

# The people paradox: Changing HR perspectives and imperatives

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Much of current human resources (HR) thinking, its structure, strategy and practice, still reflects traditional hierarchical models where top-down communication dominates. Research shows this to be particularly true in government, public sector and publicly owned organisations and more prevalent in countries that lack democratic government. In contrast, most people today live in a networked and continually emergent world. It can be argued that, in a similar way, organisational effectiveness is reliant on a more innovative, networked, cross-boundary form of human capital organisation. Integrated project teams (IPTs) and programme ways of working, for example, illustrate the point. These collaborative, interwoven yet fluid teams are widespread in many geographies and industries – pharmaceuticals, manufacturing and retail to name a few – and are overwhelmingly the principle way in which large-scale construction projects are approached.

It would seem obvious that this cross-boundary world needs to be mirrored in the HR frameworks and practices in our organisations. Yet is it? To achieve this radical rethink will require a shift in HR's professional identity: a shift from its archetypal self-image of regulator-advisor in a more paternalist past, to that of strategist and enabler of 21st-century value delivery. The very familiar four-fold typology of '*personnel*' roles – advisor, handmaiden, regulator and change maker – popularised by Storey in the 1990s shifts to an insistence on the integration of business strategy and people management – the transformation popularised by Dave Ulrich. Ulrich's high profile model introduced a new set of role demands, bringing HR out of its increasing marginality into that of the dominant lever of value creation. Business partner, change agent, administrative expert and employee advocate are the current focuses with their five associated areas of competency – personal credibility, HR delivery, HR technology, business knowledge and strategy – ensuring HRDs (human resource directors) have a valued voice at the top table.

## Transformation drivers

Not before time! Key transformation drivers have been on the horizon for a long time. The pace of digital development, the shortening life of 'knowledge', the emergence of performance and 'expert' cultures, the globalisation of talent, and the mobility of workers are to name a few. Traditional administration and transactional responsibilities – managing rewards, benefits, well-being, staffing, employee relations, training and development, and more – are increasingly centralised, automated, re-engineered or outsourced. To remain relevant in this relentless transformational environment, HR must support core corporate strategy and drive business objectives to capture business advantage achieving objectives within or ahead of budget. The reality is that effective

HR professionals today are the best thinkers in the organisation; they are about much more than the people side of the business. The nature of business and organisational design are dramatically changing. Changes are occurring in virtually every element of social, political and economic environments, all affecting business success. Organisations ignore social and organisational capital at their peril. Specialists in the processes of human and organisation optimisation become central to success and naturally reside in the business. The HRBP (human resource business partner) model pioneered by Ulrich offers the organisational capital model to mirror and match the realities of business delivery pressures. It leverages social capital value by fostering collaborative relationships across IPTs and multiple stakeholders encouraging knowledge sharing that in turn enhances the emergence of innovative ways of working and organising. It does so by offering business unit managers a fully focused supportive yet 'bespoke' strategic HR partner who can enable a clear line of sight between the business imperatives and the people issues that need constant attention and consensual response.

The critical question is how these capitals – human, social and organisational – are translated from inputs, through processes such as HR policies, procedures and management actions, into outputs such as innovative organising, innovative services, delivery of targets and a continuously fit-for-purpose workforce. As noted, the HRBP model enables HR practices that meet specific business needs while forward planning as external and internal realities change in response to shifting contexts. The key therefore is how strategic human resource management (SHRM) can align with the business to impact outcomes by honing critical skills and capabilities. Chartered Institute of Personnel and Development (CIPD) research shows these to be leadership, influencing, advocacy and inquiry, business knowledge, delivery capacity, political savvy and strategic capacity... yet, it becomes clear that skills are not enough. The application of these in a fast-paced discontinuous and complex world counts.

## Integrated partnerships

UNICEF's supply division realised this in 2008 when it failed to meet its 'millennium goals'. Recognising how critical integrated partnerships had become to delivery, a radical re-structure in ways of working was imperative. The HRBP approach with its business 'edge' and mission to add value rather than act as a 'regulator' resource and 'handmaiden' for 'real leaders' (the more traditional corporate business services model still often evidenced in public sector structures) offers the link between HR practices and innovation. If the overarching goal of HR is to stay in the forefront of what is important to the organisation it supports, the HRBP is

strategic while someone else supports employees providing the full gamut of HR services often in a Shared Services model. The day-to-day becomes workforce planning, partnering with key players to resolve challenges, conflicts and people issues, thus co-owning tangible, measurable outcomes with the business. Leading change, responding to shifting contexts (through innovative resourcing, talent management, development and reward strategy) to broker talent across the whole organisation or network of partnered companies is the way forward.

So what are the implications? First, the future of work will be driven by networked ways of operating. Organisations are likely to manage people whom they do not employ directly. This fundamentally challenges our definition of 'employee' requiring employment practices at the level of the network to reflect the 'fluid' boundaries of today. The result is the release of organisational capital potential for exponential learning, innovation, employee engagement and value delivery. Put simply, cross boundary work offers competency transfer possibilities towards collaborative innovative solutions in such a way that new paradigms emerge. UNICEF found this as it reorganised into an integrated partnership with Oxfam and logistics partners to deliver water supplies. Yet much of current practice continues to reflect traditional hierarchical structures long irrelevant and out-dated in our networked world where thinking at different levels is key to ensure social and organisational capital is translated into inputs through HR policies such as innovative organising, cutting edge services and targeted outcomes. In short, it is the application that counts – skills themselves are never enough! The challenge is thus immense.

There are many examples of how innovative ways of networked working change the game. For example, major public sector projects, super complex by nature as we have seen, their scale and complexity unmatched in the private sector – the London Olympics, London Organising Committee of the Olympic and Paralympic Games, Cross Rail, the UK Universal Credit Programme (impacting eight million households). A major projects leadership academy has been created under the Cabinet Office in partnership with Saïd Business School to build senior project lead skills. These PPPs provide a perspective on the network aspect of public management and the opportunity to maximise the scope for innovation. We have seen it used in Terminal Five at London Heathrow with IPTs – integrated project teams with over 20,000 companies involved and with the hugely successful LOCOG which relied exclusively on volunteers. It is perhaps a private sector project that offers an easily accessible success model, that of Marks and Spencer and its One Team project with its logistics providers. A steering group and six work streams at the centre allowed flexible talent deployment at various stages of the project, HR practices at the network level, organisational learning, plus access to specialist resources and knowledge leverage across partner borders. HR's role is critical as it enables innovation. This is defined as rethinking and reorganising structures, systems and procedures, not as inventions. In short – changing the way people work together, changing how work is organised, enabling cross-boundary working to mirror the realities of the 21st century networked and highly 'mobile world'. Restating the point, releasing the value of more networked ways of working by rethinking our definition of 'employee'. This is an 'adhocratic' approach to project-centred, knowledge intensive networks that has the capacity to change the lives of so many.

## Human capital

The potential is great, but the hurdles are many – technology, globalisation, communications, regulations, competitiveness, demographics, stakeholder demands/expectations and a tight talent market. Yes, human capital emerges as a key source of competitive advantage. Often overlooked, it is also the key source of risk. As organisations grow in scale and complexity with multiple partners, the risk multiplies. The financial crisis with its associated governance issues heightened awareness illustrating a clear correlation between size and technology. SHL research shows one in eight professionals become a high risk to their organisations by not sticking to the rules or attending to detail, ethics and standards, all translating into increased error rates, poor teamwork, high wastage, security breaches (think mobile phones, home computers) and accidents. This risk rate rises to one in four at middle management level. These managers play a critical role as the interface between strategy overseen by appropriate governance and operational execution. On the one hand they manage compliance, commitment, frontline engagement and delivery, while on the other, they communicate parameters and decisions from senior players in a relevant and motivating manner. All people issues, these are direct remit of the HRBP whose leadership capability we have shown to be critical. An organisation might have the best rules, policies and procedures but this does not mean people will follow them. Situated within the business, the HRBP is uniquely placed to scenario plan and provide the expertise to actively address the potential risks rather than sit back in the traditional passive HR advisor/regulator role, reviewing organisational car crashes but thinking that what they see could never happen to them.

You then find horsemeat in your burgers or mercury in your fish!

## Conclusion

In conclusion, an unreconstructed HR regime can therefore be characterised as hostile to social trust talent development and optimisation. Certain kinds of production, certain services become very hard to deliver at high quality – e.g. complex public-private projects that may span decades, government-led social projects, organisational partnerships involving a degree of autonomy for different players. The Ross School of Business ongoing HR Competency Study – the largest global study of its kind – worryingly suggests more than 80 per cent of HR professionals are operating under old world rules and expectations, particularly in developing nations. Since the 1990s, leading HR professionals have identified five core competencies that underpin HR best practice: strategic contribution, personal credibility, HR delivery, business knowledge and HR technology. The survey finds that professionals perform best in the categories that least impact business performance – personal credibility and HR delivery. The HRBP model provides the framework for HR evolution into a full strategic player creating lasting value for stakeholders representing a profound shift in emphasis from 'doing' to 'delivering'. To achieve targeted value HR needs a clear line of sight to the marketplace which means nothing short of its transformation.

As Jack Welch stated while CEO of General Electric: 'Sound governance necessitates that I spend most of my time on people; strategy is second.'

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