



HUMAN RESOURCES AND THE DOOM LOOP

BY ROBERT BOLTON



Few would argue that an effective human resources (HR) practice can be a real source of competitive advantage to a company. Acres of research have been produced showing a powerful relationship between good HR management, employee commitment, and business performance.

Yet just as much research suggests that there is a gap—and, in all probability, a growing gap—between what most organizations would like their HR departments to deliver and what they actually get. A recent *Economist Intelligence Unit/KPMG* survey into the future of HR confirms this growing chasm.

Dave Ulrich, one of the best-known HR experts, has described this credibility gap in simple terms. He sees HR as the function that “offers the greatest promise but consistently underperforms in reality.” That view appears to be supported by business leaders recently surveyed by KPMG. When asked about the role of HR within strategy creation, the CEO of a global retailer told us:

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When the marketing director comes to the executive board meetings, he presents data on our consumers, and we are given enormous insight about their buying habits, their aspirations, their concerns, and their hopes. We have clear demographic data, and we can predict with real accuracy how patterns will evolve. But when HR presents information about our employees, it is less precise, less concise, less insightful, and less predictive.

Needless to say, attitudes like this do not cheer HR professionals. You only have to pick up an HR journal to see an editorial, letter, column, or feature article commenting on the lack of status or credibility of the HR profession. Articles such

as “Why We Hate HR,” “What’s Wrong with HR?” and “Does HR Have a Future?” all point to a crisis of confidence.

This lack of strategic status is not just an issue for beleaguered HR professionals, however. It is a striking fact that very few companies—even those that claim their people are of great importance to them—provide a chair at the main boardroom table for their Human Resources director. This oversight—if it is one—ensures that HR continues to play a service role rather than contribute to company strategy and leaves employees as an afterthought in decision making and planning processes. And when frontline employees fail to factor into strategy in important ways, a company’s performance is bound to suffer.

The Generic Best Practices Trap

Can this situation change? I think so, but first HR at the macro level has to break out of the trap that it finds itself in. Ultimately, we believe that HR could and should occupy a central role in determining the strategic direction of any business and should be as instrumental in promoting business growth as the finance and marketing functions.

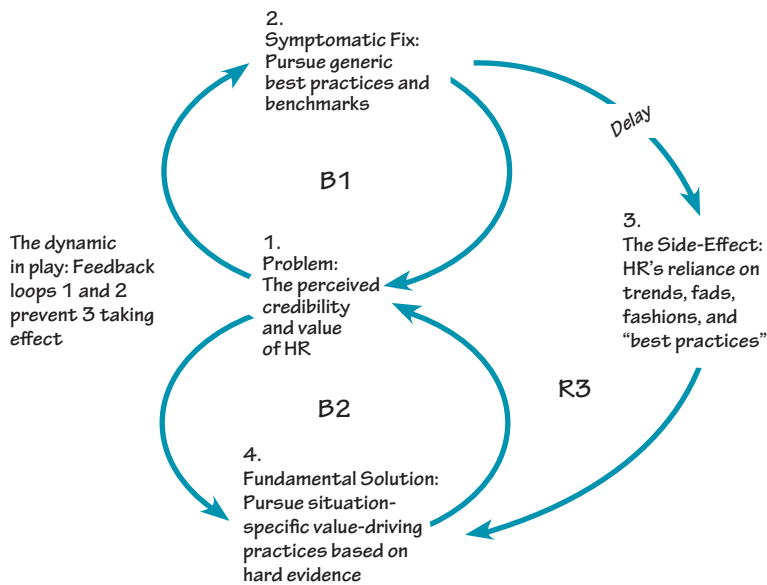
But what of this trap?

Anyone familiar with the systems thinking archetypes (repeating patterns of behavior in teams, businesses, or society) should recognize the “Shifting the Burden” pattern evident within many HR teams. Quite simply, the problem and the trap in which HR finds itself is that the function believes that it lacks credibility and is unable to deliver value. In an effort to rectify this problem, the team pursues symptomatic fixes in the form of the latest generic best practice models (see “Shifting the Burden to HR Fads”).

The net result is a diversion of attention away from where the real value lies—in implementing solutions tailored to the unique circumstances and requirements of the given business. By relying on generic HR practices, the team actually diminishes

TEAM TIP

Look at where you can shift from a reactive to a proactive, vision-driven orientation in your organization.



This “Shifting the Burden” dynamic explains the Human Resources function over the last 15 years and the need to turn away from the pursuit of generic best practice and toward a situation-specific, value-driving model of HR.

its level of strategic involvement and influence, leading it to look for additional quick fixes.

That’s the doom loop—the vicious cycle from which HR finds it difficult to break free. The team undermines its own success by favoring a trendy generic solution over a unique one. Because of the widespread adoption of standardized models in HR departments across industries, if you looked at a random selection of HR teams, you would see more similarities than differences. But how can an HR team that supports a business whose unique selling point is based around product innovation be so similar to a team supporting a business based around operational excellence, for example? They shouldn’t be so similar, as they should both be uniquely configured to drive value within their companies.

A New Vision

In writing this piece, I was struck by Daniel Kim’s article “Shifting the Burden: Moving Beyond a Reactive Orientation,” in which he talks about how both quick fixes and fundamental solutions are reactive approaches. He goes on to argue for developing a vision, which is more proactive and creates a context within which the fundamental solution can be deployed. The fundamental solution must also be underpinned by new, relevant core competencies. Otherwise, Kim argues, what seems to be a fundamental solution will inevitably lead to a new set of problems.

This insight suggests that, for HR to create a new, more sustainable future, HR professionals need to reexamine and reposition the function’s purpose

and develop and deploy new core competencies. Within any given company, the HR department must configure itself to be highly tailored and situationally specific to its organization’s strategic and business challenges. Rather than hunting for best practices and generic models, the team will therefore invest time in crafting a more idiosyncratic approach. This shift must be supported by a facility for insightfully translating the business value chain and strategy into a compelling, evidence-based, and values-driven people agenda.

Breaking the Doom Loop

This may simply sound like a debate around dominant HR ideologies, but survey results show that, if things don’t change, HR may die a rather agonizing death. A majority (70%) of the respondents to our recent survey predict that the HR function will increasingly be consolidated into a General Business Services organization. The result would likely be that HR’s transactional activities would be integrated into back-office operations, overseen by a Chief Administrative Officer. The remaining team of “people agenda architects” might report to a Chief Change Officer. In that scenario, HR as we know it would no longer exist. Some businesses could go further still and have top leaders take direct charge of the shape of the people architecture themselves, supplemented at the strategic level by nothing more than external consulting support.

I leave it to the reader to decide here what is desirable and what is undesirable. However, the fact remains that HR as a profession is reaching the point where it needs to consciously try to break clear of this doom loop, if not by better tailoring its offerings to meet the needs of each individual organization then through some other means.

Another 15 years of pursuing generic best practices in the vain hope that they will provide rewards won’t help anyone. The answer is deceptively simple: configure HR for unique value creation suited to the strategy, markets, customers, value chain, and sources of competitive advantage for your company. For some, this might mean that HR becomes a driver of innovation; for others, a builder of lean thinking and practices; and in still other organizations, a facilitator in increasing employee engagement so that the company creates market-leading customer experiences. It certainly does not mean a rush to the latest fad or fashion around talent management, workforce analytics, competencies, global careers, or any other of the things that currently capture headlines and conference airtime. ■

Robert Bolton (Robert.Bolton@kpmg.co.uk) is a partner in KPMG’s People and Change Practice. He leads the Global HR Transformation Centre of Excellence.