



What is HR?

There has been a continual debate among HR professionals over the most appropriate title for the “people business”. It was and has been Personnel, it later became Human Resources (the wags called it Human Remains), sometimes Human Capital, it is in reality about Human Relationships.

The label is in one sense insignificant but the search indicates a profession seeking a strong identity and confirmation of role. The good news is that the Institute of Personnel and Development has at last been granted chartered status by the Privy Council, putting the profession on a par with chartered accountants for instance, making the Institute the third largest professional organisation in the UK.

Even more significantly, in my view, organisations are beginning to realise that people form, on average, 70% of the assets of a company – the intellectual capital as it is known. Unlike fixed assets, this crucial contributor can walk out of the door, switch off or simply not realise its potential, causing uncompetitiveness and/or decline. We have seen it all before.

HR has struggled for role recognition and now it is here – or is it? Very few of the FT 100 companies have HR Directors on the main Board yet all recognise the crucial contribution of people and the importance of their development. To me the presence of HR Directors is not the issue; it is whether the HR agenda for people is adopted by the decision makers and influencers.

So what is this agenda? What are, say, the ten most important issues for HR that companies need to pursue for competitiveness and sustainability?

1. The vital nature of the HR contribution

People strategies shape what sort of employer you are. Kelvin Delaney of Price Waterhouse Coopers proposes that employers can neatly fit into four categories:

“Ostriches” who see employment as only a cost to be minimised rather than amassed which will provide competitive advantage if developed and deployed effectively.

“Action not words” sounds positive but probably too many initiatives with no structure or sense of purpose.

“Greatest asset” organisations may be perceived as strong on rhetoric but weak on delivery.

“Employers of choice” are organisations are seen as doing the right things for good business reasons – the important connections between commitment, involvement, competencies, ownership and behaviour.

Do you need a people strategy to be and “employer of choice”? Kelvin makes a pithy point. “Think for a moment about the likelihood of a Finance Director saying that their organisation was operating without a financial strategy, budget, accounting policies and



procedures". According to Kelvin Delaney less than a third of companies surveyed in conjunction with *Investors in People* have a people management strategy.

Small wonder we see so many "ostriches", "actions speak louder than words" and rhetoric from "people are our greatest asset" companies which could explain the widening gulf in productivity between the UK and our continental neighbours.

2. Diversity

To some extent this issue has got lost in "what we ought to do" and equal opportunities rather than the compelling win / win situation of diversity leading to a creative, competitive organisation. This is not to devalue equal opportunities – it is to demonstrate the business case for diversity.

HR should help demonstrate to colleagues the business benefit of diversity policies, not rely on the requirements of law, acting like a police officer.

3. Maximising Intellectual Capital

Karl Marx was right! Labour does own capital, not quite in the sense that he had imagined. 70% of assets exists in the brains of people, including those of suppliers and customers. What is different about that conclusion today is our understanding that culture makes the difference. We've always had brilliant people doing brilliant things but in their specialist, "silo" mentality areas. Today the challenge is to get knowledge transfer or sharing across boundaries. The only thing that prevents or enables is culture. This is the people change contribution.

4. Motivation

There's not much new about saying that motivation is crucial in the employment relationship. However, our understanding about what motivates people has progressed greatly. There is still the school of thought that sees money as the only motivator. All the evidence indicates this is not the case.

Increasingly employers, managers and teams understand the role of values and ethics in gaining "buy in". People rightly need to feel they are working for something they believe in and can contribute to. Emotional commitment is a product of satisfaction with the employment relationship, openness, trust and involvement.

5. Change

We almost seem to make a virtue of change yet it is just this that unsettles people. We cannot avoid it and if we lag in our change efforts then we fall victim to changes that we can't control.

Employment agency advertisements say that 9 – 5 has gone to 5 – 9 meaning that the steady, predictable job has gone and many people have between 5 – 9 different jobs in a career (and that's an understatement). The long hours culture is represented by 24 – 7: 24 hours a day – 7 days a week.



HR has an enormous role in guiding organisational transformation. There are ways of achieving this much more effectively than is so often practised, for the benefit of individuals, organisations and communities.

6. Board Development

This is a difficult area for HR, particularly if it is not represented on the Board. However, it has to be tackled by someone with vision. Corporate failures, mergers that don't deliver shareholder value, alliances that founder can often be traced to dysfunctional, underdeveloped Boards.

The Corporate Governance industry has gained the reputation of being box ticking – have the Chairman and Chief Executive separate roles? How many non-executives versus full time executives? The issue is much deeper. Corporate Governance is not just about checks and balances; ideally it also covers:

- The purpose of the Board
- The effective roles of Board members
- The contribution of each member
- How best to use the precious time available
- Balancing policy and strategy with operations
- Being a team, not merely a collection of high achieving individuals

- all things that HR can facilitate.

7. Leadership and Relationships

Volumes have been written on leadership and followership – all have different styles and solutions. Leadership remains an abiding issue. What is generic is that organisations look for leaders who motivate and encourage creativity and initiative in a networked world, not the command and control variety of yesteryear. Leadership today is all about the ability to deal with dilemmas; not the production of old solutions in an age of uncertainty.

Relationships enable leadership. The soft, fluffy issue has become the hard-headed necessity. Poor relationships disable business – this is the core of HR in the business.

8. Partnership

This must be becoming the most overused and under-practised word after ? (the third way). The problem is it has so much potential as the vehicle for leadership and relationships – breaking down the silo mentality in every sector imaginable. HR will see this in terms of employee relations with the trade unions, as an antidote to adversarial practices. Procurement will see partnership in the supply chain potentially reducing costs. The NHS will see partnerships as professionals talking to one another across age old boundaries. The challenge to HR is to get it into the culture to change from rhetoric to reality.



9. Linking HR Strategy to Business Strategy

This is the Holy Grail. It is only recently that with HR in the Boardroom and influential at the top that this issue has been seen as relevant. Another factor has been the shift towards Minzberg process driven strategy approaches where a wider range of people get connected to evolving strategy in organisations as opposed to the traditional “ivory tower” approach of corporate strategy department.

HR has to demonstrate that HR strategy contributes to long term development – either through good people having potential to expand the business or by involvement policies enhancing business strategy.

10. Sustainability

Everybody agrees short-termism undermines future generations. Those with the focus in today’s viability want to avoid losing the plot. HR can help the balance between short term and long term by encouraging the wider stakeholder approach. Getting employees involved in the community, for instance can lead to future business – I know this has been shown to be the case at Anglian Water. The key is to link the development of the individual, the organisation and the community in a virtuous circle, not the often vicious circle where the individual feels the victim of change, the organisation cannot see beyond tomorrow and the community is totally confused about direction.

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