

# Creating Stakeholder Value through Human Capability

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# Question for Today

**How can I/we create more value as individuals and as a HR team?**

# Overall Goals and Agenda

**IDEAS**

**Stakeholder value through human capability**

**IMPACT**

**Now is the time to reinvent HR**

**1: HR is not about HR, but creating value for others**

**2: HR contributes value through human capability**

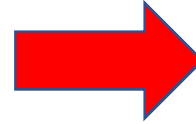
**3: HR needs to upgrade HR department and people**

# Attention to human capability: Latest trends

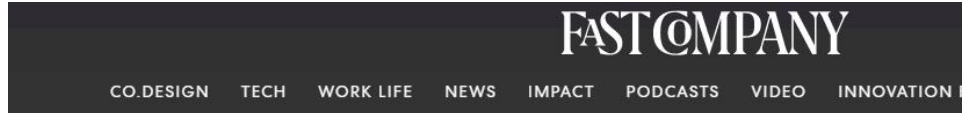
1. **Studies of CEO, senior business leader priorities:** Economic uncertainty, technology, people
2. **Conference topics:** Agility, culture, mental health, hybrid, leadership
3. **Government reporting** as materiality: Requirements to disclose report “human capital”
4. **Board agenda:** technology, driving value through values, creating unity, innovation in change
5. **Intangible value:** average is 80% of market value or cost of capital (debt)
6. **ESG attention:** social citizenship, planet
7. **Employees:** burnout, engagement, mental health, productivity

# Now is the time: Evolving views of HR

2005



2023



08-01-05

## Why We Hate HR

In a knowledge economy, companies with the best talent win. And finding, nurturing, and developing that talent should be one of the most important tasks in a corporation. So why does human resources do such a bad job — and how can we fix it?



02-21-23 | HR

## Why more people want to work in HR now

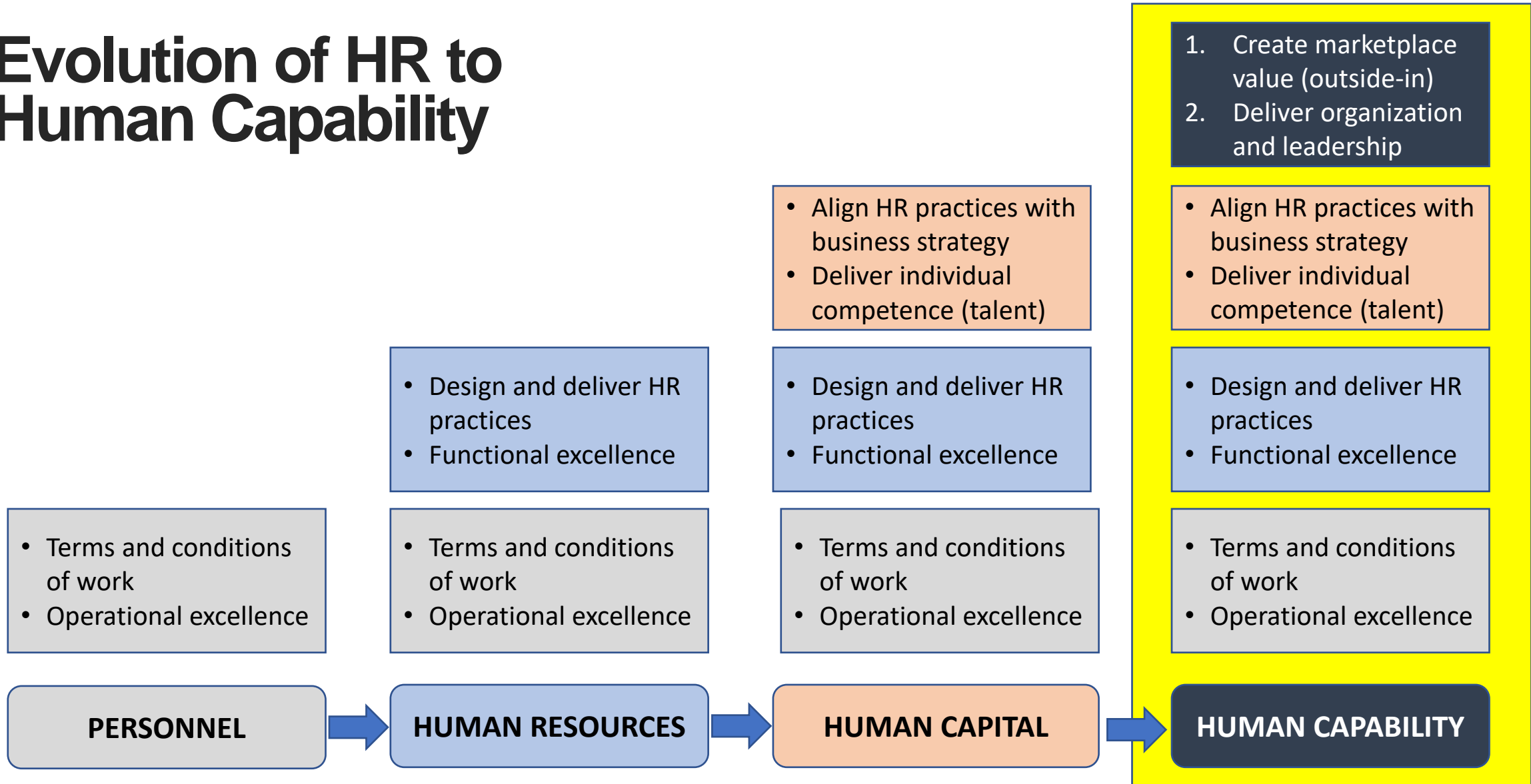
As human resources has evolved into a more strategic role, the field is becoming more attractive to all kinds of workers. But will that improve its reputation?



[Source image: Expect Best/Pexels]

<https://www.linkedin.com/pulse/what-makes-effective-hr-function-value-logic-dave-ulrich/>

# Evolution of HR to Human Capability



# Recent Research Human Capability and Stakeholder value

Study Name	Sample	Focus and Findings
<a href="#"><u>HR Competency Study</u></a>	Over 120,000 global respondents over 35 years	<ul style="list-style-type: none"> <li>• Organization/business capabilities</li> <li>• HR department characteristics</li> <li>• HR competencies</li> </ul>
<a href="#"><u>Leadership Code, Brand, Capital, Sustainability</u></a>	<ul style="list-style-type: none"> <li>• 9,807 subjects</li> <li>• 109,665 raters</li> <li>• 100's of organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership skills in five domains by level with global norms</li> <li>• Leadership brand actions in six steps</li> <li>• Changes in leadership behaviors that lead to outcomes over time, pre- and post-COVID</li> </ul>
<a href="#"><u>Organization Guidance System (OGS)</u></a>	Over 1,000 organizations	38 human capability initiatives in Talent, Leadership, Organization, and HR and impact on stakeholder value
<a href="#"><u>Scaling Human Capability (G3HC)</u></a>	5,700 firms reporting SEC data analyzed using machine learning / NLP analysis	Four human capability pathways and impact on financial, employee, and citizenship outcomes (double traditional results) see <a href="http://www.g3humancapability.com">www.g3humancapability.com</a>



# Overall Goals and Agenda

**IDEAS**

**Stakeholder value through human capability**

**IMPACT**

**Now is the time to  
reinvent HR**

**Recognize contextual challenges to  
create human capability content**

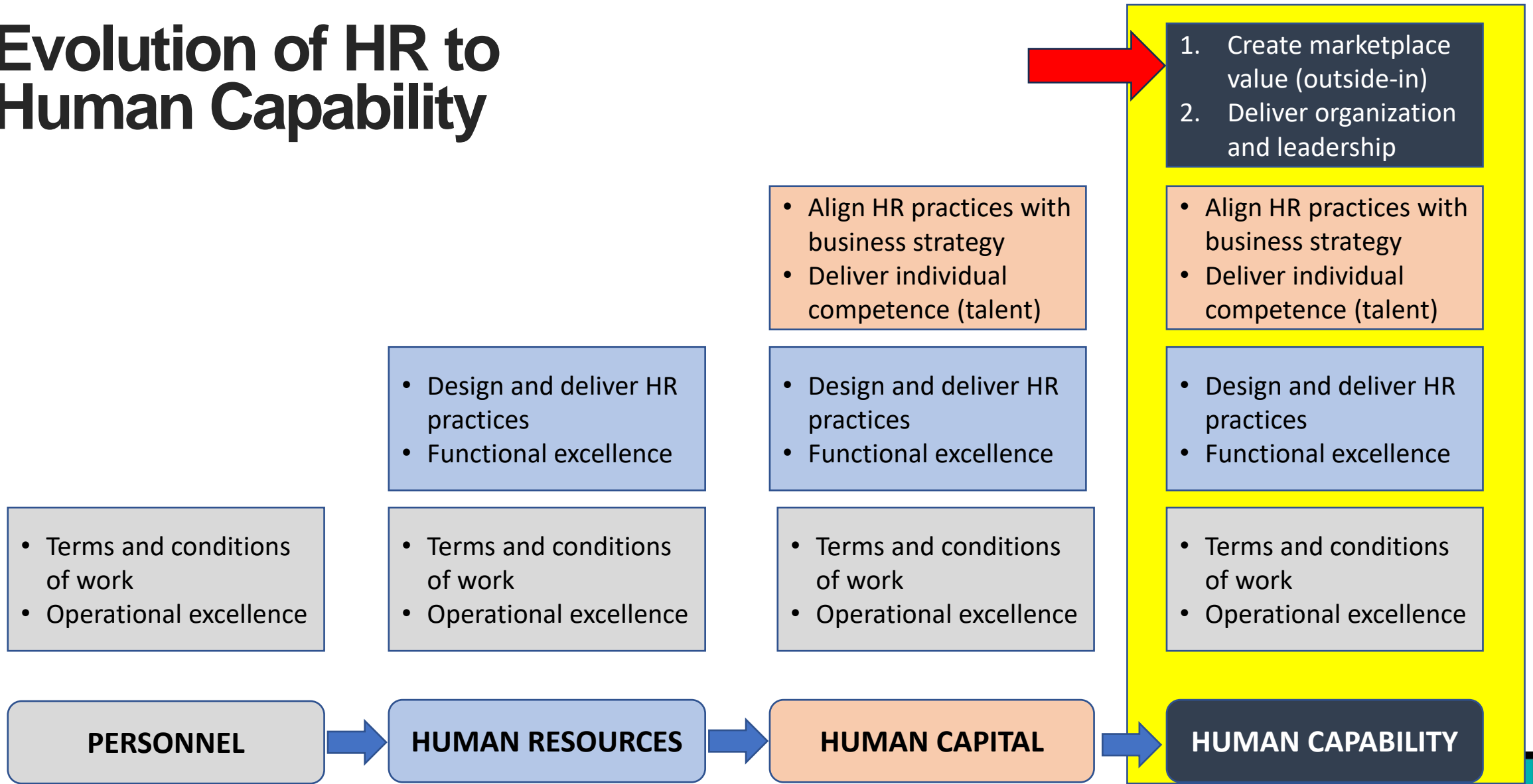
**1: HR is not about HR, but creating value for others**

**2: HR contributes value through human capability**

**3: HR needs to upgrade HR department and people**



# Evolution of HR to Human Capability



# Human Capability: Outside in

**What is the most important “thing” that business or HR leaders can give an employee?**

Please select one:

1. A feeling of physical and psychological safety
2. A sense of belief (meaning, purpose)
3. An ability to become better (learn, grow)
4. A feeling of belonging (community, relationships)
5. All the above
6. None of the above

# HR Value Logic

What is the most important “thing” that business or HR leaders can give an employee?

Please select one:

1. Physical and psychological safety
2. A sense of belief (meaning, purpose)
3. An ability to become better (learn, grow)
4. A feeling of belonging (community, relationships)
5. All the above
6. **None of the above**

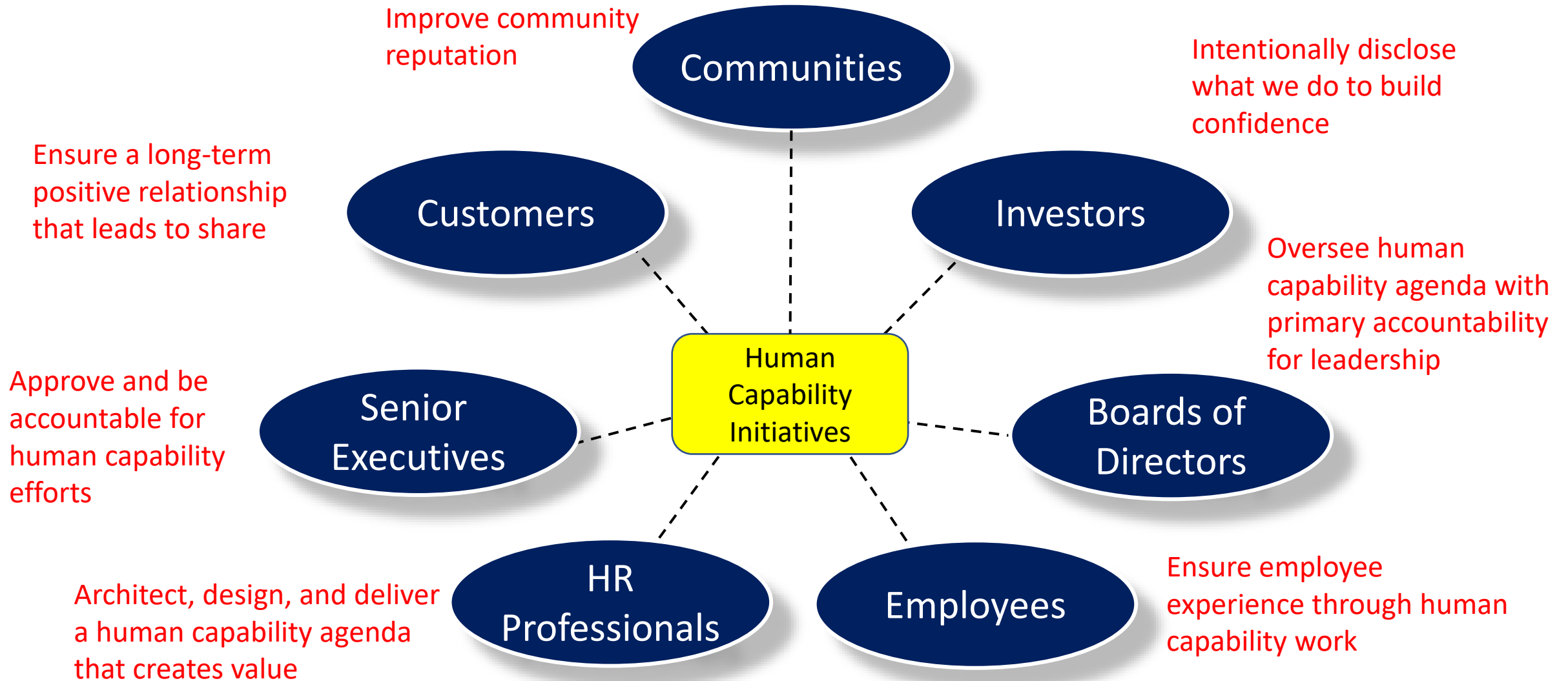
so that

**An organization  
succeeds in the  
marketplace**

# HR Outside In: Evolution of HR



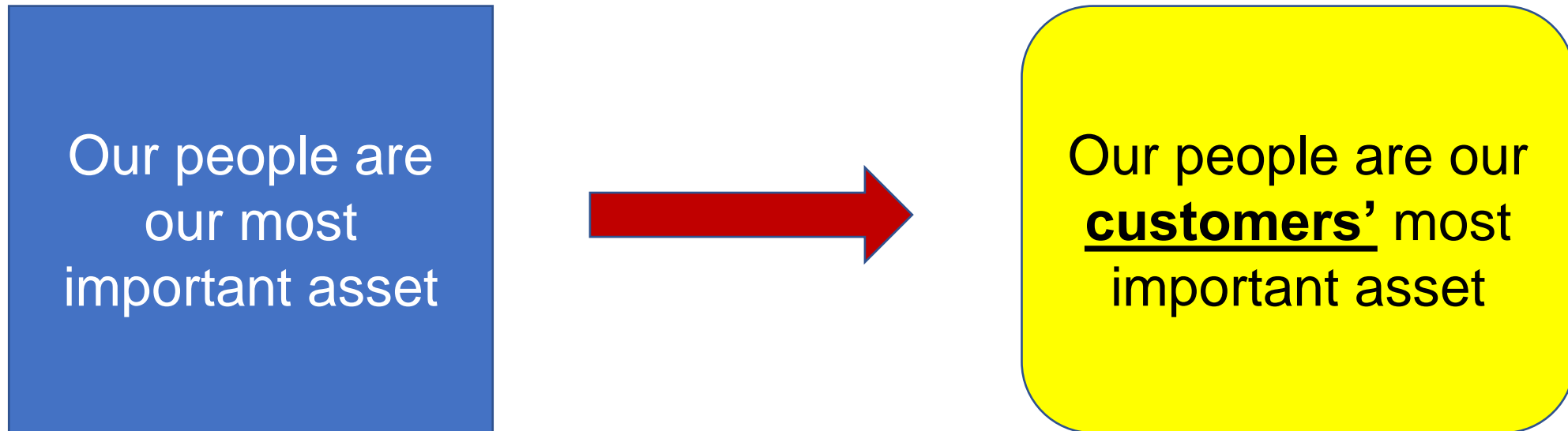
# What do we offer each stakeholder on human capability?



# Outside In View of Talent/People

Our people are  
our most  
important asset

# Outside In View of Talent/People





# Overall Goals and Agenda

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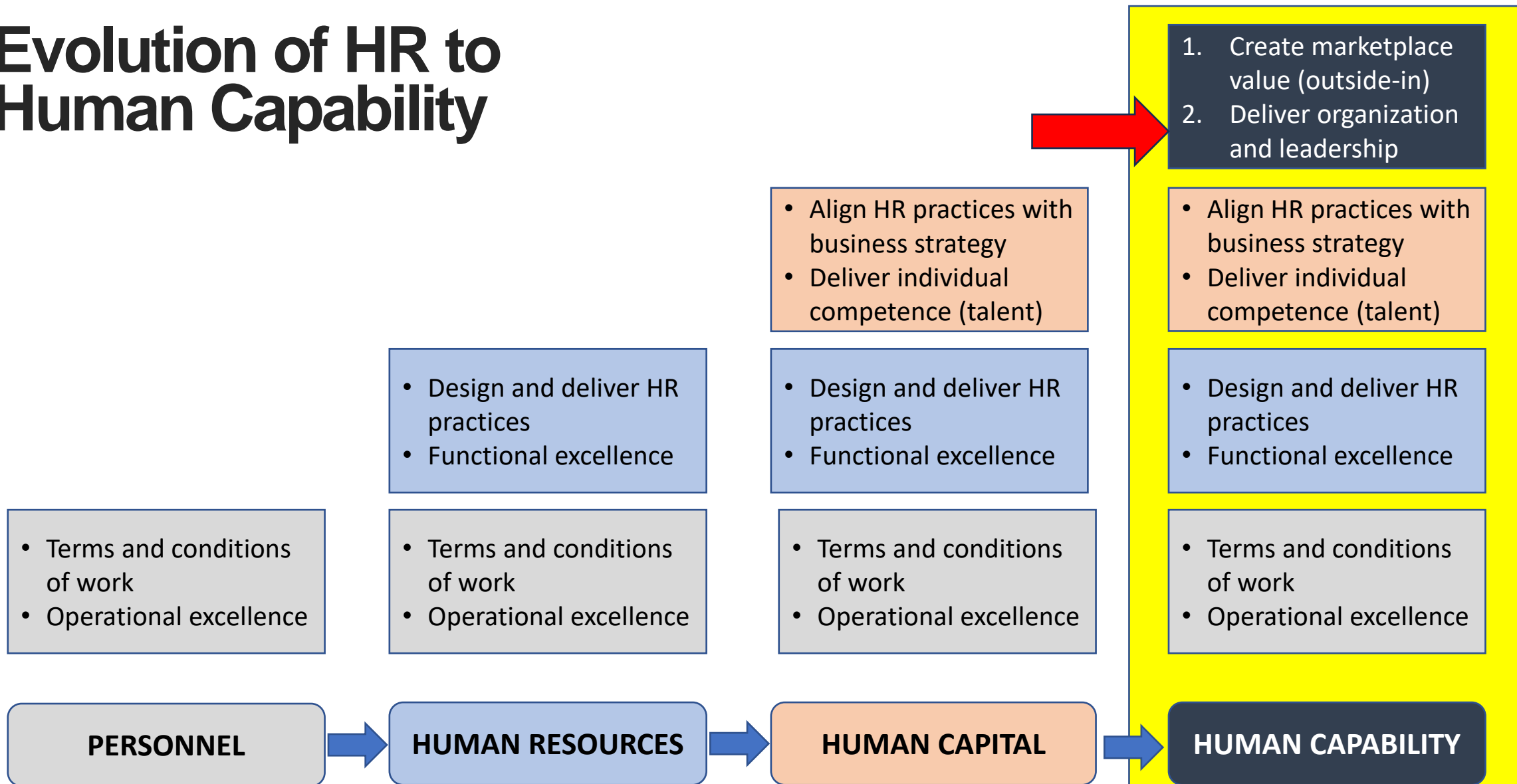
**1: HR is not about HR, but  
creating value for others**

**Understand how HR creates value for  
all stakeholders (outside/in)**

**2: HR contributes value through human capability**

**3: HR needs to upgrade HR department and people**

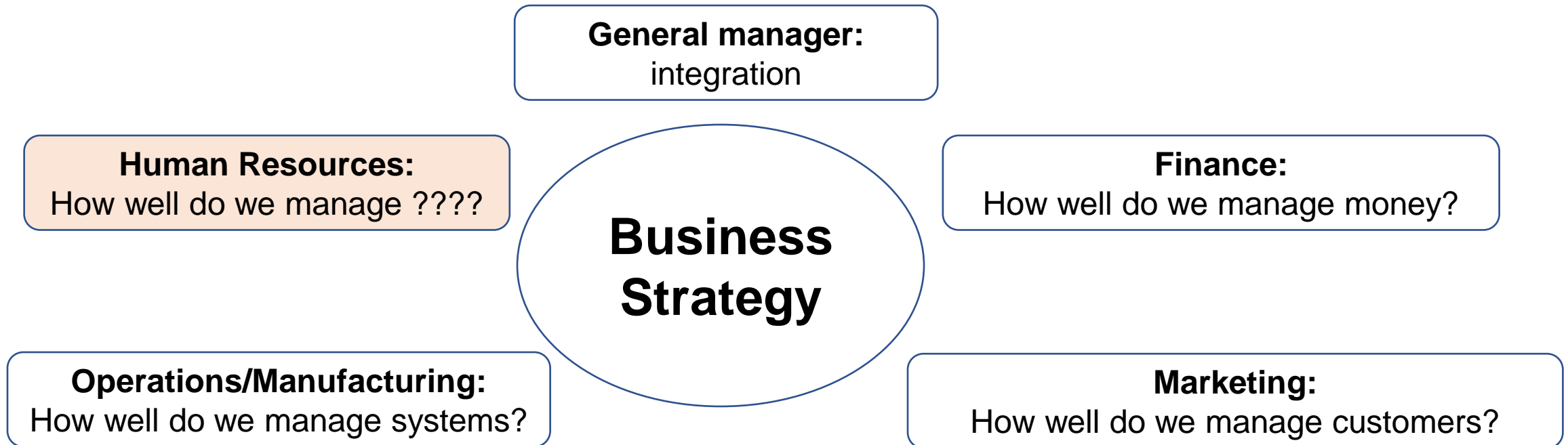
# Evolution of HR to Human Capability



# HR is not about HR ...

## Outcomes:

What are the “outcomes” of effective HR? (*e.g., finance delivers economic insights; marketing customers; manufacturing quality products, HR ... ??*)



# Human Capability Initiatives

What are some of the latest “HR initiatives”?

Agile organization

Diversity, equity, and inclusion

Technology:  
Digital reinvention  
AI, machine learning

Employee primacy

Hybrid work

Distributed leadership

Leadership academy

ESG: Social responsibility

Great resignation/  
Retain people

HR practices:  
people, work,  
accountability,  
information

Reskilling  
Workforce

Leader as meaning  
maker with emotion

Changing the right  
culture

HR  
transformation

Customer  
focused agenda

HR people:  
competencies

Collaboration/  
network/ecosystem

Strategic clarity /  
Purpose

Employee well being/  
experience

# Science of taxonomy, typology, classification



[Home](#) > [Organization Science](#) > Vol. 1, No. 1 >

## General Organizational Classification: An Empirical Test Using the United States and Japanese Electronics Industries

Dave Ulrich, Bill McKelvey

Published Online: 1 Feb 1990 | <https://doi.org/10.1287/orsc.1.1.99>

Menu at restaurant

Visiting a library

Selecting a car

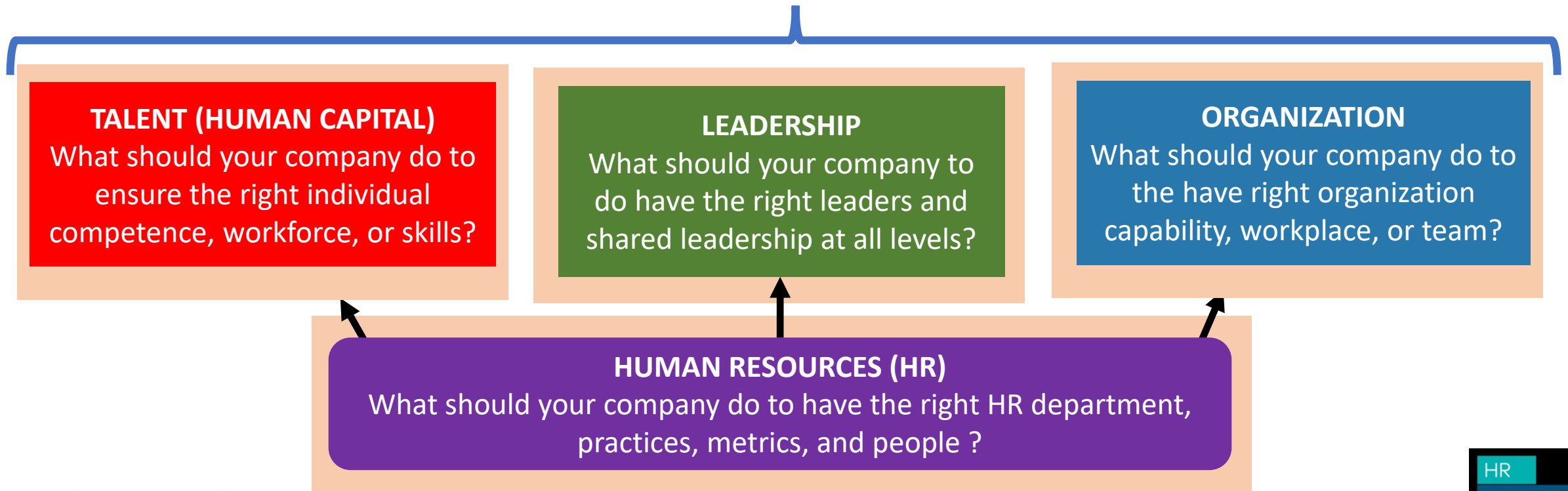
Making investment

Enrolling in classes

# Overview of Human Capability

- **Today:** Most people and organization initiatives and assessments are piecemeal and haphazard
- **Tomorrow:** A shared definition of human capability and metrics to focus on making decisions in each of the four pathways that drive internal value and can be compared across companies.

## HUMAN CAPABILITY



# Human Capability Initiatives

How many of these initiatives have you tried in your organization?

Agile organization

Diversity, equity, and inclusion

Technology:  
Digital reinvention  
AI, machine learning

Employee primacy

Hybrid work

Distributed leadership

Leadership academy

ESG: Social responsibility

Great resignation/  
Retain people

HR practices:  
people, work,  
accountability,  
information

Reskilling Workforce

Leader as meaning maker with emotion

Changing the right culture

Customer focused agenda

HR people:  
competencies

Collaboration/  
network/ecosystem

HR transformation

Strategic clarity /  
Purpose

Employee well being/  
experience



# Human Capability 4 Pathways: 38 Initiatives

## HUMAN CAPABILITY

### TALENT (HUMAN CAPITAL)

1. Acquiring talent
2. Managing employee performance
3. Developing employees
4. Managing employee careers & promotions
5. Communicating with employees
6. Encouraging diversity, equity, & inclusion
7. Retaining the best employees
8. Managing departing employees
9. Tracking employee engagement
10. Creating a positive employee experience

### LEADERSHIP

1. Clarifying the business case for leadership
2. Defining what leaders know and do
3. Assessing leaders and leadership
4. Developing leaders and leadership
5. Measuring leadership impact
6. Ensuring reputation

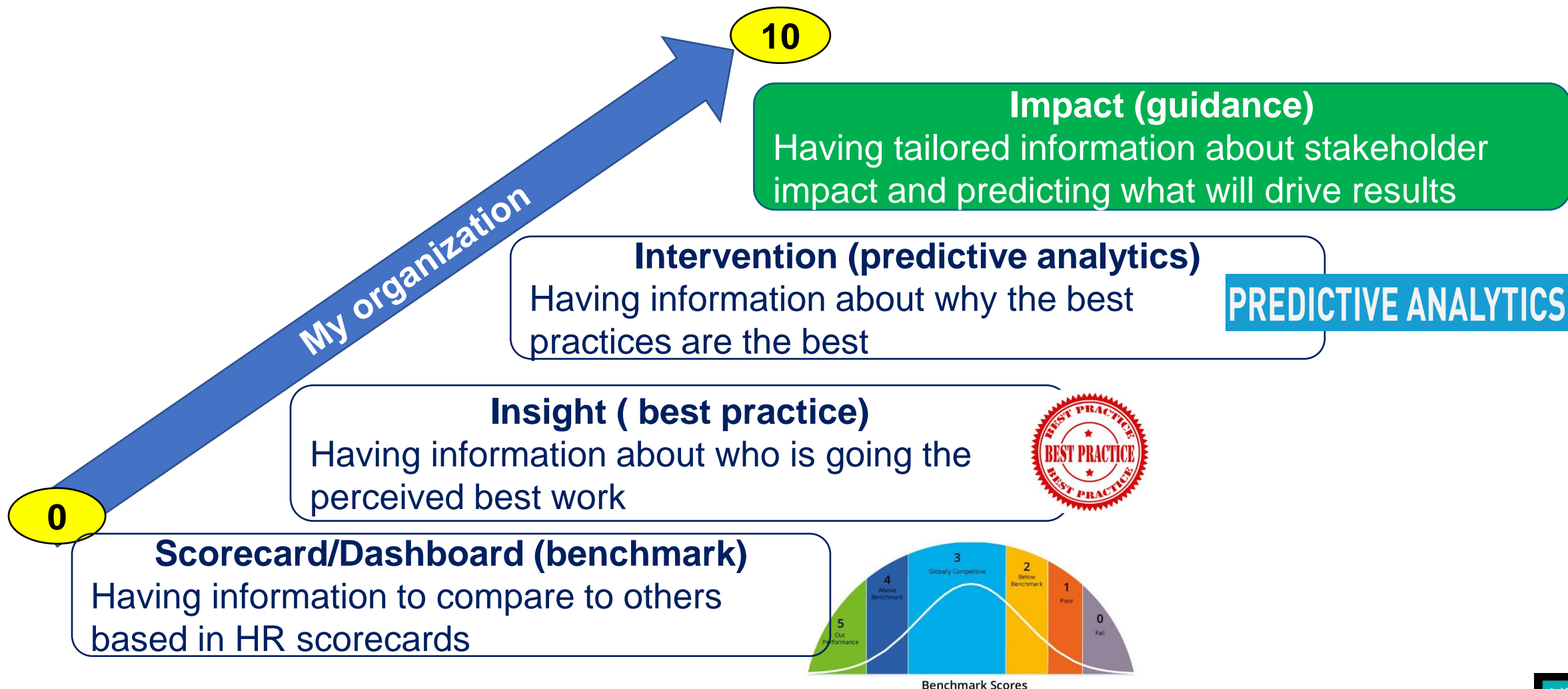
### ORGANIZATION

1. Hiring, developing, and managing people
2. Acting with agility
3. Establishing strategic clarity
4. Delivering customer centricity
5. Establishing the right culture
6. Advancing collaboration
7. Promoting social responsibility
8. Expanding innovation
9. Fostering efficiency
10. Ensuring accountability
11. Sharing information/analytics
12. Leveraging technology

### HUMAN RESOURCES (HR)

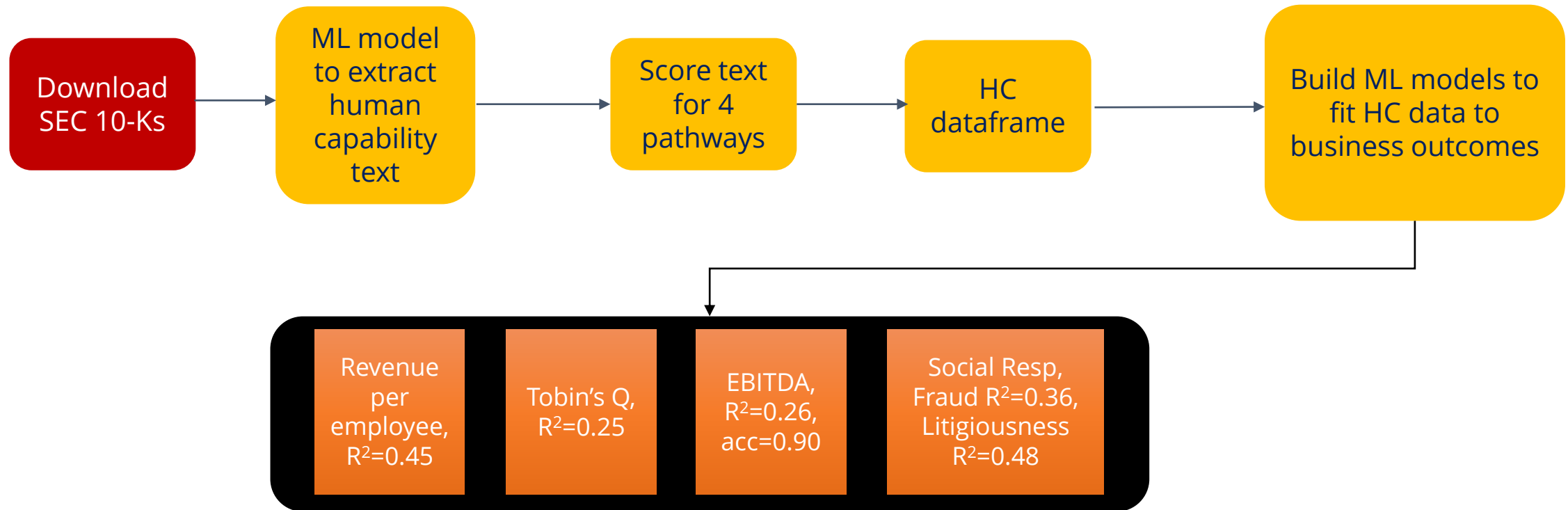
1. Establishing HR reputation
2. Serving HR customers
3. Determining HR purpose
4. Governing HR design
5. Growing human capability
6. Using HR analytics
7. Refining HR practices
8. Using digital/technology
9. Advancing HR professionals
10. Strengthening HR relationships

# Evolution of Human Capability Analytics



# Governance and Guidance for Growth through Human Capability (G3HC)

[www.g3humancapability.com](http://www.g3humancapability.com)



Human Capability has impact on business outcomes across the SEC

# OGS: Human Capability and Stakeholder Results

<https://www.rbl.net/services/organization-guidance-system>

## HUMAN CAPABILITY

**TALENT**  
Competence  
Workforce  
People

**LEADERSHIP BRAND**  
Individual Leaders  
Leadership Pipeline

**ORGANIZATION**  
Capability  
Workplace  
Process

**Human Resource Effectiveness**

So that

...

Because  
of ...

## STAKEHOLDER RESULTS

**Employee results**  
Sentiment (experience); productivity

**Business results**  
Strategic differentiation; market positioning

**Customer results**  
Customer attitude ; customer share

**Financial results**  
Cash flow; investor confidence (P/E ratio)

**Community results**  
Social citizenship; Reputation

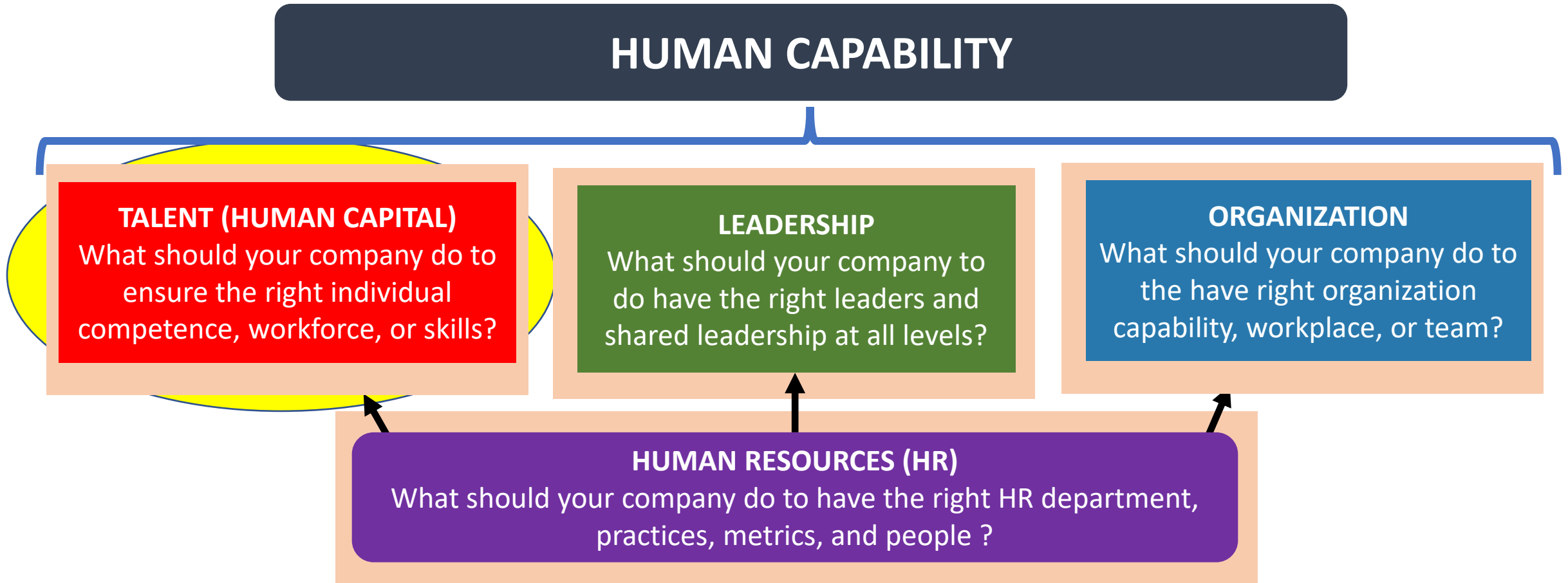
# Where should you invest?

1. How much do you spend on your human capital portfolio annually?
2. In which of the 185 cells of your portfolio should you invest next year?
3. How will you measure the results of your choices?

		Employee	Strategy	Customer	Financial	Social Responsibility
Talent	Acquiring talent					
	Managing employee performance					
	Developing employees					
	Managing employee careers and promotions					
	Communicate with employees					
	Ensuring diversity, equity and inclusion					
	Retaining the best employees					
	Managing departing employees					
	Improve and track employee engagement					
	Creating a positive employee experience					
Leadership	Business Case					
	Know and Do					
	Assess Leaders					
	Invest in Leaders					
	Measure Impact					
	Ensure Reputation					
Capabilities	Talent					
	Agility					
	Strategic Clarity					
	Customer Centricity					
	Right Culture					
	Collaboration					
	Social Responsibility					
	Innovation					
	Efficiency					
	Accountability					
	Information					
Leverage Technology						
HR	Reputation					
	Customers					
	Purpose					
	Design					
	Capability					
	Analytics					
	Practices					
	Professionals					
Relationships						



# Overview of Human Capability





INDIVIDUAL  
Talent, Workforce  
People

# Talent Menu: 10 Key Practices



## Competence

Bringing people into, moving them through, removing them from organization

### A

Bringing people IN

- 1. Acquiring Talent:**  
we bring the right people into the organization

### B

Moving people THROUGH

- 2. Managing employee performance**
- 3. Developing employees**
- 4. Managing employee careers and promotions**
- 5. Communicating with employees**
- 6. Encouraging diversity, equity, and inclusion**

### C

FLOW of people from organization

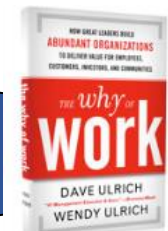
- 7. Retaining the best employees**
- 8. Managing departing employees**

## D Commitment

- 9. Improving and tracking employee engagement**

## E Contribution

- 10. Creating a positive employee experience**



# Guidance: Talent Pathway Impact

Talent Pathway (10 dimensions)	What guidance can we offer? (relative impact on ... divide 100 points)						
	A	B	C	D	E	F	G
	Global Mean (n = 609)	St. Dev.	Employee	Strategy / Business	Customer	Financial	Social Citizenship
<b>1. Talent Acquisition</b>	3.45	0.68	25.81	37.07	21.64	4.68	21.85
<b>2. Manage Employee Performance</b>	3.28	0.76	5.97	6.52	6.44	2.96	6.53
<b>3. Develop Employees</b>	3.08	0.85	5.29	5.65	5.60	19.23	10.94
<b>4. Encourage Diversity, Equity, Inclusion</b>	3.22	0.78	3.50	2.63	3.65	7.39	14.59
<b>5. Manage Careers and Promotions</b>	3.07	0.82	6.60	19.43	9.06	6.25	5.73
<b>6. Communicate with Employees</b>	3.31	0.82	7.80	5.78	7.73	4.10	17.84
<b>7. Retain Best Employees</b>	2.72	0.86	3.39	2.53	7.06	2.45	5.28
<b>8. Manage Departing Employees</b>	3.15	0.75	6.86	4.66	6.79	25.05	3.99
<b>9. Track Employee Engagement</b>	3.26	0.85	27.48	7.75	14.42	4.16	6.55
<b>10. Create Positive Employee Experience</b>	3.35	0.83	7.31	7.98	17.62	23.75	6.71
	R2		0.43	0.42	0.39	0.11	0.17

# Overview of Human Capability

## HUMAN CAPABILITY

### TALENT (HUMAN CAPITAL)

What should your company do to ensure the right individual competence, workforce, or skills?

### LEADERSHIP

What should your company do to have the right leaders and shared leadership at all levels?

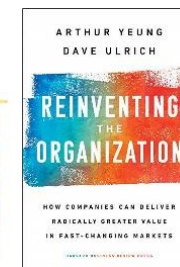
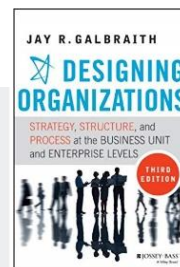
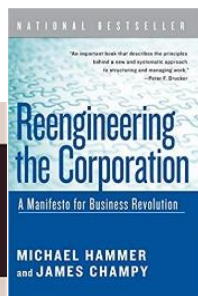
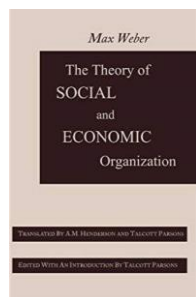
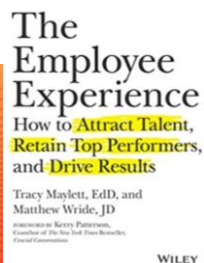
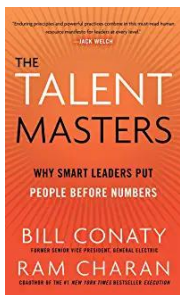
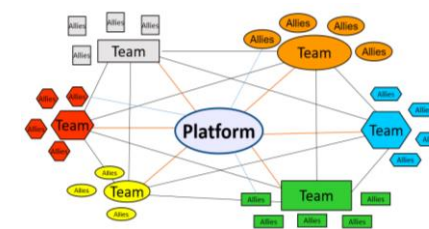
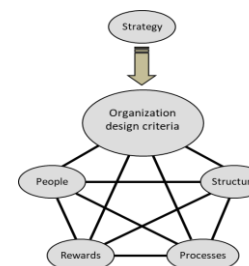
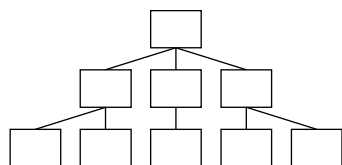
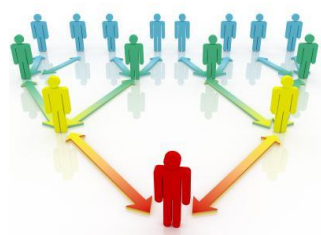
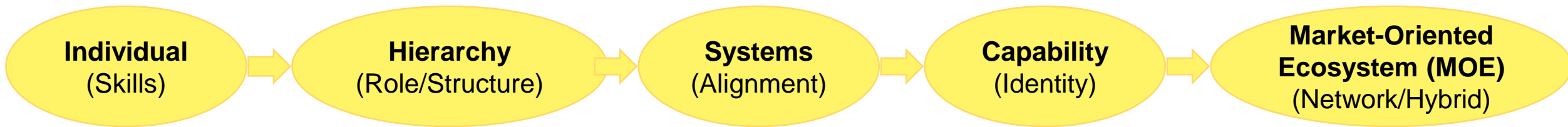
### ORGANIZATION

What should your company do to have the right organization capability, workplace, or team?

### HUMAN RESOURCES (HR)

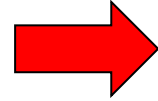
What should your company do to have the right HR department, practices, metrics, and people?

# Evolution of Organization Form

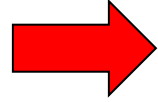


# Examples of Organization Capabilities

**amazon**

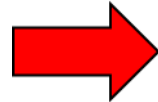


**Technology**



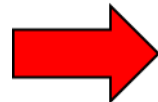
**Innovation**

**Disney**



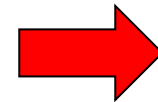
**Customer centricity**

**Google**



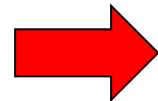
**Information**

**ORACLE®**



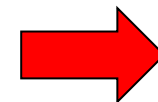
**Agility**

**Tencent 腾讯**



**Collaboration**

**Walmart**



**Efficiency**

# Organization Capability OGS Results:

Organization Capabilities	What guidance can we offer?				
	Employee	Strategy/ Business	Customer	Financial	Social citizenship
Talent	High Impact	Med Impact	Low Impact	Med Impact	High Impact
Agility	High Impact	High Impact	High Impact	Med Impact	Med Impact
Strategic Clarity	High Impact	High Impact	High Impact	High Impact	Med Impact
Customer Centricity	Med Impact	Med Impact	High Impact	Med Impact	Low Impact
Culture	Med Impact	Med Impact	Med Impact	Med Impact	Med Impact
Collaboration	Med Impact	Low Impact	Med Impact	Low Impact	Low Impact
Social Responsibility	Low Impact	Low Impact	Low Impact	Low Impact	High Impact
Innovation	Low Impact	Med Impact	Med Impact	Med Impact	Med Impact
Efficiency	Med Impact	Med Impact	Med Impact	Med Impact	Med Impact
Accountability	Low Impact	Low Impact	Low Impact	Low Impact	Low Impact
Information	Low Impact	Med Impact	Med Impact	Low Impact	Low Impact
Leverage Technology	Med Impact	Med Impact	Low Impact	Med Impact	High Impact

Low Impact

Med Impact

High Impact

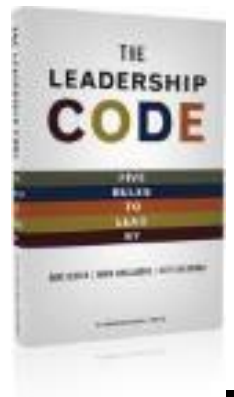
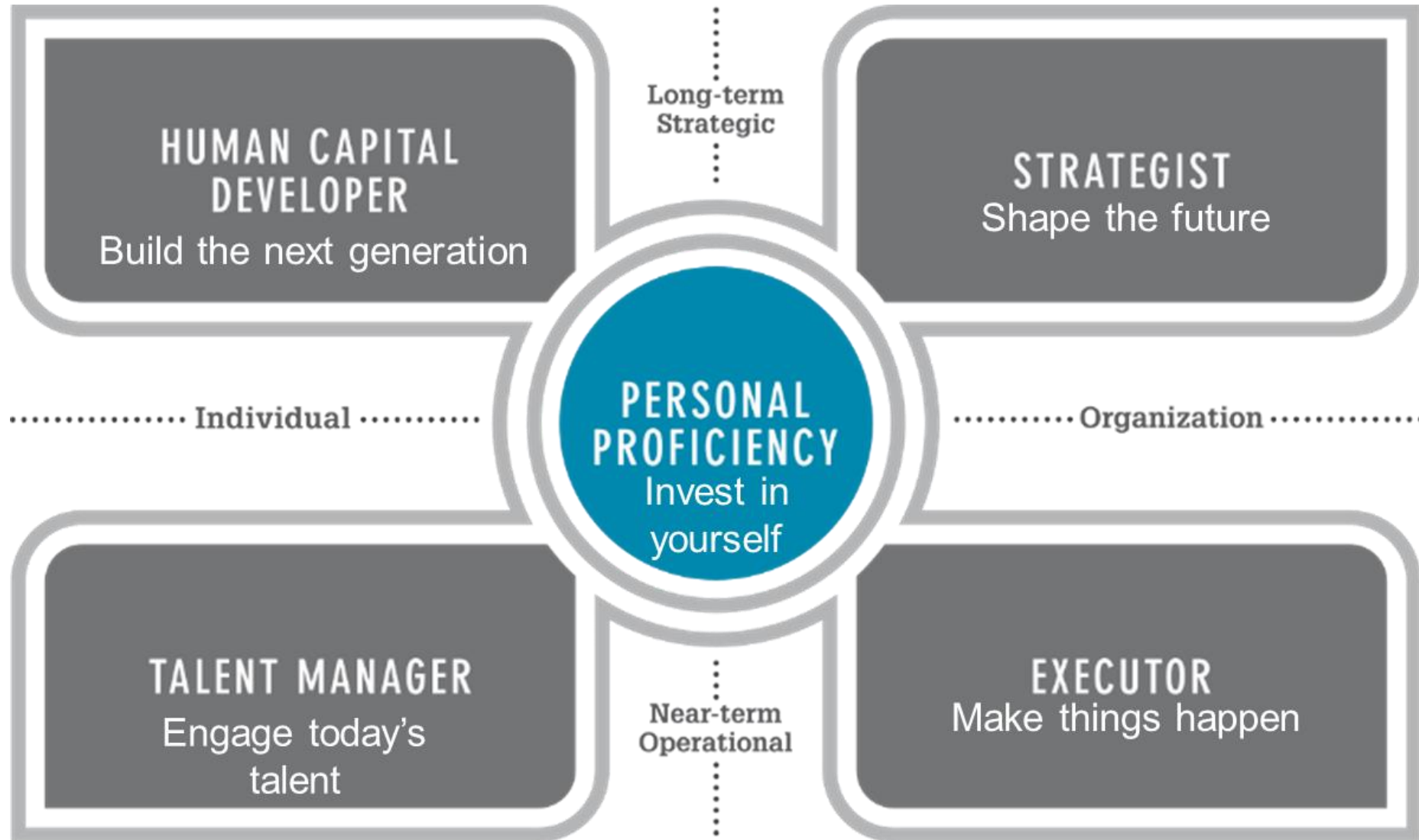
# Overview of Human Capability

## HUMAN CAPABILITY

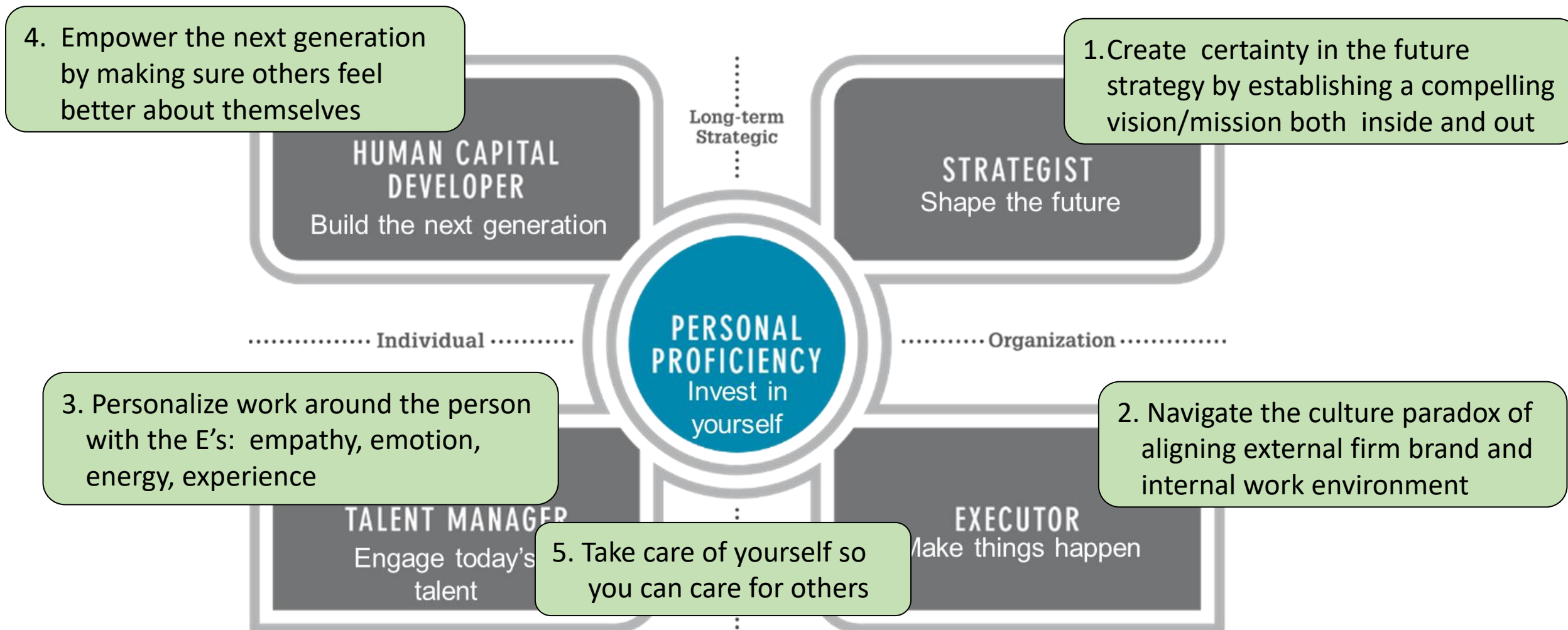




# Leadership Code: The DNA of Effective Leaders



# Leadership trends



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**IDEAS**

**Stakeholder value through human capability**

**IMPACT**

**Now is the time to reinvent  
HR**

**Recognize contextual challenges to  
create human capability content**

**1: HR is not about HR, but  
creating value for others**

**Understand how HR creates value for  
all stakeholders (outside/in)**

**2: HR contributes value  
through human capability**

**Master and guide human capability:  
talent, organization, leadership**

**3: HR needs to upgrade HR department and people**

# Overview of HR Operating models

## ACCENTURE:

[https://www.accenture.com/\\_acnmedia/PDF-175/Accenture-Strategy-Resilient-Operating-Model-POV.pdf](https://www.accenture.com/_acnmedia/PDF-175/Accenture-Strategy-Resilient-Operating-Model-POV.pdf); ;

<https://www.accenture.com/content/dam/accenture/final/capabilities/strategy-and-consulting/talent-and-organization/document/Accenture-CHRO-Growth-Executive.pdf#zoom=40>

ACADEMY TO INNOVATE HR: <https://www.aihr.com/blog/types-of-hr-operating-models/>

DELOITTE: [High-Impact HR | Deloitte | Human Capital | Insights](#)

GARTNER: <https://www.gartner.com/en/human-resources/topics/what-is-an-hr-operating-model>

KPMG: [Human Resources \(kpmg.us\)](#) ; [The future of HR: Lessons from the Pathfinders - KPMG Global](#) ;  
<https://assets.kpmg.com/content/dam/kpmg/se/pdf/komm/2022/TheFuture-of-HR-From-Flux-to-Flow-Report.pdf>

JOSH BERSIN: <https://joshbersin.com/the-global-hr-capability-project/>

MCKINSEY: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/hrs-new-operating-model>

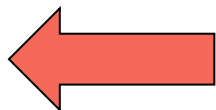
MERCER: <https://www.mercer.com/our-thinking/career/transforming-hr-why-a-target-interaction-model-is-the-key-to-unlocking-the-employee-experience.html>

PWC: <https://www.pwc.de/de/human-resources/pwc-shaping-the-next-generation-of-hr.pdf>

MARC EFFRON: <https://talentstrategygroup.com/add-figures-its-the-mortar-not-the-bricks-the-state-of-hr-organization-design-how-to-bring-your-hr-structure-to-life/>

# HR Function Evolution

HR criteria and assessment



Victory through Organization

Does HR create sustainable organization capabilities?

HR Outside In

Does HR deliver value to customer and investor?

HR Value Proposition

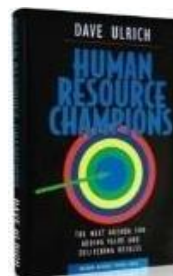
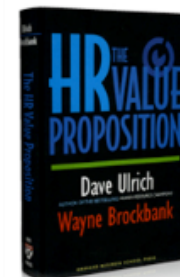
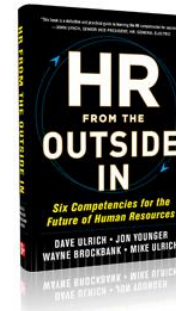
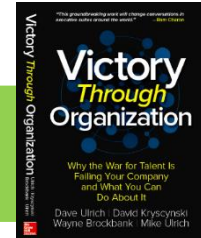
Does our HR department deliver value?

HR Transformation

Does our HR department change to meet needs?

HR Design

Do we have the right HR organization?



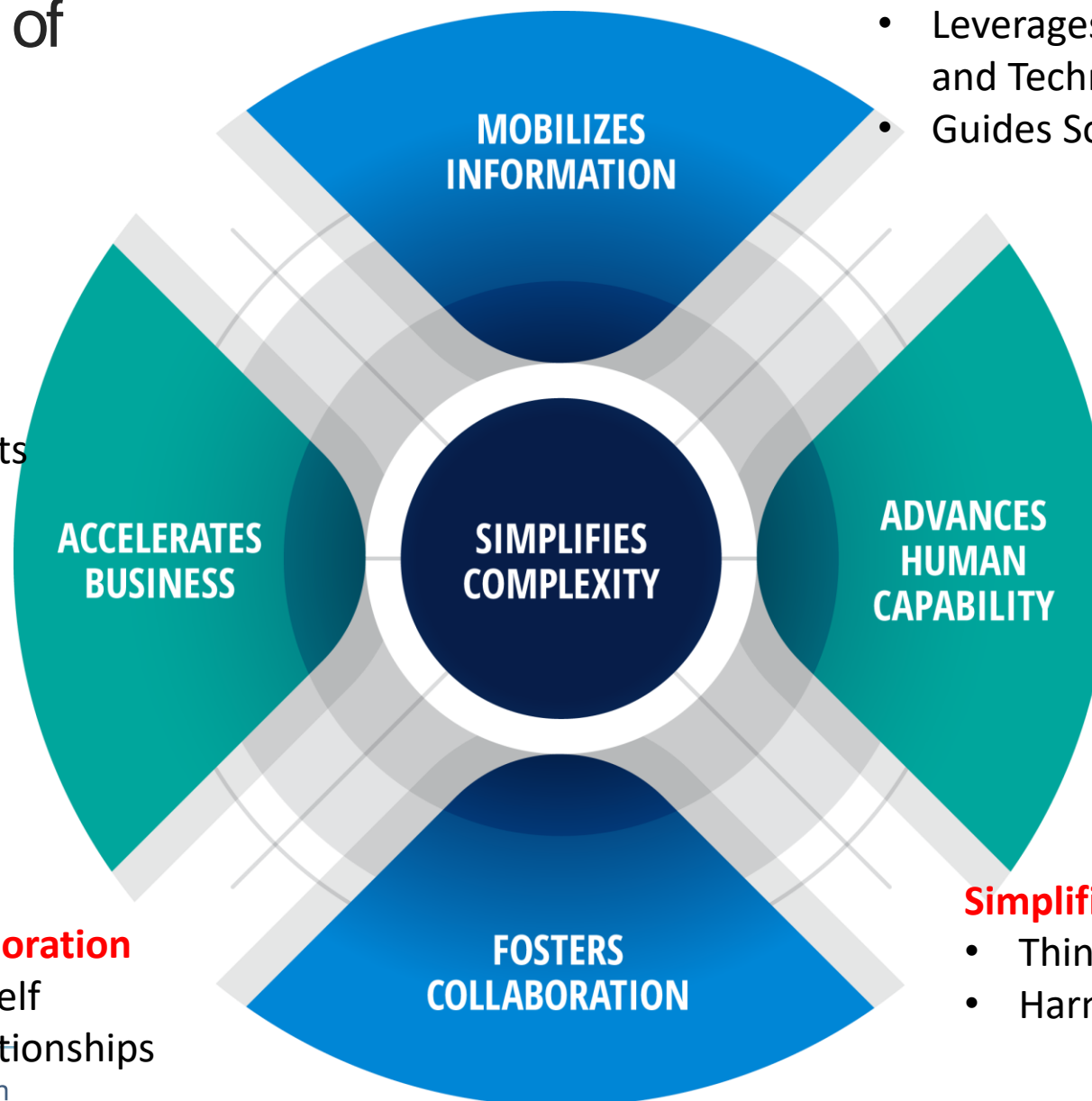
# HR function **actions** for effectiveness

HR Domains	Action
<b>1: HR Reputation</b>	Do an HR reputation exercise to build unity about identity
<b>2: HR Customers</b>	Define key stakeholders and determine what each gets from human capability
<b>3: HR Purpose</b>	Create an HR purpose (mission): who we are, what we do, why we do it
<b>4: HR Design</b>	Govern HR to connects specialists to generalist and allocate resources with agility
<b>5: Human Capability</b>	Diagnose, prioritize, and deliver human capability that creates stakeholder value
<b>6: HR Analytics</b>	Provide rigorous and relevant information to improve decision making
<b>7: HR Digital Technology</b>	Use digital to be efficient, innovate, share information, and form relationships
<b>8: HR Practices</b>	Innovate, align, and integrate people, performance, information, and work initiatives
<b>9: HR Professionals</b>	Diagnose, test, and upgrade competencies of HR professionals
<b>10: HR Relationships</b>	Define and ensure positive working relationships among HR and HR and others

# HRCS:

## Round 8 Summary of domains and skills

(verbs)



### Mobilizes Information

- Leverages Information and Technology
- Guides Social Agenda

### Advances Human Capability

- Elevates Talent
- Delivers HR Solutions by capabilities
- Champions Diversity, Equity, and Inclusion

### Simplifies Complexity

- Thinks Critically
- Harnesses Uncertainty

### Fosters Collaboration

- Manages Self
- Builds Relationships

### Accelerates Business

- Generates Competitive Insights
- Influences the Business
- Gets the Right Things Done
- Drives Agility



# Overall Goals and Agenda

**IDEAS**

**Stakeholder Value through Human Capability**

**IMPACT**

**Now is the time to reinvent  
HR**

**1: HR is not about HR, but  
creating value for others**

**2: HR contributes value  
through human capability**

**3: HR needs to upgrade HR  
department and people**

**Recognize contextual challenges to  
create human content**

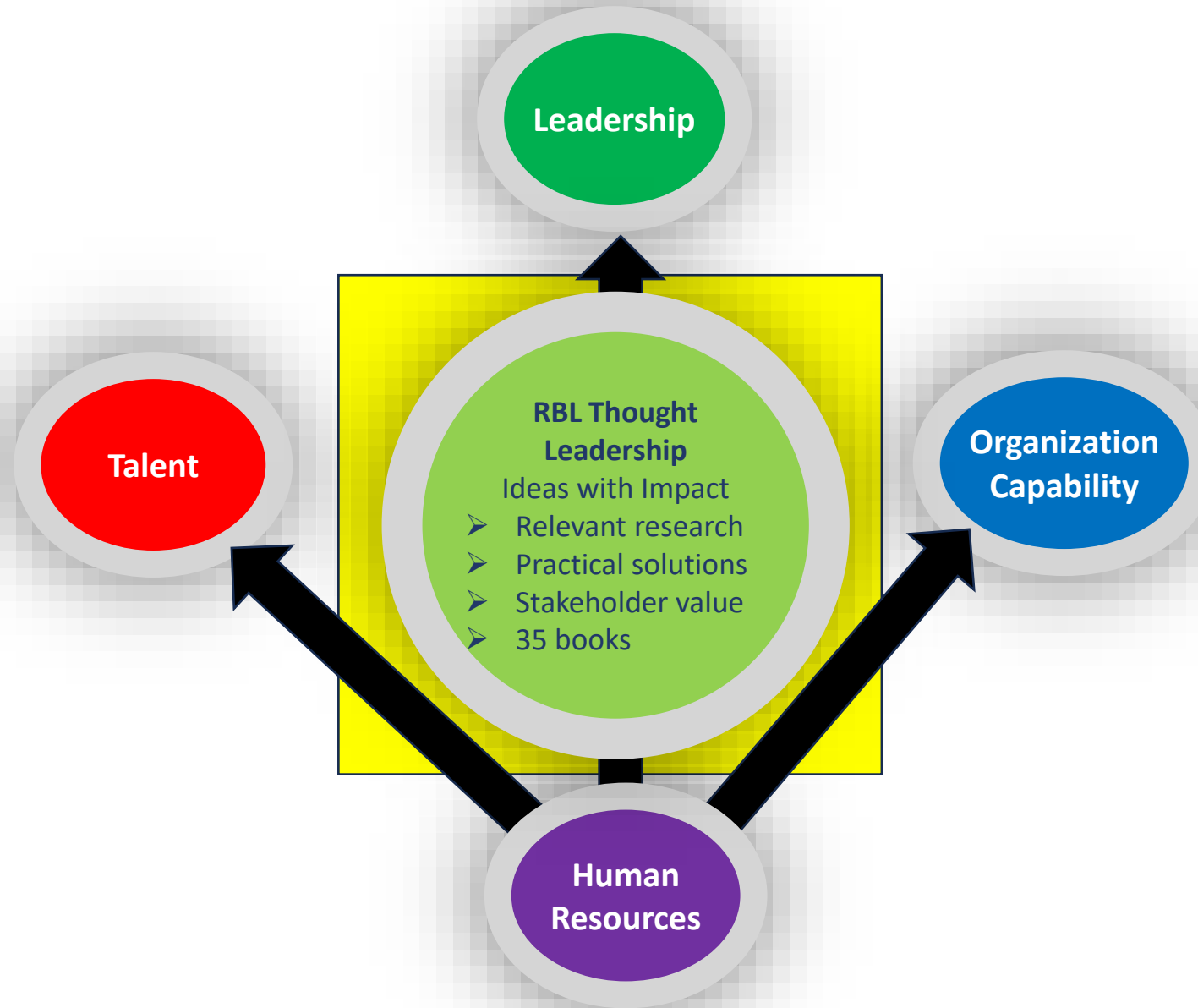
**Understand how HR creates value for  
all stakeholders (outside/in)**

**Master and guide human capability:  
talent, organization, leadership**

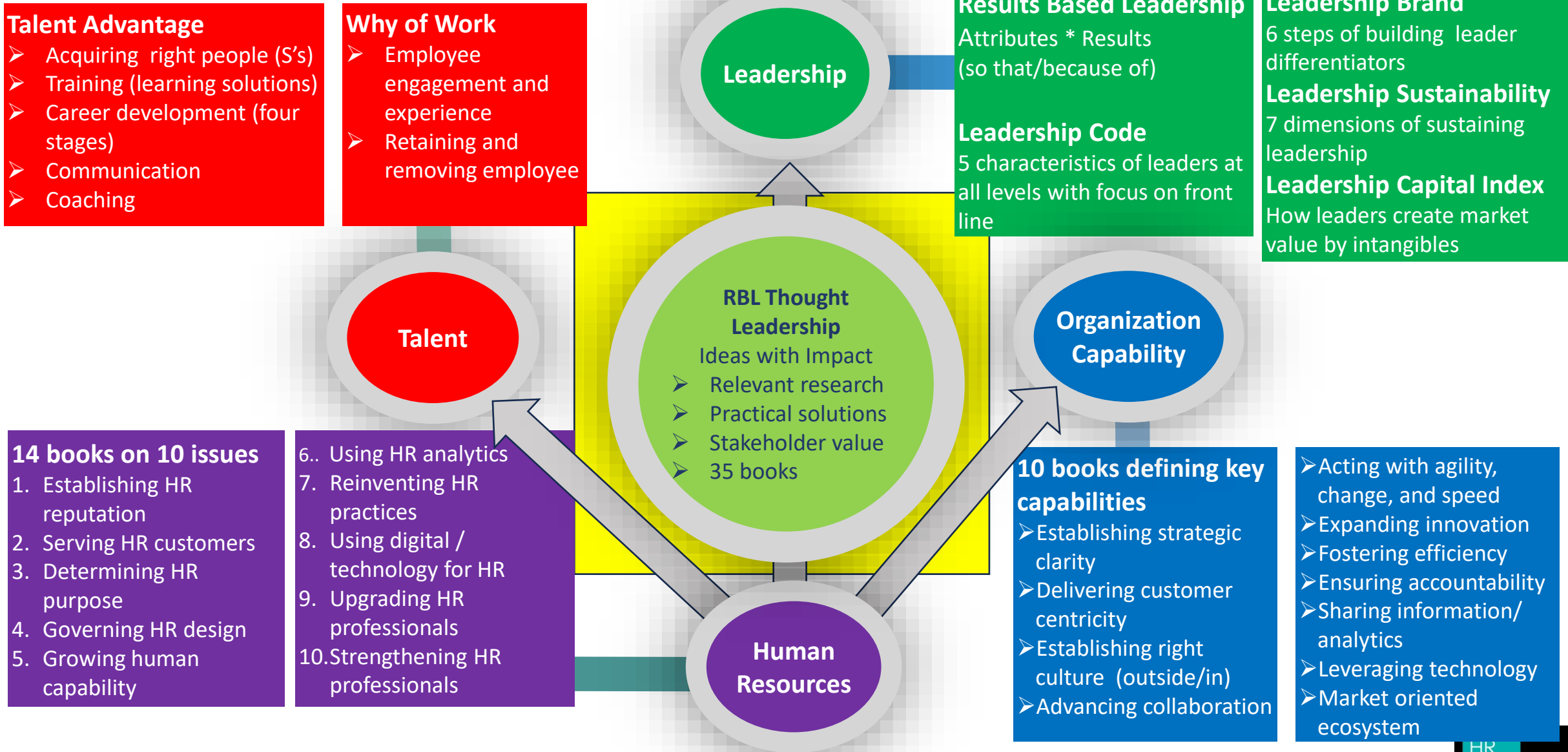
**Upgrade HR function and people**



# Summary: Human Capability Solutions that Deliver Stakeholder Value



# Summary: Human Capability Solutions that Deliver Stakeholder Value



# Reinventing HR and Question for Today

Now is the time to reinvent HR

1: HR is not about HR, but creating value for others

2: HR contributes value through human capability

3: HR needs to upgrade HR department and people

**How can I/we create more value as individuals  
and as a HR team?**





A scenic mountain landscape with a winding road and a yellow text box. The background shows a vast mountain range with a winding road that curves through the valleys. The lighting is warm, suggesting a sunrise or sunset. The text is overlaid on the left side of the image.

*The*  
**BEST**  
*is yet*  
**AHEAD**

**Now Is The Time For Human Capability:  
Creating Value for All Stakeholders**

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