



Has the recession spelt the end of strategic HR? Is the current focus on transactional 'personnel' issues damaging HR's position at management's top table?

HR: at risk of demotion from business's premier league

Rapid changes to business strategy, corporate culture and the people agenda brought on by the economic downturn has caused many in HR to adapt their workloads to support immediate business needs. This goes against the strategic direction for HR that the profession has long been hailing, but is it merely a short term blip, or will HR be damaged long term by this seeming return to its personnel roots?

"It's wrong to blame HR's current position simply on the recession," argues HR and Talent consultant, Wayne Searle. "My experience in both the private and public sector is that HR has been becoming more transactional for the past three to five years. Too often HR is a function that's 'done to' rather than participating in forming and shaping business strategy. We still have too many people who don't understand the business side of their organisation or how to marry this to the talent it needs to survive for now and to advance in the future. Therefore, it's easier to slip back into old-style service: being the experts in the process of letting people go rather than focusing on the harder stuff: how to keep our best people developed and motivated within the business."

Andrew Pullman of HR Consultancy People Risk Solutions suggests that it's natural for tactical activities to come to the fore in a recession. "The bread and butter work is HR's fallback, and at least we have valuable work to do in the organisation when it's difficult for other areas to function.

"The big issue recently is that no-one at the top of organisations has the answers to the big issues they face. The pace of the recession has been so swift, and its effect so encompassing that the average business strategy has flown straight out the window. It's hard for HR to input strategically when the vision for the business is so unclear and it's probably actually better to focus on getting the tactical stuff right while everyone's

worried about their jobs.

"The real challenge for HR going forward – and where it will show its worth up the business food chain – is in recognising that 60-70% of all business costs are people related. HR has a huge job partnering the business to manage that cost base. If HR can keep sight of that challenge and be creative and business-focused in meeting people costs, it will deserve its seat at the top table. But that means a far stronger commercial understanding, and a preparedness to challenge strategy if you know there is a better way to advance the business agenda through the way the business recruits, retains, develops and deploys its people."

For HR Director Mike Sterling, who has worked both in government and in the private sector, HR's problem is its inability to step back and highlight the strategic implications of an organisation's short-term actions. "People are simply responding to management calls to cuts, for example in recruitment and training, without regard to the organisational implications of these actions. Instead they should be helping to refine

the business strategy so as to be first round the bend when the economy picks up. That means continuing to recruit people into your organisation who will enhance the existing workforce, and being prepared to ramp up training. Now, more than ever, we have to keep our people in focus, to really make them want to come to work.

"Post recession, I think HR will regain its strategic perspective, but it has taken a step back and it'll take some time to recover."

Not all businesses are seeing HR move into the personnel space – and for those industries less directly affected by the

recession, the picture is quite different.

Jeremy Hansford is an HR Business Partner at the pharmaceutical giant Astra Zeneca recruiting finance talent across the world. While his business is going through major change, it's not feeling the full force of the downturn.

"We are in a major change programme and we are reducing headcount – but it's part of a longer-term transformation rather than down to the impact of recession.

The impact on HR

is to take us to a more strategic focus, much more around business partnering and with less emphasis on transactional work. I certainly see this continuing and my daily experience is of my business colleagues coming to me not for my 'personnel' skills so much, as for HR's ability to understand what the business is looking for now and how this may develop going forward, and to find people solutions that meet these challenges. To a degree, it's still about matchmaking people's aspirations to the business needs, but the focus very much now is on understanding the business strategy and direction, and what people actions are imperative to deliver on that strategy.

"If we were to move into the tactical space again, we'd be delivering less for the business and we certainly wouldn't be able to engage with the business in the way we do now.

"I expect those HR teams that have reverted to transactional work over the downturn will move back into a more strategic focus as things get better, but they'll only be able to justify this if they can offer truly business-focused benefits to the organisation." □

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