



Changing the Value of Human Resources

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In the majority of organizations, Human Resources are famous for processing. Human Resources process applications, policies, benefits, performance evaluations, social events, new employees and so forth. But in order for Human Resources to be valued by the organization and its employees, the professionals in that function should focus less on what "Human Resources does" and more on what "Human Resources delivers." Human Resources must create value and value creation demands a real transformation for the function.

A value generating Human Resources function does not just run social events, sign employees up for benefits, process educational tuition reimbursements, process applicants, conduct salary market surveys and screen employees' health.

A value generating Human Resources function focuses on outcomes and results that champion organizational competitiveness. By championing competitiveness, Human Resources professionals concentrate on how their work enhances:

- *Strategy execution
- *Administrative efficiency
- *Commitment and productivity from employees
- *Organizational capacity for change

The answers to the following key questions are critical as organizations drive the transformation of the Human Resources function.

*How do the processes such as staffing, hiring, communication, and compensation; that govern how work is done, enhance organizational competitiveness, and add value?

*Who is responsible for Human Resources work? To what extent do managers view themselves as human resources managers as well as operational managers?

*Who is the client for Human Resource initiatives?
When and how should Human Resources be proactive, reactive, or anticipatory?

*What are the criteria for successful Human Resources practices?

*What is the role for Human Resources in the organization...partners, pioneers, designers, leaders, or architects?

*What are the financial contributions of Human Resources?

*How do Human Resources systems enhance the intellectual and managerial capacity of the firm?

The foundation of this transformation is trust. So, how do Human Resource professionals enhance the trust levels in their organizations? They do it by understanding that trust cannot be fabricated with slick videotapes, a few management seminars, or a series of "fad" events. In today's environment, employees and lower level managers see right through such efforts. In reality, trust is based on honesty, confidence, and the ongoing belief that Human Resources and management will follow through on their commitment to value creation.

However, it can be often difficult to establish a climate of trust in the workplace, as evidenced by statistical data gathered by HR Solutions, Inc.—a Chicago-based management consulting firm. According to its National Employee Opinion Survey Database, a collection of three consecutive year's worth of comprehensive data, only 43 % of respondents recognized their workplace as supporting a climate of trust. In addition, only 63 % of respondents said they trusted their immediate supervisor. Based on these numbers, progress needs to be made.

In companies where employees believe that the Human Resources department is effective, 62 % of workers also believe that the organization is trustworthy, according to the WorkUSA research. However, in companies where HR is deemed ineffective, only eight % of employees believe that management can be trusted.

While HR cannot build trust without the help of senior leaders and other management, trust cannot be maintained without an effective HR function. The two primary drivers of trust in organizations, both of which fall into the strategic capacity of Human Resource management, are communication and how well a company manages changes such as mergers, downsizing, and restructuring.

According to the WorkUSA research, the most effective HR departments do five things to maximize communication and change management. These are:

1) Communicating openly. Companies with high trust levels give employees unvarnished information about company performance; explain the rationale behind management and HR decisions (such as compensation and promotion); and encourage employee involvement and information-sharing. They also are unafraid of sharing bad news and admitting mistakes.

HR Solutions' statistical data showed that only 61 % of respondents felt they had ample opportunity to participate in decisions that affected their work environment. In addition, less than half (49 %) of respondents felt their company's climate encouraged employees to openly admit their mistakes.

2) Communicating the value of benefits. Over the last few years, companies have realized that many if not most employees are unaware of the value of their benefits package. To change this knowledge base some companies have begun to issue an annual "total awards statement" that communicates the total value of an employee's compensation, including salary, medical and disability benefits, retirement, and so on.

An unexpected side effect of this is that companies that do communicate the overall value of benefits tend to enjoy higher trust levels. The reason isn't entirely clear, but it may be because employees in these companies have a more thorough understanding of what their employers do for them. According to HR Solutions' database, 61 % of respondent found their total benefits package to be adequate. When they compared their benefits package to those offered by similar organizations, 60 % of respondents said they were satisfied with their benefits.

3) Instituting constructive changes based on employee input. To create a high-trust organization, executives must also seek employee input for improving the work climate and act on those suggestions.

4) Establishing clear performance criteria and expectations. High-trust companies do a good job of communicating the company's business goals and explaining to employees what their role is in achieving those goals. In this case, data revealed that just 60 % of respondents understood the organization's strategy and mission, 67 % agreed with the strategy and mission, and just 64 %

felt it was possible for employees to contribute directly to their company's success.

If the business environment relies too heavily on employee discretion, it's too easy for employees to make mistakes. And when employees make mistakes, they blame managers for not making it clear what was expected of them. Then, employees hesitate to trust managers in the future.

In this case, HR Solutions' data revealed a divergence between employees' preferred means of receiving organizational communication and the perceived actuality. The data revealed that while 55 % of employees prefer to receive organizational directly from their supervisors, only 35 % reported to actually receive information in this manner.

5) Hold employees accountable. Companies where trust is high not only reward high performers but also hold poor performers accountable through discipline and termination. As for accountability, only 59 % of employees felt personally accountable for the results of their work.

The transformation process is not something that can or will happen in a few months. Firms can expect a two to three year process for altering the contributions of the Human Resources function. A successful transformation requires a deep strategic and tactical commitment from senior management; as well as patience. Generally, firms seek and require outside counsel for this transformation and HR Solutions has the capacity to guide firms successfully through the transformation.

HR Solutions is a Chicago-based international management consulting firm that provides opinion survey instruments, training and development services, management assessments, and results-oriented advisory services. Our firm specializes in designing and administering surveys concerning job satisfaction, quality, benefits, safety, customer service, customer satisfaction, and sales. As our name implies, we solve current problems for clients and obviate future ones.