



Stop me if you've heard this one **before**

From the United Nations to small Australian businesses, an organisation's HR function faces the same challenges. We know what they are, so why are they so hard to fix, asks **Les Pickett**

Australia's best HR executives can hold their own on a global level and an increasing number of organisations are improving their return on investment in people management terms, but there remains a huge gap between potential and actual contribution to business success by HR in many organisations.

As a nation competing in a number of dynamic and competitive world economies we cannot afford to continue like this. At an enterprise level, the demands of the investment community and the company shareholders for long-term sustainability and increasing levels of profitability continue to get louder.

And at the individual level people are fed up with incompetent managers and thoroughly sick of having skills that are not recognised and capabilities that are under-utilised.

For years we hear the ongoing bleat from people at all organisational levels about poor leadership – particularly at the frontline and middle management levels – about lack of commitment and poor performance, ineffectual internal communication, increasing staff turnover and absenteeism. The list goes on.

Senior executive teams in many countries, including here in Australia, are putting their return on investment in HR and people management under the microscope. This is how it should be. Around 60 per cent of total company costs are related to their people and human resource-related activities, some of which are mandated by legislation.

Some companies do not have a dedicated human resource department. They believe that the management and development of people is an operational issue, that the responsibility is built into every manager's role and that final accountability rests with the CEO and the board of directors.

It is hard to argue with the accountability perspective but there is scope for serious and meaningful debate about how best to get there. I am not sure that the HR profession has yet really taken this on at a serious level.

The hot people management issues around the world seem to fit a rather repetitious pattern. Over recent years since I left Coles Myer in my role as General Manager Management Services for the corporation (I was previously General Manager Personnel Administration) I have been lucky enough to have filled interim management assignments (the growing trend in Europe and North America) at an executive level as well as consulted, coached, conducted workshops and presented papers at international, regional and national management and HR conferences in many countries.

Some of this time was spent as part of a team that conducted an independent global evaluation of learning and management development needs and future directions for United Nations staff. During this project I interviewed over 120 top UN executives and their staff in a number of different countries. As an outcome of this assignment I took residency in Italy as deputy director of the United Nations System Staff College.

Perhaps the most interesting assignment was working with the UN based in the Presidency in Nigeria and being in touch with people in the field in many of the world's major hotspots. The issues were very much the same. Only the urgency levels differed. Leadership, competencies, clarity, focus, communication, understanding, cooperation, managerial effectiveness, respect, reliability, trust, recognition of contribution: all the stuff we talk about whenever we get together to solve the problems of corporate Australia.

We recognise the critical issues. We have collectively spent millions of dollars trying to solve them but in reality have achieved comparatively little in terms of ongoing, effective, sustainable solutions. The number of articles and books written on management, leadership and communication alone is staggering. Not many really add a great deal that is new – frequently the old stuff updated with a new dust jacket, and these days with an accompanying CD.

Don't get me wrong. We need the research otherwise we would still be scared of falling over the edge of the flat earth on which we live. We need the books, magazines and the internet to communicate theories, ideas and practices. But isn't it really exciting when you come across some research, article or book that smacks of reality, is challenging and adds to your own personal management and HR toolkit?

It is reasonable to challenge the improvement in the effectiveness of on the job leadership and management in relation to the amount of the time and money spent. David Karpin and his team provided some excellent guidelines based on global research into leadership in Australian industry. The comprehensive report was submitted to the Australian Government over 20 years ago. Two years ago we revisited this and it was rather sad to see that so little real progress had been made to improve our overall effectiveness in this vital area.

Here in Australia both senior executive management and human resource practitioners must share the responsibility for this unacceptable situation. With a few notable exceptions (and they appear regularly in *Human Resources* magazine, *Boss* and *BRW*) our senior executives generally do not really recognise and fully utilise the potential contribution a properly structured and staffed human resource function can make to an organisation.

History has shown that many serious and expensive corporate problems can be avoided by making sure that the critical human factors are well and truly taken into account during the investigation

and planning stage, not just brought in as an add-on late in the process.

Senior executive management is sometimes guilty of cronyism, enhancing the careers of the self-promoting office politicians (or the keep-your-nose-clean by-never-making-an-individual-decision, or the what-the-boss-says-must-be-right types) then tolerating and even rewarding second rate managerial performance.

Some of our human resource people are still operating in transactional mode. These are important activities but they can hardly expect to impact on the corporate human capital strategy. We have seen successful HR managers promoted to more senior corporate roles only to fail because they could not participate at the senior management level as an informed equal. They did not understand the industry, the business, finance or corporate management and governance. And they spoke in the jargon of 'HR-ese' – a sure-fire recipe for disaster.

Those who have made the transition today enjoy participation as effective, highly-regarded, contributing members of the corporate executive team in practice, not just by getting onto the organisation chart at a higher level because it is regarded by the chairman of the board or company CEO as an appropriate thing to do.

It seems to me that we have witnessed a bit of the old smoke and mirrors trick. The name changed from personnel management to human resource management. So what?

'The translation of the wonderfully developed and produced vision, mission statement, objectives and strategies into operational people management processes remains a chasm in far too many organisations'

It is fair to examine what has changed in the workplace. We see some of the real leaders recognised in the annual Australian HR Awards. While this is commendable, there are not many. We need to look at this in the context of the size of organisations in Australia. The majority are in the small- to medium-size bracket in terms of number of employees. Some of these are performing well above their class – they bring us great credit but we should not be complacent because of the outstanding achievements of the few.

We need to look very hard at the incredible demands being made on our managers in the small- and medium-sized organisations. I am not at all convinced that many of these hard working people are adequately equipped for their highly complex roles. The preparation for transition from operational or specialist activities to a managerial role is generally not very well done.

We are talking about effective people management, leadership, communication, motivation, talent management, utilisation of individual and combined skills, knowledge, experience, effective work teams,

total capability utilisation. We want people to want to come to work, to enjoy what they do and to feel that their contribution is recognised and rewarded.

We talk about this. We know it is a high priority current problem. It was a problem fifty years ago. It will probably still be a problem in fifty years time. The cold reality is that there is still a gap in the corporate strategic management process. The translation of the wonderfully developed and produced vision, mission statement, objectives and strategies into operational people management processes remains a chasm in far too many organisations.

This is the niche that the effective HR executive can fill – helping the senior executive team and operating line managers make it happen. Effective leadership and people management is the key to current and future success and the payoff is superior financial performance.

Les Pickett is the chief executive of Pacific Rim Consulting Group and has held senior executive positions in general management, IT and HR management in a number of different fields.

Comments? Suggestions? Email: craig.donaldson@lexisnexis.com.au



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