

HR in the Gulf Region:

It's Time for HR to Make More Changes

By Dave Millner

MR. MILLNER: Hi, I'm Dave Millner and I wanted to talk about the fact that it's time for HR to make more changes. There's been an awful lot of change in HR functions across the globe over the past 10 years with different structures, job titles and strategies—all designed to lead the realization of HR wanting to be more of an added-value proposition. Now, obviously changing the behavior of HR is a critical part of that process, but despite these efforts, there are still some concerns for me. HR still seems to be one of the overhead functions that always seems to be downsized when times get tough—either through a reduction in its budgets or by reducing its number of staff. I mean, after all, aren't line managers supposed to look after all the people issues now? Obviously we've got technology replacing some processes; we've got outsourcing of certain activities. But to me, this is just giving great opportunity for HR to start to do the things it should be doing.

If HR has been supposedly so successful in converting itself into being a strategic partner, then why are so few HR directors not being successful in stepping up to become CEOs or managing directors? These vacancies still seem to be the exclusive domain of finance, marketing, operations or sales directors. So I think there's an awful lot of work to be done to make the HR function credible and for it to be seen as a corporate leader, and also influence top management regarding the importance of all this people stuff.

Now whilst most HR functions would suggest that they're doing most of what is expected to deliver now in terms of change, the key is whether the benefits are being delivered. And it's also important to—is it being seen by the executive top team? HR just can't use an old map to find a new route.

And I guess, you know, here are some thoughts about another level of changes and approaches that I do believe HR have got to make to make themselves more transformational and make them more fit for purpose. I think we need to have a change in approach, and that's got to start by being more proactive. Working with HR teams on their change and implementation projects, there is still a strong reactive aspect to their approach. Instead of developing solutions in response to a demonstrated need, the HR of the future needs to develop solutions in advance of their actual time. It's crucial that to meet the future needs of the business and to lead organizational change, HR mustn't wait to react to others, but lead it beyond the front foot.

HR's got to measure value. It's not just HR, all head office and corporate functions are going to be expected to demonstrate their value—and that means they've got to become more metrics-orientated. Every HR initiative and solution needs to be assessed on a zero-cost basis. And HR has a real challenge to focus its resources and activity on those programs and solutions that deliver a higher return. For example, why aren't all administrative-based processes placed into either operational centers with other business processes, or indeed, outsourced? Just because they're people-based doesn't mean they need to be retained under the control of HR. You know, perhaps there's a second generation of shared services models that need to be developed.

Adding value. The real opportunity for HR has always been the ability to demonstrate both added value, and therefore provide a real competitive advantage for an organization—not just in terms of offering HR solutions that are driven by budgetary or process constraint, but actually showing and demonstrating through measurement, through data, the return on investment, the actual return that it will make in terms of improving business performance. This means they've got to talk the language of business—that means financial data.

The next area is performance culture. Everyone talks about it. That means that there's a real momentum to try and measure the level of engagement that organizations have instilled in their people. And that's critical because it's been proven that engaged workforces perform more effectively and perform better. But has this really translated itself into a culture that measures and rewards performance and results? You know, why doesn't HR spend a lot of its time on average or lower-end performers in an organization? They should be focusing on not just the top performers, but also on those key roles about which an organization cannot survive. And they're not all about A-player roles, that some of them could be the lower support roles, but actually have

the most critical touch for their clients and their customers. If organizations are truly serious about this, HR needs to ensure that all the staff have to be trained in performance management techniques—they have to be able to coach and mentor and get better performance out of people. And line managers need to be helped and supported to take complete responsibility for managing their people. It is vital that this is done. HR needs to continue to promote the reward of managers for great people managing—and that's both attraction and retention. You know, maybe we should be allocating, say 20% of their pay, to managing talent and increasing people productivity. It's amazing how, if you reward people to change their behavior, that suddenly their behavior starts to change.

The next area is about alignment. We've got to make sure that there is a clear, defined route between the organization's strategy and the response of HR in terms of how they are going to fulfill and support the achievement of that strategy. That needs performance metrics, it needs clear mapping and it needs to be something that makes sure that HR can prove exactly what it can do to help the business move forward. Effective people practices are absolutely vital; HR has considerable knowledge and expertise about tools and practices. And they've got to try and use this to try and ensure that top performers are retained, that they are motivating, developing and challenging their staff; that they can predict who the good people are, that they can show you the best training courses and the best training methods. And they've also got to be able to show you where is the benefits that we're giving to staff, where is the return that we're getting back from that. These are some of the critical questions that they've got to be able to start answering.

Productivity and capability—this is absolutely vital from my perspective. HR has got to drop its policing role, which, let's be honest, is quite easy. You're all HR experts in these knowledge areas—and I understand that, but the role of a trusted and respected advisor needs to be linked to business performance. And, therefore, we need to be moving away from the HR specialist expertise to becoming a more commercial, business-orientated advisor who supports people with knowledge and expertise relating to people-based issues and solutions.

HR capability. It's hard to make generalizations, but a lot of HR professionals are very strong in relationship building. They are very collaborative; they're very team-orientated. But certainly from the work that Kenexa has done, we've found out that they really lack the business and commercial knowst that's critical to build important credibility with clients. And let's be honest, those clients are the top executive senior management team. The new HR professional needs to develop their capability in business and finance. That means metrics; that means numbers. They need to understand technology and they need to understand the sector that their organization operates in. What are the business issues? What are the people implications? They've got to grow and build their influencing capability and they've got to be able to challenge the business back, not just to accept what the business is saying.

So I guess, what am I saying? I'm saying that, in summary, we need to have a greater emphasis on metrics and measurement of initiatives. We need to focus on the compensation and benefits strategy which is actually helping people to perform better. We need to have a focus on HR leadership, not partnership, and on providing solutions that will solve business issues. Make sure that you use technology—it's there to help and support. It's not there to take away your expertise; it's there for you to support and apply your expertise at a different level. I'm sure specialist roles will continue and they're absolutely vital—that's the expertise that HR brings. But I do believe that generalist positions will reduce because we need to be ensuring that HR in every role, in every position, is providing tangible value to the organization. We need to be increasing people productivity. We need to be measuring it, understanding the metrics that drive better performance. And we need to be consulting and supporting the business and challenging them on what needs to be done to make changes. HR's made a lot of significant changes already, but complacency mustn't creep in. There are always more challenges facing HR and it's going to affect every HR professional in some way. It's so important that the progress that's been made thus far is truly built upon so that HR can become the commercial partner that it aspires to be. It's time for another change, HR. Let's do it together.

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