness of competency or capability-based management education by HR practitioners, although they appear to be increasingly very widespread (CIPD, 2007). Against this background the overall goal of the survey was to fill many of the major evidential gaps on business partnering, while also outlining research questions and possible new research agendas. An overview of the scope of the survey and a summary of its main findings are presented elsewhere (Caldwell, 2007; see *Summary Data*).

It is estimated that there are from 400 to 600 organisations in the UK that have gone down the business partnering route in some form or another, and these are mainly large organisations with well over 5,000 employees (Caldwell, 2007). The survey was sent to 600 organisations, and 118 completed questionnaires were received from respondents in 114 organisations, representing an overall response rate of 19 per cent. The inclusion of more than one respondent from an organisation in the sample was justified because some organisations were so large and diversified that they covered a range of distinct businesses, often global in scale. The respondents represent HR business partners at all levels, with almost half using some version of the 'business partner' designation in their job title. Most of the organisations in the survey (58 per cent) had well over 5,000 employees, and they included some major UK global companies, as well as a range of central government departments and large public service organisations. A few relatively small organisations are also included, but none of them had less than 500 employees. Most

industry sectors are covered in the survey, but financial services and a wide range of diversified international businesses in consumer products, manufacturing, retailing and pharmaceuticals are prominent. Overall, the survey sample is largely representative of large organisations and global businesses in the UK that have embraced the HR business partnering approach.

Survey Sample: Summary Data

Position: 7 per cent were board-level business partners, 48 per cent were HR directors/heads of HR, 35 per cent were junior and senior HR business partners, including group, divisional and departmental business partners.

Age range: 18 per cent were 25–34, 43 per cent were 35–44, 30 per cent were 45–54, 10 per cent were 55–65.

Gender: 48 per cent were male and 52 per cent were female.

Experience: 50 per cent had performed their role for one to two years while 40 per cent had performed it for three to five years.

Career paths: 88 per cent had a generalist HR career path while 12 per cent had a specialist career path.

Organisational size: 58 per cent had over 5,000 employees, while 8 per cent had 500–1,000 employees.

Private versus public sector: 76 per cent were private sector and 23 per cent were public sector.

Size of HR function: 44 per cent had 0–50 HR staff, 18 per cent had 51–100, and 38% had over 100 HR staff.

Number of business partners: 59 per cent had 0–10, 20 per cent had 11–25, 9 per cent had 26–50 and 13 per cent had over 50.

METHODOLOGY: SCOPE AND LIMITATIONS

The survey used a combined online and postal questionnaire, partly to improve the response rate. The response rate was also improved by sending two follow-up reminders and by offering participants an anonymised summary of the main survey findings. The organisations were identified from a variety of published sources and proprietary databases that contained information on large organisations pursuing business partnering or those in which the ‘HR business partner’ job title was used.

The survey questionnaire was divided into a range of subcategories, covering over 50 major items of information. There were questions on respondent characteristics, measures of organisational size, job titles, competency models, obstacle to business partnering, models of business partnering, patterns of organisational change, time-scales for the implementation of business partnering, line-HR reporting models, shared services and outsourcing, specialist and generalist HR role profiles, relations between business partners and line managers, and patterns of centralisation and decentralisation of the HR function.

The specific survey questions on the ‘effectiveness’ of competency models were designed to explore perceptions of effectiveness, rather than establish the empirical validity of specific competencies or verify ‘measures’ of effectiveness (Wright *et al.*,

2001). Nor was the survey explicitly designed to test predictive hypotheses or pre-defined propositions on the relationship between specific competencies and organisational or firm performance (Huselid *et al.*, 1997; Hays *et al.*, 1998). Instead, the goal was to use the survey data to begin a preliminary exploration of the broader contextual factors that might have an influence on perceptions of effectiveness.

The exploratory data analysis was conducted using cross-tabulations, which provide an effective tool for examining unexpected results or associations (Bryman and Cramer, 2004; Keller, 2005). Since most of the questions used 5-point bipolar Likert-type scales, Pearson chi-squared tests of significance were considered appropriate as they assume a discrete rather than a normal probability distribution. In general, levels of significance for the cross-tabulations were set at 0.01 (99 per cent), unless otherwise stated. Where appropriate, bivariate correlation coefficients (r) were used to indicate the strength of a possible relationship between two variables.

As a follow-up to the survey findings, in-depth interviews were conducted with 20 survey respondents; they were selected from those respondents who volunteered to be interviewed. The interviews were designed to probe the key findings of the survey and explore a range of contextual HR issues in more detail. All the interviewees were assured that their identity and that of their organisation would remain anonymous. This stance was taken to ensure that interviewees could be completely frank in expressing their views.

Finally, a cautionary note should be sounded regarding the use of survey and interview findings based on practitioner perceptions of effectiveness. Perceptions can be affected by 'functional' or 'self-interest bias', mainly because HR professionals may exaggerate the effectiveness of competency models or their strategic role as business partners (Wright *et al.*, 2001; Boselie and Paauwe, 2005). However, there is some evidence that HR practitioners may not deliberately overvalue their role, and potential bias can be moderated when scaling or multiple response survey questions are used, self-reporting is conducted on an anonymous or confidential basis, and follow-up interviews are used to carefully interrogate survey responses (Caldwell, 2004).

SUMMARY OF MAIN SURVEY FINDINGS

Survey respondents were asked to indicate, on a scale of *very effective* (5) to *very ineffective* (1), how they rated HR business partner competency models in selecting business partners, developing business partners, linking HR strategy and business strategy, and predicting performance in a business partner role. The survey evidence indicates that 63 per cent of respondents believe that business partner competency models are generally effective in 'selecting business partners', 46 per cent think they are effective in 'developing business partners' and 47 per cent think they are effective in 'linking HR strategy and business strategy' (Table 1). But competency models appear to be much less effective in predicting performance in a business partner role; only 24 per cent of respondents think they are effective in this area.

The broadly positive findings regarding selection are not unexpected. Many organisations that have embraced business partnering have used competency models in their assessment tools for selecting business partners; they augment job analysis and role and position frameworks, and provide a means to rank and prioritise the

TABLE 1 Effectiveness of HR business partner competency models (% saying very effective/effective)

Summary of response data	Selecting business partners	Developing business partners	Linking HR-business strategy	Predicting business partner performance
Overall percentage saying effective	63.1% (70)	46.5% (55)	47.5% (56)	24.5% (29)
Number valid	111	111	111	110
Mean	2.21	2.39	2.82	2.44
Standard deviation	0.955	1.011	1.089	1.088
Effectiveness scores*	3.26	3.19	3.10	2.81

* Points on the scale were scored very effective (5), effective (4) neither effective/ineffective (3), ineffective (2) and very ineffective (1).

competencies used in job selection and rating guidelines. However, the results have sometimes been disconcerting. In one notable case, less than 10 per cent of existing HR staff subject to assessment had the competencies to take on the new business partner role (Hesketh, 2006: 56). As regards the findings on 'development', this may partly reflect attempts by some organisations to separate out selection tools from the competencies used to develop business partners, although they are often conjoined in many competency models. However, the limited success in linking HR strategy and business strategy must be a source of some concern, as this is absolutely fundamental to the rationale of the business partner role (Ulrich, 1997). Reinforcing this, and perhaps crucially, the effectiveness of competency models in predicting performance in a business partner role are weak, with a low effectiveness score of just 2.81 (Table 1). This is a particularly disappointing finding, as the classic rationale for competency models is the belief that formalised and tested competencies are the most effective way of predicting performance (Delamare Le Deist and Winterton, 2005).

Overall, the findings do not paint a very encouraging picture of the effectiveness of competency models. Less than 50 per cent of the respondents believe that competency models are effective in two core areas of development and HR strategy-business linkages, and less than 25 per cent believe that they are effective in predicting performance. It is no surprise then that the average score for the four effectiveness items covered is 3.09, just over the threshold of a credible effectiveness score. Weighing the scores very effective (+3) to very ineffective (-3) would produce an even more disappointing score. Indeed, the overall picture may in fact be much gloomier if we assume that HR practitioners may be somewhat overstating evaluations of effectiveness (Wright *et al.*, 2001).

Looking more closely at the characteristics of the respondents, there appeared to be no significant differences in ratings of effectiveness by gender or seniority of position. Nor did specialist or generalist HR career paths appear to influence ratings

of effectiveness. However, respondents in the age range 25–34 appeared to give higher ratings of effectiveness than respondents in the age range 45–54 or 55–65. In other words, perceptions of effectiveness decrease with age.

More broadly, overall ratings of the perceived effectiveness of competency models do not appear to be strongly associated with the industry sector, although there are some variations between the private and public sector (Boyett and Currie, 2001). Nor do size factors, such as the number of employees, appear to be significant.

However, where some very significant differences do appear in the evaluations of the effectiveness of HR business partner competency models, these tend to be focused on four major contextual factors: the scale of change to the HR function, the degree of consistency in implementing business partnering, the degree of reduction in transactional HR, and the extent to which the HR function is centralised or decentralised. Each of these factors is now examined.

COMPETENCIES AND CHANGE

HR business partnering has often been synonymous with concerted efforts to achieve a major transformation of the HR function (Ulrich, 1997; Hunter *et al.*, 2006; Reilly *et al.*, 2007). In the survey, respondents were therefore asked to indicate to what degree the HR function in their organisation was undergoing major or minor change. Most respondents (78 per cent) believed that the HR function in their organisation was undergoing major transformational change. What is interesting, however, is that perceptions of the effectiveness of HR competency models appears to vary significantly depending on whether an organisation is undergoing major 'transformational' or minor 'transitional' change (Table 2). Under conditions of transformational change, just over 66 per cent of respondents believe competency models are effective in selecting business partners, while in organisations undergoing transitional change this falls to 52 per cent. In the case of linking HR strategy and business strategy, 55 per cent of respondents in organisations undergoing transformational change viewed competency models as effective, while

TABLE 2 *Effectiveness of HR business partner competency models*

Degree of change to HR function	Selecting business partners (0.007**)	Developing business partners (0.002**)	Linking HR-business strategy (0.004**)	Predicting business partner performance (0.003**)
Major transformational change (87)	66.6% (58)	52.8% (46)	55.2% (48)	27.7% (25)
Minor transitional change (22)	54.5% (12)	40.9% (9)	38.1% (13)	18.2% (4)
Total counts: 109	60	55	51	29

** Significance $p < 0.01$.

the figure is just 38 per cent in organisations undergoing transitional change. Similarly, the perceived effectiveness of competency models in predicting business partner performance is more positive in a context of transformational change (Table 2). Taken together, these findings suggest that competency models may be an important prerequisite for the more effective implementation of HR business partnering under conditions of transformational change. This is an encouraging finding for those who believe that competency models are an important tool for encouraging and sustaining organisational change (Brockbank and Ulrich, 2003; Paauwe and Boselie, 2003).

The apparent link between transformational change and the effectiveness of competency models was probed in the interviews. For some interviewees, the connection between competencies as a mechanism of transformational change was clear: 'The whole rationale for our embrace of new BP competencies was that they were going to produce change... we created a new model of HR and the competencies set a benchmark for change' (HR Function Manager, international bank). This enthusiasm was not shared, however, by all interviewees: 'The roll-out of competences was important... they changed the way we [HR] worked... two years later I am not sure we have fundamentally changed line perceptions of the function' (HR Business Partner, multinational pharmaceutical company). This view was expressed in different ways by a number of interviewees. Business partnering competencies were good at facilitating a realignment of the HR function and HR roles within a context of far-reaching change, but there were limits to how far this would take HR in establishing business credibility with the line. One HR Director put the challenge very bluntly: 'competencies have changed the mindset of our HR people... the next challenge is to demonstrate that competencies change outcomes' (HR Director, mobile phone company).

COMPETENCIES AND CONSISTENCY

From their inception, competency models have promised to create more consistent and coherent approaches to management education, training and development (Boyatzis, 1982: 13). It is no surprise then that competencies have become ubiquitous within the HR field partly because they are designed to encourage consistency and uniformity in how business partner roles are implemented within divisions or business units. While the survey findings indicate that most respondents (57 per cent) believe that there are important differences in how business partnering is implemented within the HR function, those organisations that appear to have more effective competency models are generally less likely to emphasise differences in implementation (Table 3). This suggests that effective competency models and consistency in implementation are associated. It is unclear, however, whether consistency of implementation in business partnering has a positive effect on perceptions of effectiveness, or perhaps the reverse: effective competency models ensure greater consistency. There may also be different dynamics at work in each of the four key dimensions of competency explored. For example, it is evident from Table 3 that differences in implementation tend to be associated with much more positive perceptions of the linkages between HR strategy and business strategy, suggesting perhaps that consistency can work against HR-business effectiveness.

TABLE 3 *Effectiveness of HR business partner competency models*

Differences in the implementation of business partnering	Selecting business partners (0.000**)	Developing business partners (0.002**)	Linking HR-business strategy (0.000**)	Predicting business partner performance (0.000**)
There are <u>no</u> important differences in how HR business partnering has been implemented within business units (28)	71.4% (20)	60.7% (17)	46.5% (13)	35.7% (10)
There are important differences in how HR business partnering has been implemented within business units (69)	60.9% (42)	57.8%(33)	51.5% (35)	23.3% (16)
Total counts: 99	62	50	48	26
** Significance $p < 0.01$.				

These findings highlight how difficult it is to offer a normative viewpoint on the virtues of the link between competencies and consistency. Many advocates of HR competency models simply believe that it is competencies that created greater consistency, especially if they form part of integrated performance management systems (Ulrich and Brockbank, 2005). In practice, however, more time and effort is usually focused on developing and formalising competency models than applying them consistently – a characteristic failing of competency-based human resource development strategies (Burgoyne, 1993; Rankin, 2003). But perhaps more importantly, even if consistency models are formulated consistently and applied consistently, they may have unpredictable or unintended consequences in terms of their performance impact.

Some of these issues were taken up in the interviews. Most of the interviewees were strongly of the opinion that competency models were important in ensuring greater consistency in their overall approach to business partnering. A characteristic response was: '[w]ith competencies you can select the most suitable HR people and really keep everyone on message . . . without them you can lose a sense of focus' (Senior HR Business Partner, major industrial manufacturing company). This positive reading was reinforced by some interviewees who had negative experiences in trying to implement business partnering without first adopting a competency framework: '[w]e almost made a complete mess of it in the early stages mainly because there was no common framework for business partner competencies . . . we called people business partners without being clear what this meant' (HR Director, large local authority). There were, however, some dissenting voices, mainly expressing doubts as regards one-size-fits-all and generic competency models: 'they don't work . . . competencies are particular to the

organisation or an industry . . . each person has to build on their own abilities and find what fits for them' (HR Manager, industrial product distribution company). Some interviewees also believed there were 'big discrepancies' in how competency models were applied: 'the formal competencies do not apply to how my performance is evaluated . . . different measures are used . . . [and] our top HR people are certainly not included in the same performance management processes' (HR Business Partner, large central government department). But these critical doubts were not broadly representative. Overall, the responses from the interviewees combined with the survey findings suggest that there is probably a good case for competencies as a mechanism for creating consistency, at least during the transitional implementation of business partnering. What happens after the transition is, of course, another matter.

HR COMPETENCIES AND TRANSACTIONAL HR

HR business partnering is often introduced into organisations in parallel with shared services models designed to reduce transactional HR and free up business partners to assume a more business-oriented or strategic role (Cooke, 2006). This is by no means a universal pattern, but there is some evidence that business partnering is unlikely to take off unless there is a significant reduction in transactional HR (Lawler *et al.*, 2004). The survey sought to explore whether a reduction in transactional HR leads to more positive evaluations of the effectiveness of competency models, especially with respect to the linkage between HR strategy and business strategy.

There were a significant group of respondents who worked in organisations that had achieved a greater than 50 per cent reduction in transactional HR (Table 4). This does not appear to make a difference to perceptions of the effectiveness of competency models in selecting or developing HR business partners. But this level of reduction does appear to matter in linking HR strategy with business strategy and in predicting performance in a business partner role. This is an encouraging finding

TABLE 4 *Effectiveness of HR business partner competency models*

Reductions of transactional HR	Selecting business partners (0.069)	Developing business partners (0.107)	Linking HR-business strategy (0.000**)	Predicting business partner performance (0.006**)
Under 10% (26)	76.9% (20)	57.7% (15)	61.5% (16)	38.5% (10)
20% reduction (9)	45.5% (5)	33.3% (3)	50.0% (4)	44.0% (4)
30% reduction (13)	61.5% (8)	53.8 (7)	30.8% (4)	7.7% (1)
40% reduction (9)	55.5% (5)	44.4% (4)	33.3% (3)	22.2% (2)
Over 50% (48)	66.7 (32)	54.2% (26)	64.2% (26)	25.0% (12)
Total counts: 105	70	55	53	29

** Significant, $p < 0.01$.

for those who believe that HR business partners can make a greater strategic contribution only if they can offload more and more transactional HR responsibilities. But achieving this outcome may not be as widely applicable or as straightforward as it first appears.

The survey findings suggest that size is a decisive factor in achieving reductions in transactional HR. Organisations with over 5,000 employees are by far the largest group (78 per cent of the total) that have achieved a reduction of over 50 per cent in transactional HR using shared services. This is reinforced by the positive correlation between size as measured by number of employees and the scale of reduction in transactional HR ($r = 0.387^{**}$, $p < 0.01$). These findings indicate that smaller organisations are at a major disadvantage in reducing transactional HR and in moving towards a more strategic version of business partnering, unless, of course, they can find other mechanisms such as outsourcing to offload transactional HR (Lawler *et al.*, 2004; Cooke *et al.*, 2005; Hesketh, 2006).

The survey findings were probed in the interviews, and this produced some strong views and reactions. Most interviewees felt that business partnering was 'impossible without a pretty dramatic reduction in transaction-based HR activities', irrespective of how this occurred: shared services or outsourcing. There was also little surprise that size appeared to confer a major performance advantage: 'reducing transactional HR is all about scale, economies of scale . . . this creates the space for business partners to move into a more strategic role' (HR Director, global consumer foods and household products manufacturer). These forthright views are borne out by the survey evidence: more positive evaluations of the strategic remit of business partner competency models are associated with the increasing reduction of transactional HR, and this tends to be more prevalent in larger organisations.

HR COMPETENCIES: HR CENTRALISATION VERSUS HR DECENTRALISATION

HR business partnering often involves key strategic choices as to the degree of centralisation or decentralisation of HR activities. Business partners can be dispersed to divisions, business units or regions as part of a HR decentralisation agenda, although this often goes hand-in-hand with the strategic recentralisation of HR through the creation of HR shared services, e-HR and centres of expertise (Ulrich, 1997; Cooke, 2006). The survey respondents were asked to indicate whether the overall trend within their HR function was characterised by greater centralisation or decentralisation over the last three years?

The survey findings indicate that 60 per cent of organisations have centralised their HR activities over the last three years, while 36 per cent have decentralised them. But what is interesting is that trends towards centralisation and decentralisation appear to be connected with perceptions of the effectiveness of competency models, and this may have broader implications for business partnering (Table 5). Competency models for selecting and developing business partners are perceived to be more effective when HR activities are centralised. In contrast, perceptions of the effectiveness of competency models in linking HR strategy with business strategy and predicting performance in a business partner role appear to be stronger when HR activities are decentralised. There is, for example, a positive correlation between the HR strategy-business strategy linkage and decentralisation

TABLE 5 *Effectiveness of HR business partner competency models*

HR centralisation versus decentralisation	Selecting business partners (0.006**)	Developing business partners (0.003**)	Linking HR-business strategy (0.037*)	Predicting business partner performance (0.015*)
HR is being centralised (62)	72.6%(45)	56.5% (35)	46.8% (29)	27.4% (17)
HR is being decentralised (38)	60.8% (23)	47.3% (18)	64.9% (24)	31.6% (12)
Total counts: 98	68	53	53	29

* Significant $p < 0.05$; ** Significant $p < 0.01$.

($r = 232^*$, $p < 0.05$). This critical centralising–decentralising dynamic within the HR function was reproduced across a wide range of issues, and these are explored elsewhere (Caldwell, 2007).

The links between the centralising and decentralising dynamic and perceptions of the effectiveness of competency models were explored during the interviews. Many interviewees were not surprised that centralisation tended to be strongly connected with greater effectiveness in selecting and developing business partners. But there were some deep divisions on the virtues of decentralisation. For some interviewees, HR decentralisation was the ‘driving business logic’ of business partnering, and it needed to go further if business partners were to be a ‘bridge’ in linking HR strategy and business strategy. But opposite views were also expressed: more decentralisation would ‘tip business partners into the business’, ultimately undermining the centralising drive of the HR function, and by implication, the consistency of HR competency models. One interviewee tried to sum up the dilemma:

I suppose I am what you would call an old-style centralist, [but] I recognise that competencies can only take you so far along the business partnering route . . . Once HR people are inside the business they have to establish their own personal credibility . . . this means getting closer to the business and maybe a little further from HR . . . I believe this can be managed and we can combine the benefits of both a strong HR function and a business-oriented function. (HR Business Partner Director, international bank)

This is perhaps the ideal business partner scenario: functional expertise combined with business knowledge (Ulrich and Brockbank, 2005). In practice, however, the centrifugal logic of business partnering may be moving towards greater decentralisation and devolution of HR, pushing business partners further into hands-on and hybrid HR-business roles. This raises issues of what business-oriented HR competencies really matter in terms of their performance impact. Is generalist business knowledge more important than HR technical or specialist expertise – as proposed by Ulrich (1997: 108)? It also raises perplexing questions as to whether the

future of business partnering may involve a gradual move away from HR-defined competency models and frameworks. Certainly, if HR business partners become increasingly 'embedded' in business units and divisions, and therefore more removed (in principle) from the HR function, then the rationale for HR competency models may be eroded, both in terms of HR-generic versus business-specific competencies and HR ownership of these models. There is already growing evidence that the HR versus business 'disconnect' may be becoming more prevalent as business partners are increasingly warned against the dangers of 'going native', while paradoxically, more organisations are recruiting business partners from outside the HR profession (CIPD, 2006; Hunter *et al.*, 2006; Reilly *et al.*, 2007; Wright, 2008).

DISCUSSION: COMPETENCIES, CAPABILITIES AND CONTEXT

Most attempts to explore variations in the effectiveness of HR business partner competency models have focused on issues of the range, mix and weighting of competencies (Ulrich and Brockbank, 2005). This usually leads to attempts to increasingly formalise, reformulate or introduce new add-on competencies, with the assumption that new hybrid models will have more general applicability or a greater performance impact. But these conventional approaches have rarely been successful at unlocking performance linkages in business partner competency models, mainly because universal/generic models are constantly challenged by broader context-specific contingencies and the shifting parameters of both individual and team business performance over time (Burgoyne, 1993; Buckley and Monks, 2004).

Despite the emergent and context-specific 'business logic' of business partnering, most HR competency models still tend to be focused on generic competencies or fixed behavioural attributes, and they therefore appear to be backward-looking with respect to performance issues. The focus is invariably on what needs to be done in some generic sense to perform effectively in a business partner role, rather than what is needed to perform effectively in a particular organisation, both now and in the future. Compounding this problem, most competency models tend to overemphasise the 'demonstration' of an 'observable' behavioural indicator rather than any hard or measurable performance results, and to make matters worse, what constitutes performance of a behavioural attribute is often defined and owned by the HR function, not line managers or the organisation as a whole (Brockbank and Ulrich, 2003). These are the classic ingredients for creating disjunctions between competencies and organisational performance and further complicating the relationship between line managers and HR.

All of these performance issues raise questions as to the usefulness of HR business partner competency models, especially those that draw predominantly on behavioural attributes. There is now a growing realisation that business partner competencies are often overarching competencies associated with 'continuous learning', 'flexibility', 'adoption' and 'coping with ambiguity'. These tend to be future-oriented meta-competencies or 'capabilities' more often associated with strategic action, leadership and the ability to adjust to a context of ongoing change (Vloeberghs, 1998; Higgs and Rowland, 2000; Buckley and Monks, 2004). Clearly, these sorts of emergent, process-oriented and non-linear capabilities are not easy

to define, develop or integrate into positivist and behavioural models of management development and learning, and there is therefore a legitimate concern regarding the epistemological adequacy and practical efficacy of behavioural-based competency models as an approach to developing business partners (Antonacopoulou and Fitzgerald, 1996; Delamare Le Deist and Winterton, 2005; Finch-Lees *et al.*, 2005).

The survey findings reinforce these concerns, and it is no surprise that some of the most senior level interviewees were acutely aware of the issues raised: '[c]ompetencies were useful in transitioning to business partnering . . . once the model is up and running what matters is how you are perceived in the business and what you do that makes an impact . . . it's a question of capability of someone being able to bring the whole business piece together . . . few people can do that' (HR Director, international bank). This 'capability' viewpoint captured the underlying *performance as practice* dilemma of HR business partnering: the mere possession of a set of individual competencies does not ensure effective or consistent performance of a role or task, and business partners who may possess the same set of competencies have to be able to deploy them differently, especially in new contexts where their roles may change (Boyatzis, 1993). This is particularly true of the 'communities of practice' contexts that underpin business partnering. Individual competencies are seldom appropriate in the emergent contexts of teamwork and shared learning that surround the working partnerships between HR practitioners, line managers and employees.

Is there a way of getting round these dilemmas? Some interviewees felt they could address the key problem by placing 'business knowledge', 'commercial acumen' or 'business capabilities' at the centre of business partnering and measures of effectiveness. In this way, the 'performance gaps' in competency models could be overcome. There is certainly some potential in the idea that explicit 'business knowledge' matters, at least in terms of practitioner evaluations of an enhanced role for the HR function, although this view may not be shared by line managers or employees (Boselie and Paauwe, 2005; Hope Hailey *et al.*, 2005). There is also a fundamental danger in focusing HR competencies around business capabilities or cross-functional managerial competencies because it treats HR professional expertise as secondary and substitutable by others, including line managers and non-HR business partners – there is already a well-established 'talent gap' for HR business partners (Reilly *et al.*, 2007). But those hankering after an enhanced competency-cum-capability model ('pulling it all together') may miss the broader contextual factors highlighted by the survey findings. It is not just that different sets of competencies become important in different practice contexts; it is that contexts may significantly influence effectiveness. Business partner competency models tend to be positively evaluated in contexts in which the HR function is being dramatically transformed, there is a greater focus on consistency during the implementation of the model, transactional HR has been significantly reduced, and the HR function is being decentralised. More research needs to be undertaken to explore these findings. But the initial research evidence should be a critical rejoinder not only to those who separate competencies from the often intangible capabilities and tacit knowledge required of business partners, it is also a warning for those who de-contextualise competencies and performance from the underlying organisational characteristics of the HR function.

CONCLUSION

HR business partner competency models emerged well over a decade ago on the back of the management-based competency movement (Burgoyne, 1993; Yeung, 1996). Competencies promised a mechanism for reinventing HR roles, as well as an alternative approach to establishing the performance impact of the HR function (Ulrich and Brockbank, 2005). But there is growing concern that generic and role-specific competency models are not working as effectively as proposed by their most forceful advocates, and practitioners are increasingly aware of performance gaps and the tensions between rhetoric and reality. It is therefore increasingly important to develop a critical awareness of the limitations of competencies models and their effectiveness in transforming HR roles and the HR function.

The survey and interview evidence reviewed indicates that competency models for business partners are not as effective as generally assumed, and they are particularly weak in predicting performance in business partnering roles. More broadly, the findings highlight four major contextual variations in perceptions of effectiveness. First, respondents in organisations in which the HR function is undergoing major transformational change appear to be generally more positive about the effectiveness of HR business partner competency models, especially regarding the linkage between HR strategy and business performance. Second, competency models appear to be generally more effective in ensuring greater consistency during the transitional implementation of business partnering models. Third, competency models are perceived to be much more effective in organisations that have achieved significant reductions in transactional HR (*i.e.* over 50 per cent). Fourth, competency models for selecting and developing business partners are perceived to be more effective in organisations in which the HR function is centralised, while in organisations in which the HR function is being decentralised, the linkages between HR strategy with business performance and predictions of performance in a business partner role appear to be much stronger.

The survey findings as a whole require further in-depth exploration and analysis, and one must be cautious in generalising from a sample based on the uptake of HR business partnering in mainly large organisations. Business partnering is certainly much less prevalent in smaller organisations, those with less than 1,000 employees (Reilly *et al.*, 2007). It is also important to emphasise that the findings are based on HR practitioner perceptions of the effectiveness of competency models, rather than factual or empirical measures of effectiveness. Nevertheless, the findings broadly suggest that current HR business partner competency models face mounting challenges to their efficacy. Competency models increasingly need to be critically re-examined in terms of the limitations of generic, role-specific and individual competency frameworks, and they need to face up to the broader challenges of developing more process-oriented and team-based capabilities that may have an impact on practice and performance (Buckley and Monks, 2004; Delamare Le Deist and Winterton, 2005). But perhaps, more importantly, current competency models need to be re-contextualised in terms of the broader strategic changes to the organising forms, processes of delivery and shifting boundaries of the HR function (Marchington *et al.*, 2004; CIPD, 2006; Francis and Keegan, 2006; Caldwell and Storey, 2007). In practice, 'business partnering' constitutes just one component of the

restructuring of the HR function that normally encompasses HR shared services, centres of expertise, HR devolution to the line and the dynamics of outsourcing (Cooke *et al.*, 2005; Hesketh, 2006). An exploration of 'context' in the broadest sense must therefore include how HR is being *reorganised*, how it is being *delivered* and how it is being *disordered* within and outside its boundaries. For ultimately, it is the HR function, its organisation and new operational modes of delivery, rather than competencies or new style competency-capability models, that may be decisive to the longer-term strategic success or failure of HR business partnering.

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