

HR Transformation:

Where it is and where is it going?

Peter Reilly
peter.reilly@employment-studies.co.uk



Factors influencing change

- Globalisation of business
- Technology innovation and adoption
- Challenging economic conditions
- M&A activity returning
- Generally lack labour market but pockets of shortage
- Consumer society
- Scrutiny of business activity intensifies
- Continuing rapid change and uncertainty
- Management gets people>performance link?
- Changing workforce - millennials
- Your own business performance, organisation, etc.

Effects for HR (1)

- Greater standardisation of policies/processes and centralisation of activities:
Key words: scalability, deduplication, efficiency, consistency, one-ness...

or

- A revolt against centralisation - push stuff back to business units who are closer to customer:
Key words: tailored, flexibility, fast decisions, alignment with customer, segmentation...

Effects for HR (2)

- More and more processes automated - less grunge - and greater analytical IT capabilities
- More sophisticated manager customers
- Greater need for risk management especially regarding reputational protection
- Cultural and values questions to the fore - emphasis on employee behaviours
- Higher investment in leadership development
- Growing importance on employer brand/EVP
- Insistence on workforce segmentation: 'mass customisation'?
- Continuing pressure to drive down costs - constant reorganisation and need for prioritisation

HR priorities

According to McKinsey & Conference Board

Top 6 'Human Capital' issues of tomorrow are same as today

1. Leadership development/succession planning
2. Talent acquisition and retention
3. Strategic workforce planning
4. Employee engagement
5. Organisational design

Issues HR functions face

- How do we respond to this priority list?
- How do we cut the service delivery costs without compromising quality?
- How we deliver better services to customers?
- How we get to:
 - add more to the function to add more value?
 - devote more time to strategic issues?
- How do we get customers to perceive HR as adding real organisational value?

Hobson's choice in customer response

- If HR leads:
 - ensures everybody stays on message/is in line
 - risk of irritating the line managers
 - HR best practice not business best practice
- If HR gives customers what say they want:
 - customer satisfaction
 - risk of sub optimal people management practice
 - short term dominates long
 - parochial not enterprise behaviour

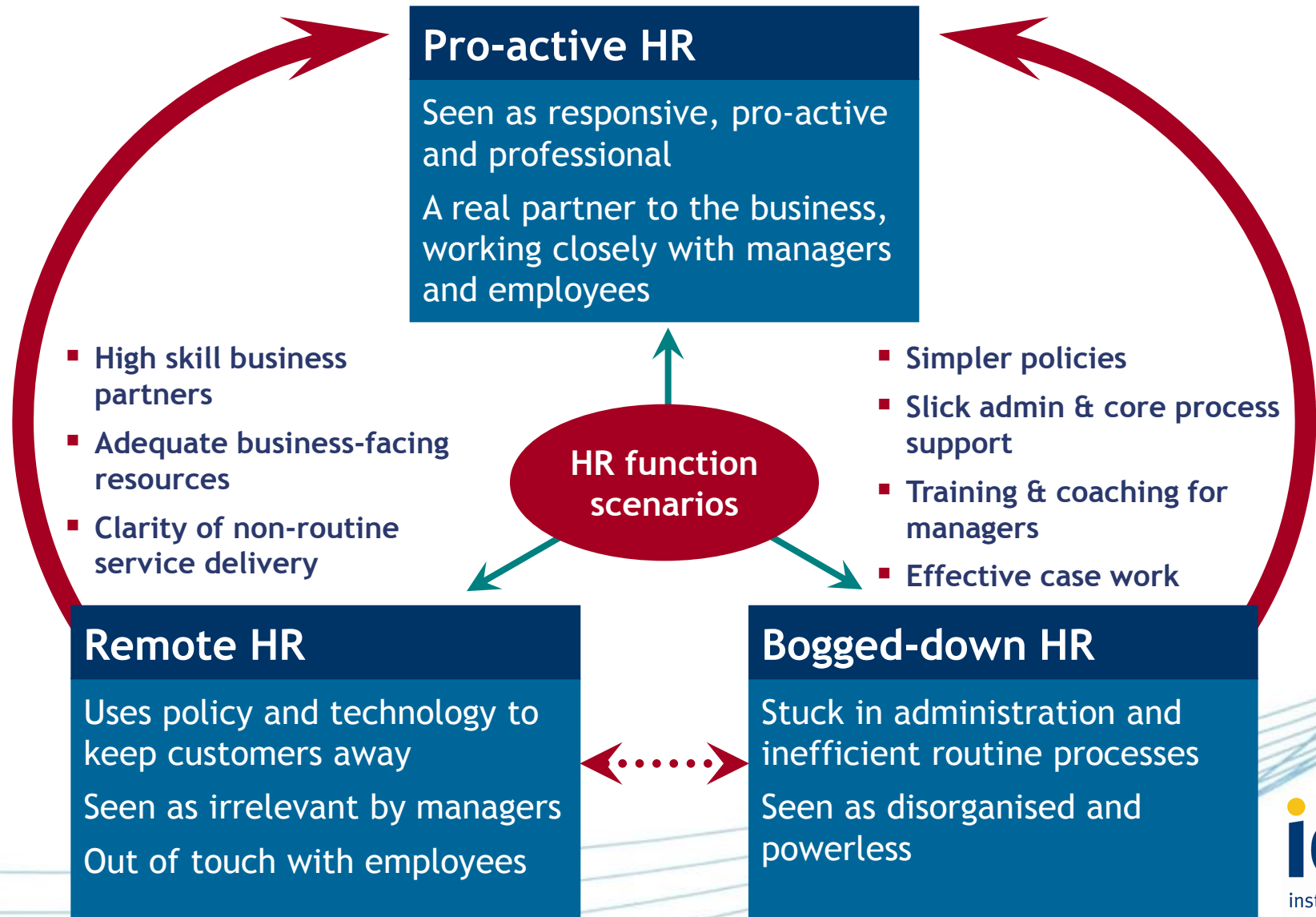
What's the HR response?

- Restructure
- Revise roles
- Reengineer, lean
- Reduce manual transactions - automate
- Replace face to face with voice technology
- Review skill set

The effect...

- Very varied
- Some HR teams upped their game, others struggling
- Restructuring, reengineering necessary but not sufficient
- Squaring the quality + cost equation is difficult for many
- Skills still an issue

Three HR functional scenarios



What are implications for HR skills

- No change in basic prescription but higher dose of capability in:
 - problem analysis/diagnosis
 - risk assessment - quantitative and qualitative
 - awareness of business - cost/value
 - whole systems thinking - integration
 - arguing your corner on people consequences
 - understanding the people>performance link

What are implications for HR skills (2)

- Higher dose of capability in:
 - fixing business problems not HR ones
 - coaching senior managers
 - acting as critical friend
 - coping with ambiguity, uncertainty
 - political sensitivity
 - network and relationship building
 - communication skills

Implications for adding value

From HR the function

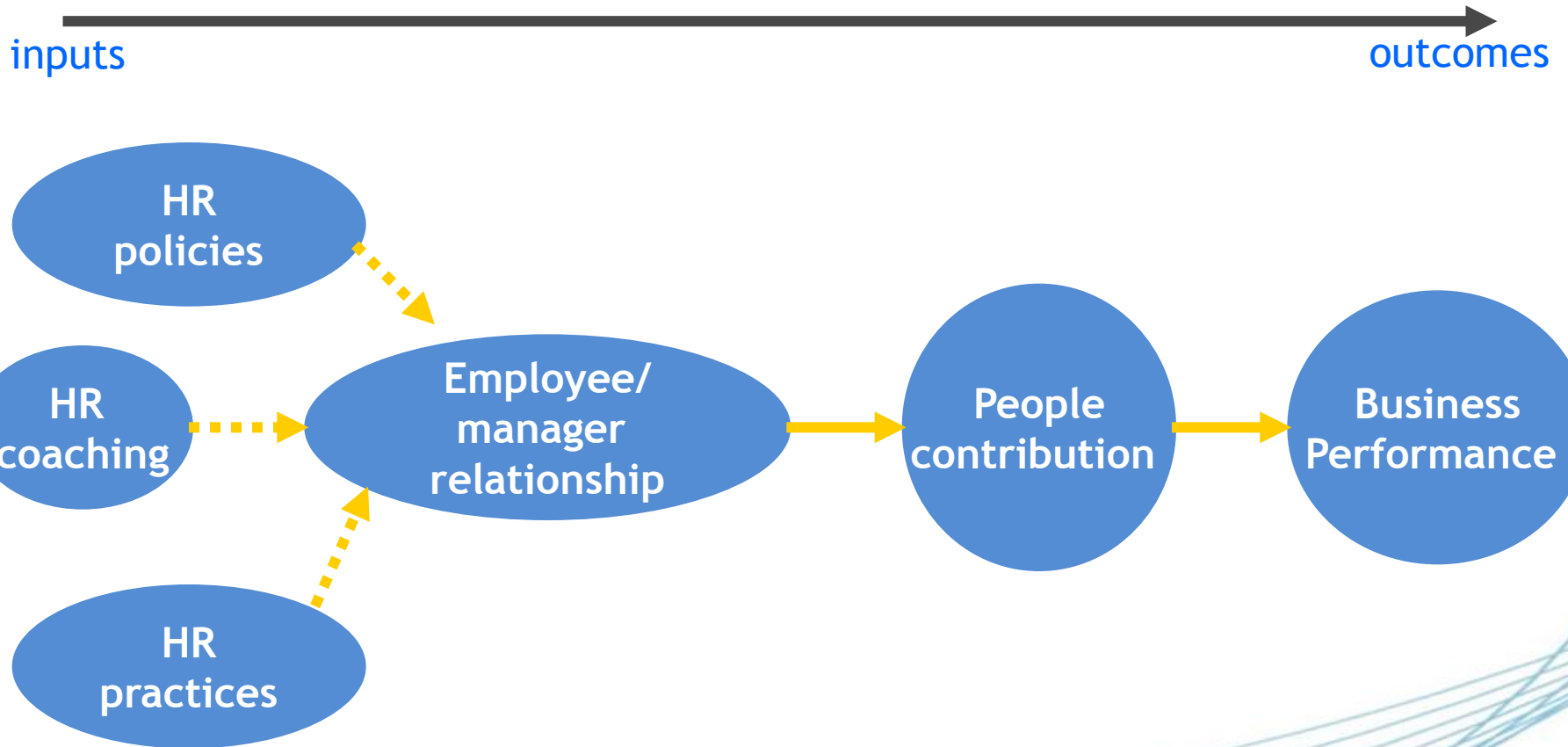
- through efficiency:
 - lower costs
 - faster processes
 - higher accuracy
- with the line:
 - appropriate policies
 - cooperative activities
 - facilitating actions
- through own impact:
 - governance
 - innovation, eg brand
 - capability building

People Management

- selecting staff effectively
- developing talent
- directly engaging with staff
- reducing absence, attrition, ER problems etc.
- managing performance
- recognising achievements
- dealing fairly with people
- involving them appropriately
- working well within/ across teams

Model of functional contribution

MEASUREMENT



What are the implications for HR activities?

- Continuity but growing emphasis on:
 - OD and change more valued than traditional HR in some organisations (organisational effectiveness)
 - whereas in others ER/case work is the priority:
 - developing organisational change readiness
 - awareness of different organisational models, job design
 - whereas in others focus is on implementation (redundancy):
 - getting to grips with workforce planning

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- More attention might be given to:
 - learning from other functions and applying their concepts
 - building wide social/political awareness: CSR type issues
 - spending more time on external issues, future possibilities
 - building social capital, protecting knowledge

Specific challenges: 2007 CIPD research

Business partners

- role definition
- customer expectations
- capability challenges

Corporate Centre

- should give direction
- integrate activities
- provide governance

Admin roles

- producer mind-set
- too focused on process
- weak on data analysis
- not technically savvy

Experts

- not customer focused
- gilding the lily
- not business aware
- insular in their thinking

HR's role: the Reilly/Williams view



Regulatory role of HR

- The management of the HR function:
 - rules regarding policies, processes, systems
 - reflected in organisational structures
 - managed via decision making protocols
- Link to corporate governance:
 - fiduciary, legal regulations
 - values, ethics
 - decision making frameworks
- Challenger to management practice
- Risk manager:
 - keeping the organisation out of the courts

HR as strategist

- Getting employees seen as an asset not just a cost
- Integrating all people management activities
- Recognising the inter dependability of actions
- Focusing on business-critical issues
- Building social capital
- Anticipating external developments and sensing important internal issues
- Delivering change

HR as change agent

- Ensures people issues are fully recognised
- Gives attention to culture not just structures
- Keeps organisation to good change disciplines:
 - Clarity of change objectives - business need, not fashion led, connected to other initiatives
 - Obtaining and sustaining top management support/engagement
 - Using proper design processes
 - Giving attention to implementation - communication, training, role definition, allocation of responsibilities, etc..

HR as professional

- Subject matter expert
- Operational executor
- Management adviser
- Information provider
- Excellent administrator
- Service manager

Thank you

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