

In this month's edition John Murphy looks at some of the key HR issues that an increasing number of CEO's and Senior management are beginning to raise.

Great Expectations: An Unfinished Story?

How satisfied are you with your HR department?

In what ways do the HR policies and practices of your firm actively contribute to business results?

It's surprising, but all too frequently true, to find CEO's and other senior management answering those two questions with the responses:

"Fairly satisfied," and "Hardly at all."

Although many people working in HR don't like to admit it, the function still remains 'the poor relation' when it comes to being recognized as an important contributor to business success.

Very often HR is viewed merely as a necessary administrative burden, attending to tasks such as payroll, record keeping, hiring and firing, and organizing the annual staff 'party'.

Yet, against the backdrop of a national shortage of skilled workers, and ever increasing competitive pressures to attract, develop and retain high performing talent, Thailand is struggling to meet the desperate human resource needs of its industries.

The situation is not a surprise. It has been developing, and worsening, over a period of years. The surprise is that so many businesses have, to a considerable extent, been ignoring it.

"Our People Are Our Greatest Asset"...Really?

With so much talk about, and so many company mission statements proclaiming "our people are our greatest asset", how can the problem have become so bad?

Some influential political figures, and leaders of Industry, have pointed to weaknesses and deficiencies in the national educational program.

Business leaders cannot be held responsible for systemic failures of national education policies and strategies. There are, after all, many things that remain out of their control.

Some should, however, take responsibility for not setting higher expectations for their HR departments.

Low Expectations Anticipates and Encourages Low Performance

When businesses fail to set appropriate, demanding, performance objectives for HR (to deliver results that contribute to business success), and instead view HR as a welfare and administration unit, it is inevitable that their business will lack a competitive edge.

My own belief, and it is firmly based on decades of experience and significant recorded evidence, is that businesses that truly recognize the importance of HR, that set high performance expectations for the function, and which enact professional HR practices, consistently out-perform their competitors and enjoy superior business results.

Shouldn't HR be totally engaged in the process of linking the goals of business strategies with the current, and future, people development and deployment needs of the business, so that those goals can be successfully accomplished?



The leaders of HR departments, too, need to reflect on how they might have contributed to their company's current difficulties in attracting and retaining, high-performing staff. Why do businesses have HR departments at all, if not to champion the strategic and operational practices of talent management?

HR Leaders have an opportunity – and they should seize it – to make a significant contribution to improving business competitiveness.

They must identify the most significant business issues that confront their organization and work with their colleagues to address those issues as a priority.

For some businesses, two of the most significant issues that need to be addressed relate to the capabilities and performance of the HR department itself. Simply put, the challenge will be to professionalize the department and realign the focus and quality of its contribution.

Attracting, developing and retaining high performing, high potential, staff is a business problem, with a HR solution.

It is a challenge for all businesses and one in particular that CEOs, Presidents and General Managers must take seriously. The two immediate questions that they need to be asking are:

- "What do I need to do to highlight the importance of this as a business issue?" and,

- "How can I align my HR department's activities so they deliver results that positively contribute to business success?"

A Notable Exception

Of course, there have been some notable exceptions; businesses that have recognized and already developed responses to the resourcing problem. Recently, President of Siam Cement Group, Kan Trakulhoon, discussed his Group's long-standing approach to managing some of the fundamental 'people' challenges for businesses in Thailand.

"The ability to drive our business in the future"

With an emphasis on targeted training – focusing on business phi-

losophy and culture in addition to technical skills development – and a process for managing career paths and succession planning, Siam Cement Group have understood that the key to unlocking business potential, or in Kan's words, "the ability to drive our business in the future", is having the right people, in the right place, at the right time.

The challenge for the Kingdom in the coming years, as former Deputy Prime Minister and Industry Minister Kosit Panpiemras has pointed out, is to address and reverse the failures in the educational system so that Thailand has "the human resources with the potential to develop the Country."

The challenge for the Kingdom's businesses, be they small, medium or large, is to recognize and act on the increasingly accepted fact that professional HR management practices – when properly linked with business goals – contribute directly and indirectly to those goals being achieved.

So, what should a business leader expect from their HR Director or Manager?



Knowledge of the Business

The head of HR must understand how the business operates. They can fulfill a valuable role in strategic and operational discussions, only by understanding the financial, strategic, technological and organizational capabilities of the business.

Expert Delivery of HR Practices

The head of HR should be measuring and assessing on a regular basis the value of their contribution to the business.

Are they spending their time (and the business' money) on activities that are helping to secure the business' success? Are they implementing practices that reduce labour turnover, increase productivity, and improve employee engagement and loyalty?

Do they possess the core technical skills and knowledge to be able to link what HR does with the real needs of the business?

Or, is most of their time spent doing Administration and 'fire-fighting'?

Management of Culture

Organizational cultures develop by design or by default. In short-hand we can describe organizational culture as being "What it is like to work here."

If your HR head is not actively working, along with all the management and supervisory team, to establish the organizational culture you want, an 'alternative' culture will emerge and spread throughout your business.

Management of Change

The head of HR needs to be actively engaged in the management of change. Not only expert in the 'cultural' aspects of change management but also expert in anticipating the changes the business must make over a 3 to 5 year period.

If your business has a 5 year strategic plan, shouldn't it also have a detailed HR analysis and 5 year development plan to support it? What changes in organizational structure will be required, skills levels, numbers of employees, organizational capabilities?

These are some of the basic building blocks for a plan's successful implementation.

Personal Credibility

Some heads of HR like to say they are "business partners". Being a true business partner is a status conferred on you by your Boss, your customers, your suppliers, even your staff.

HR leaders must have personal and professional credibility. That credibility is earned by consistently demonstrating a thorough understanding of the business, having broad technical expertise and by fulfilling departmental responsibilities and commitments in a completely professional manner.

Business leaders should expect nothing less from their Head of HR, just as they would expect business acumen, functional competency and excellence in service delivery from the heads of any of their other business departments.

There is a great deal that can be done – starting right now - to address the crisis in HR. It begins with Business leaders taking the initiative and setting higher expectations and higher performance standards for HR.

HR leaders should welcome – indeed assert - the opportunity to become fully engaged in the development of the business, applying pragmatic practices that contribute to business success, and earning the reputation as key players in enacting business solutions.



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