How Will You Deliver Strategic Human Resources Beyond Domain Competence?

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Introduction

Hiring, retaining, and developing scientists and engineers who are specialists in technical domains and simultaneously able to serve as managers is a major concern in specialized technology-based organizations today, especially in countries lacking a strong social science tradition such as India. HR directors, when hiring, primarily look for specific domain competences (e.g., software engineering, molecular biology, etc.); they often have no access to tools for ascertaining managerial aptitude in greater depth. As a consequence, the notion of competence, and of competency models, has acquired considerable importance in India during the 1990's. Spread by multinational US consulting firms, the belief that competence alone, held by executives and employees, is needed to execute company strategy, has been taken as gospel for some time now.

In the U.S., two developments of the 1990's went against the sole reliance on competence: first, the notion of emotional 'intelligence,' and second, the notion of learning-and-growth in the context of the balanced score card. By closely linking competence to company strategy, the score card tradition links competence to the use of technology and cultural climate as "enablers" of strategy execution, thereby enlarging the HR deliverables that are thought to feed a company's business success. In this paper, I suggest an additional step beyond the narrow confines of 'competence.'

Intangibles Supporting Performance

More than forty years ago, the linguist N. Chomsky distinguished competence from performance. (Chomky's notions were tested by 'expert systems' in the 1980's most of which failed due to embodying competence without variables of performance.) According to Chomsky, domain competence is something like a grammar coded into brains, while performance is the use of that grammar under actual social (organizational) circumstances. Performance (use of competence) has a lot to do with how people relate to each other and to the organization as a whole. More than competence per se, it is *performance* that generates optimal business outcomes. Performance depends on many, largely covert and intangible, processes not typically considered or assessed. These processes include, for example, the level of developmental maturity of

individuals in the workforce, their developmental potential, systems thinking ability, self conduct, task focus, and interpersonal perspective, as well as their aspirations for the company and their actual experience of it on a daily basis.

A language for conceptualizing human resource intangibles has long been unavailable. However, advances in the social sciences, especially psychology, now make the assessment and quantification of intangibles entirely feasible and cost-effective. Here, I introduce the Corporate Development Readiness and Effectiveness Measure (CDREM™ for short), a tool focused on assessing covert processes in the workforce. In CDREM™, HR intangibles are defined as meta-enablers, since they "enable the enablers" (e.g., competence), and thus exist in a space "beyond" them.

Example

Imagine you are the HR Director of a pharmaceutical or biotech company whose strategy is focused on achieving a higher rate of employee productivity during the following business year. Productivity is defined not just as producing more and better drugs, but helping turn the company from a research to a product-delivery organization. This entails developing new testing procedures and distribution channels for the company's products, as well as changing cultural climate through the employment of managers who combine research and people skills. It is your task to conceptualize what the new company objectives entail in terms of HR deliverables, and to propose training, development, and coaching programs, as well as hiring procedures, that will assure these deliverables are actually forthcoming. Assume further that you maintain a "competent" work force in the sense of purely technical competence (research know-how, medical trial methodologies, marketing acumen, link of product to patient services, etc.). What you are unsure about are the "intangibles" (meta-enablers) you are assumed to provide that guarantee an optimal use of these competences. How are you going to conceptualize the intangibles that determine how the available competences are going to be optimally used? How are you going to measure them in a workforce composed of domain specialists? Let me show you how you would proceed using CDREM™ as your guide.

Steps in Assessing Meta-Enablers to Meet Demands of Company Strategy

In the context of CDREM™, making sure that the HR function will provide meta-enablers commensurate with business strategy, entails taking the following eight steps:

1. Using a conceptual framework for translating company objectives into HR deliverables

2. Locating the target population chosen for assessment in a way customized to company strategy
3. Structuring and sizing a "representative sample" of the target population
4. Formulating indexes for assessment
5. Collecting meta-enabler data through interview and questionnaire
6. Scoring and interpreting assessment outcomes
7. Putting in place appropriate HR and other organizational interventions
8. Following up meta-enabler assessments.

Below, I go through these eight steps in order, assuming the environment of a pharmaceutical of biotech company, sketched above. You will notice that in focus is not human resources management, but *change management*, that is, managing demands upon HR as a function of company strategy, and using data collection methods other than opinion surveys to do so.

Step 1: Understanding the HR Implications of Company Strategy

While strategic objectives are defined for financials, internal business process, and customer relations, those defined for HR are basic simply because they regard the very people who carry out strategic objectives. Following the balanced score card model, you might decide that there are five relevant strategic HR concerns: use of competence, leadership, cultural climate, strategic alignment of employees (with company objectives), and team synergy. In your particular case, you might add developmental maturity as required by management tasks, systems thinking capacity, lack of "energy sinks" stemming from a gap between personal needs and task requirements, approach to tasks commensurate with strategy objectives, and others. In CDREM™, these HR concerns and delivery objectives appear as "indexes." Indexes are sets of developmental and behavioral criteria measuring the degree to which performance standards set by HR are missed, adhered to, or exceeded in a representative sample of executives and employees. See step 4, below, for further details.

Step 2: Locating the Target Population

Given the many constituencies in an organization, and the fact that you do not want to use opinion surveys, you will have to define a target population for all indexes you want to measure, or specific target populations for individual indexes. For example, to define a "managerial aptitude index," your target population would consist of those prominent researchers who seem best equipped to take on managerial leadership roles. By contrast, for a "team synergy index," you would want to assess those team leaders across all company divisions whose function is guiding the communication between teams.

Step 3: Structuring and Sizing a Representative Sample

How representative the sample chosen for assessment will be depends on how well it reflects both the HR deliverables in question and the people who embody the workforce qualities desired. Since your CDREM™ strategy is not breadth- but depth-first, you want to select for assessment just those individuals in your company who are representative of the larger population in terms of workforce capacities needed. Table 1, below, shows two examples for defining a representative sample. The mix of constituencies that serves you best will depend on your specific purposes, while sample sizes will depend on the size of your company or relevant divisions of it.

Table 1. Types of Representative Samples

TYPE OF SAMPLE	SITUATIONAL AND CULTURAL CONDITIONS
A. Pure Samples	
1. Executive team only (=E)	Initial stages of strategy implementation, strategy not yet driven down, potential of team "to see through" the chosen strategy needs testing
2. Middle management [group leaders] only (=M)	Strategy has been driven down to the middle management level, but there are concerns about full alignment at that level
3. Critical teams [and team managers] only (=T)	Teams are seen as not fully aligned to strategy, although middle management has a good grasp of strategy
4. Individual contributors only (=I)	Strategy has been driven down to individual-contributor level, but the degree to which individuals are fully aware of strategy is unclear
B. Mixed Samples	
1. Balanced sample (E, M, T, I=25%)	Strategy has been driven down to the individual-contributor level; emphasis is on the evenness of strategic awareness across all levels
2. Management sample (E=10%, M=50%, T=20%, I=20%)	Strategy has been driven down to the individual-contributor level, but doubts remain as to middle management alignment
3. Team sample (E=0%, M=30%, T=70%, I=0%)	Strategy implementation predominantly rests on critical teams and their managers
4. Workforce sample (E=0%, M=30, T=0%, I=70)	Middle management and individual contributors are considered the foundations of strategy implementation and value creation
5. other, customized samples	

In the particular case here assumed, of re-focusing work from research to product delivery, probing meta-enablers in the management layer would seem of primary importance, followed perhaps by team synergy. For the "change flexibility and leadership potential index" of scientists who are to work in a managerial position, for instance, a pure sample composed of middle management is advisable. But other criteria are available, limited only by your imagination and knowledge of strategy and the workforce.

Step 4: Formulating CDREM™ Indexes for Assessment

        Indexes are the crux of any CDREM™ assessment. The are sets of criteria measuring "meta-enablers," i.e. human resource intangibles. See Fig. 1, below.
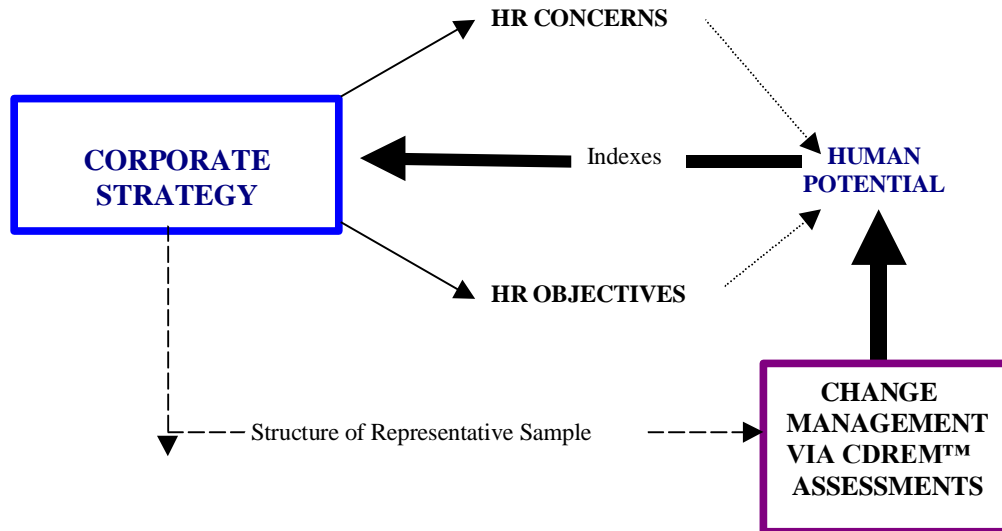
Fig. 1, Use of CDREM™ as informed by Strategy

        As indicated, indexes derive from HR concerns and objectives, are specific to particular representative samples, and are meant to measure the degree to which supportive but covert mental processes for executing corporate strategy are available. In the present case---of a "change flexibility and leadership potential index,"---an opinion survey, as typically conducted in HR, would not only be pointless; it could even be counterproductive. The same holds for anecdotal evidence regarding "this or that" scientist's ability to function as manager. This does not mean, however, that a survey delivering "enabler data" could not be included in a comprehensive CDREM™ index.

        In the present case, two broad capacities and their meta-enablers would seem to be paramount: first, managers' interpersonal perspective and task focus, and second, the extent to which they are developmentally mature, thus able to think systemically (in terms of the company as a whole). This is reflected in the definition of the index below. Enabler data shows how members of a representative sample view the company externally, in terms of answers to predefined questions (opinions), while meta-enabler (CDREM™) data shows how an organization is internally constructed (made sense of) by members of the sample out of awareness.

Fig. 2 Change Flexibility & Leadership Potential Index

Enabler Data
- awareness of company strategy (%)
- aspirations for the company (%)
- leadership aspirations (%)
- supportiveness of cultural climate in the workplace (%)

Meta-Enabler Data
[CDREM™ assessment]

Developmental: CDREM™ Interview(s)
- Level of developmental maturity for leadership (15 levels)
- Near-future developmental potential and risk
- Degree of systems thinking for task focus (0-100%)
- Strength of transformational capacity (0-100%)
- Strength of critical vs. constructive tools (0-50%)

Behavioral: CDREM™ Questionnaire
[Variables measured along a scale from 0 to 9]
- Variables assessing self conduct
- Variables assessing task focus
- Variables assessing interpersonal perspective
- Energy sinks (resulting from misattunement to organization)
- Frustration index (indicating clash of subjective aspirations and company culture)

The index above affords an outside (enabler) and an inside (meta-enabler) view of the behavioral anatomy of the representative sample. From the enabler data, the HR Director learns how executives and/or employees consciously "think about" the organization. From the meta-enabler data (s)he learns what no opinion survey would reveal: how members of the sample actually make sense of work in the organization, their behavioral and developmental disposition followed in using their competence. Four dimensions of constructing the organization internally are assessed: developmental maturity (changing over the life span), transformational capacity, emotional intelligence, and experience of cultural climate. For each of the variables entering into the index, a numerical standard is defined prior to assessment. CDREM™ findings are compared to these pre-defined standards in terms of the proportion of those who miss, adhere to, or exceed them. In this way, the HR Director learns of the workforce intangibles comprised by the index in a form reportable as "hard data" with relevance for discussion at the strategy table. In addition, since meta-enabler data obtained may confirm or disconfirm enabler data, consciously held opinions are put into relief against out-of-awareness dispositions that determine the use of competence (performance). Therefore, the risk to be deceived by relying on survey percentages is starkly diminished.

5-6. Collecting , Scoring, and Interpreting Meta-Enabler Data

Meta-enabler data is collected through a one- or two-hour interview and 45-minute questionnaire. Findings are expressed in terms of a ratio of risk to potential, normalized to the standard represented by members who closely fulfil it (see below). Members of the sample who miss the adopted standard make up the "risk" factor of the ratio, while those who exceed the standard make up its "potential" factor.

Table 2. Summary Scores for the Change Flexibility and Leadership Index*

(median, not mean scores)

Meta-Enabler Summary Report	*Risk [-]*	*Potential [+]*
Developmental ratio	*0.41*	*0.10*
Behavioral ratio	*0.18*	*0.23*
TOTAL RISK-TO-POTENTIAL RATIO	**0.30**	**0.17**

*The standards chosen for measuring risk and potential are not shown, nor are the details regarding all variables entering into the index. Members of the representative sample adhering to the defined standards are implicitly represented as '1.0.' They constitute the norm against which risk and potential ratios are reported in the two columns to the right.

Table 2 summarizes the meta-enabler findings about the representative sample at the highest level, giving a vital statistic about the organization 'in here,' where work actually happens. The table does not go into details about the individual variables comprised by the index, which are available to HR for policy and intervention planning. On the right, the table conveys the proportion of sample members who miss set standards ("Risk [-]"), and who exceed standards, respectively ("Potential [+]"); members adhering to the standards set in the index are implicitly represented as '1.0.' In the table, a distinction is made between two different kinds of meta-enabler: long-term, developmental, and short-term, behavioral, ones. The relevance of this distinction is that while behavioral risks can be lessened by conventional training and coaching programs, development risks are deep-seated and require developmentally astute hiring practices and job assignments commensurate with developmental maturity levels.

In the present case, where developmental risks in the representative sample by far exceed behavioral risks (-0.41 vs. –0.18), the company is settled with the finding that the management layer assessed is developmentally not mature enough to guarantee the optimal use of managerial competences. Although some members of the sample exceed set standards (+0.10), this potential is far less than in the behavioral domain which regards present, rather than near-future, functioning (+0.23). As a result, the overall risk regarding execution of the envisioned company strategy exceeds meta-enabler potential available in the sample (-0.31 vs. +0.17). Assuming that the sample assessed is indeed representative of the target population in terms of structure and

size, as well as standards set prior to assessment, the company can override these prognostic meta-enabler findings only at its near-future peril. The availability of competences per se, perhaps assessed through a competency model, is not persuasive, since use of competence in the real world of the organization, i.e., performance, is at issue here. In short, covert developmental and behavioral obstacles to optimal competence use are too severe to permit execution of the envisioned strategy.

Step 7. Putting in Place Appropriate HR and Other Organizational Interventions

As a first priority, the HR Director has the duty to inform management of the lack of meta-enabler capacity for carrying out planned strategy. (S)he can easily do this by pointing to specific developmental and behavioral findings not made explicit in Table 2, above. Findings regarding prospective managers' level of developmental maturity for leadership, degree of systems thinking, and strength of transformational capacity (see Fig. 2) speak an unmistakable language. Since the index assessed is customized to known company competences and company strategy, meta-enabler findings are irrefutable. There are two options: the company can postpone realizing its envisioned strategy and build in-house capacity for it in the meantime; or it can hire appropriate managerial capacity from outside, especially from competitors. Since behavioral meta-enabler findings are less incapacitating than developmental ones (-0.5 vs. –0.31, Table 2), the company can consider training options that have an impact on developmental level, such as coaching. Being in possession of "hard data" regarding the representative sample's meta-enabler profile, the HR Director assumes a major responsibility for safeguarding the company future.

Step 8. Following Up Meta-Enabler Assessments.

HR change management is the art of conceptualizing and measuring changes over time at the out-of-awareness (covert-processes) level of workforce capability, and of putting these changes into relief against external, survey-based enabler data. The change management mandate of HR surpasses "isolating the effects of HR programs and initiatives" (Fitz-enz, 1998), which is totally bound to the gospel of opinion surveys looking only at an organization's façade, not the organization 'in here,' where performance actually happens. The HR mandate also surpasses the use of competency models as behavioral predictors. Behavioral assessment per se is not explicit about developmentally caused (thus covert) energy sinks, and hidden gaps between task demands and the subjective need of employees. In the present case, however "competent" managers may be as researchers and in terms of managerial "people skills," the way they internally construct their work in the company shows a developmental deficit. The deficit indicates that *the*

individuals in the representative sample are presently not at a point in their life-span development and systems thinking where they can possibly reconcile domain competences they possess with new, flexible ways of viewing their work internally, as managers. However, it is conceivable that re-assessing the representative sample a year later, after outside hiring has been accomplished, will show advances in developmental meta-enabler profile that reduce the risk of executing company strategy in a meta-enabler void. CDREM™ re-assessment enables the HR Director to bring to the strategy table hard data substantiating the positive effects of HR policy and interventions during the past year, and to substantially contribute to a definition of strategy that is guided by more than market pressures and anecdotal beliefs in company capacity. [3025]

How to Learn More
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