

# Competencies for Mid-Career HR Professionals

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## **Session 6: Business Acumen**

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### Lesson 1: Course Introduction

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#### □ Overview

In this session we will examine the Business Acumen competency and how it enables HR professionals to think in terms of the organization's business and operations first and then to apply the HR lens to their work.

#### □ Due This Session

##### Reading assignments

The articles

- "Worker Confidence Propels Deluge of Quits."  
<https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/worker-confidence-quits.aspx>
- "Business Acumen: Building a Better HR."  
<https://www.shrm.org/hr-today/news/hr-magazine/pages/0116-competencies-business-acumen-cappelli.aspx>

The report

- *Job Openings and Labor Turnover Survey Highlights December 2015.*

#### □ Session 6 Lessons

- Lesson 1: Course Introduction.
- Lesson 2: Overview of SHRM's Competency Model.
- Lesson 3: Definition and Components of the Business Acumen Competency.
- Lesson 4: Application of the Business Acumen Competency.

#### □ Learning Objectives

- Describe the two elements of SHRM's Competency Model most applicable to mid-career level professionals.
- Apply the concepts related to the Business Acumen competency to key roles and duties performed by HR professionals.
- Explain the relevance of the Business Acumen competency to the job of an HR professional.
- Identify and explain the subcompetencies and behaviors that underlie the Business Acumen competency.
- Analyze the role that the Business Acumen competency plays in helping HR professionals address real-world issues.
- Demonstrate the ability to apply the Business Acumen competency in various contexts.

## Lesson 2: Overview of SHRM's Competency Model

As discussed originally in the beginning of the early-career module, having a professionalized workforce that rests on a foundation of validated competencies helps ensure that the HR field continues to become more and more business relevant.

### □ Two Types of HR Competencies

We will focus this mid-career module on the two competencies highlighted below.

Nontechnical (Behavioral) Competencies	Technical (Foundational) Competencies
<p><b>Competencies by career level:</b></p> <p><u>Early Career</u></p> <ul style="list-style-type: none"> <li>• Communication</li> <li>• Relationship Management</li> <li>• Ethical Practice</li> </ul> <p><b>Mid-Career</b></p> <ul style="list-style-type: none"> <li>• Consultation</li> <li>• Business Acumen</li> </ul> <p><u>Senior/Executive-Career</u></p> <ul style="list-style-type: none"> <li>• Leadership and Navigation</li> <li>• Global and Cultural Effectiveness</li> <li>• Critical Evaluation</li> </ul>	<p><b>Competency:</b></p> <ul style="list-style-type: none"> <li>• HR Expertise</li> </ul> <p><b>HR Functions That Require HR Expertise</b></p> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Workforce Planning and Talent Management</li> <li>• Training and Development</li> <li>• Compensation and Benefits</li> <li>• Employee and Labor Relations</li> <li>• Employment Law</li> </ul>

## Competencies for Mid-Career HR Professionals

### ☐ SHRM Competency Model



### ☐ Levels of Experience

Entry Level (0-2 years)

Mid Level (3-7 years)

Senior Level (8-14 years)

Executive Level (15 years or more)

### ☐ Importance of the Competency

- As part of the creation of the new competency model, SHRM surveyed its members about their perceptions of the importance of the different competencies.
- Over 32,000 respondents rated the importance of each competency for HR professionals to successfully perform their jobs at the identified career level.
- The rating scale ranged from 0 to 3.

### ☐ Importance Rating Scale

- 0 – Not important: Not required. No impact on job performance.
- 1 – Minor importance: Minor impact on job performance. Could still perform effectively.
- 2 – Important: Important impact on job performance. Would have difficulty performing effectively.
- 3 – Critical: Critical impact on job performance. Could not perform effectively. Major consequences to effectiveness.

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## Required Upon Entry (RUE)

Respondents also rated if proficiency in each competency was required upon entry into an HR position at the identified career level.

The rating scale ranged from 0 to 1.

## RUE Rating Scale

0 – Not required upon entry/time of hire: Not expected to enter the HR profession at this level with this competency. Training provided.

1 – Required upon entry/time of hire: Expected to enter the HR profession at this level with this competency already well developed. Training *not* provided.

## Ratings

Career Level	Importance	Required Upon Entry
	Mean (SD)	% Yes
Early	1.6 (.75)	37
Mid	1.9 (.63)	51
Senior	2.2 (.56)	73
Executive	2.5 (.54)	83

## Lesson 3: Definition and Components of the Business Acumen Competency

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### □ Introduction

This lesson reviews the definition, description, examples and subcompetencies of the Business Acumen competency.

### □ Business Acumen Definition and Descriptions

#### **Definition:**

The ability to understand and apply information to contribute to the organization's strategic plan.

#### **Description:**

Exhibiting strong business acumen means you're not just part of HR—you're part of the business. You understand how your organization achieves its goals, and you align all HR activities with achieving those goals. It is a competency about the big picture that takes you beyond the boundaries of your organization to your industry or field in the largest sense and forces you to seek new HR best practices that fit your organization and enable it to move forward.

#### **Examples:**

- Take your knowledge of HR metrics developed at the early level, and using the data they give you, define HR activities in terms of value-added impact and utility from a cost-benefit analysis (CBA) perspective.
- Participating in round table discussions with members of other functional areas allows you to share your knowledge to benefit the organization and also to gain more knowledge and perspective and enhance your business acumen as you learn from your colleagues.
- At the mid-career level, you will probably have a staff, so provide opportunities for staff members to work on cross-functional projects to develop their business acumen, or identify job rotation opportunities across departments.

### □ Business Acumen Subcompetencies

- Strategic Agility.
- Business Knowledge.
- Systems Thinking.
- Economic Awareness.
- Effective Administration.
- Knowledge of Finance and Accounting.
- Knowledge of Sales and Marketing.
- Knowledge of Technology.
- Knowledge of Labor Markets.
- Knowledge of Business Operations/Logistics.
- Knowledge of Government and Regulatory Guidelines.
- HR and Organizational Metrics/Analytics/Business Indicators.

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## ❑ **Business Acumen Behaviors**

- Demonstrates an understanding of the strategic relationship between effective HR management and core business functions.
- Demonstrates a capacity for understanding the business operations and functions within the organization.
- Understands the industry and business/competitive environment within which the organization operates.
- Makes the business case for HR management (e.g., return on investment/ROI) as it relates to efficient and effective organizational functioning.
- Understands organizational metrics and their correlation to business success.
- Uses organizational resources to learn the business and operational functions.
- Uses organizational metrics to make decisions.
- Markets HR both internally (e.g., ROI of HR initiatives) and externally (e.g., employment branding).
- Leverages technology to solve business problems.

## ❑ **Ways to Develop Business Acumen Skills**

- Read books, magazines and newspapers on topics such as business practices, marketing, entrepreneurship, negotiation and economics.
- Join a professional or industry association.
- Enroll in business continuing education courses.
- Participate in company projects, committees or special initiatives.
- Work on a cross-functional team with colleagues from finance, accounting, marketing or operations.
- Study your company's financial statements to develop a comprehensive understanding of what drives profitability and cash flow.
- Analyze and synthesize market and competitive data.
- Know and monitor your organization's key performance indicators (KPIs).
- Seek out a mentor who possesses expertise in areas you wish to develop.

## Lesson 4: Application of the Business Acumen Competency

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### ❑ Introduction

In a small group simulation, this lesson provides students the opportunity to apply the Business Acumen competency by facing a challenge confronting not just their organization but their industry.

### ❑ “Industrial” Strength Troubles

- Listen to the scenario your instructor describes to you. What kinds of challenges do you think this situation poses? What would you do?

### ❑ “Industrial” Strength Troubles *DEBRIEF*

- What HR areas pose challenges in the scenario the instructor described?
- What opportunities did you identify, if any?

### ❑ Benefits, Challenges and Risks

- What is the greatest **benefit** of developing this competency for:
  - The individual HR practitioner?
  - The individual’s HR department?
  - The individual’s organization as a whole?
- What is the greatest **challenge** to being able to develop it?
- What is the greatest **risk** of not developing it?
- How can a weakness in this area (i.e., with this competency) affect:
  - The individual and his or her career?
  - The individual’s HR department?
  - The individual’s organization as a whole?

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## Session 6: Summary

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### Key Points from This Session

List your key points here:

### End-of-Session Discussion

- Which of the competencies encompassing the SHRM Competency Model do you find most intriguing?
- Which of these competencies do you think you are already skilled in?
- Which of these competencies do you think will be the most difficult for you to master? Why?

### Due Next Session

#### Reading Assignments

Read the report *SHRM Research: Workforce Readiness and Skills Shortages* <https://www.shrm.org/hr-today/trends-and-forecasting/labor-market-and-economic-data/Documents/Workforce%20Readiness%20and%20Skills%20Shortages.pdf>

Read the article “Critical Evaluation: Put Your Analytics into Action” <https://www.shrm.org/hr-today/news/hr-magazine/pages/0116-competencies-critical-evaluation-harris.aspx>

Complete the Preparatory Activity “You Can’t Do Good Work Without a Good Workforce”