

NEWSLETTER

27th October 2015

A Review of the HR Function

In this era of rapid business change, the role of Human Resources is becoming more demanding than ever. In our recent Survey of the HR function, conducted in Trinidad and Tobago, we sent questionnaires to both CEOs and Heads of the HR function (CHROs) to review the status of the HR Function within local organisations; receiving responses from 32 CHROs and 21 CEOs ^{*1}.

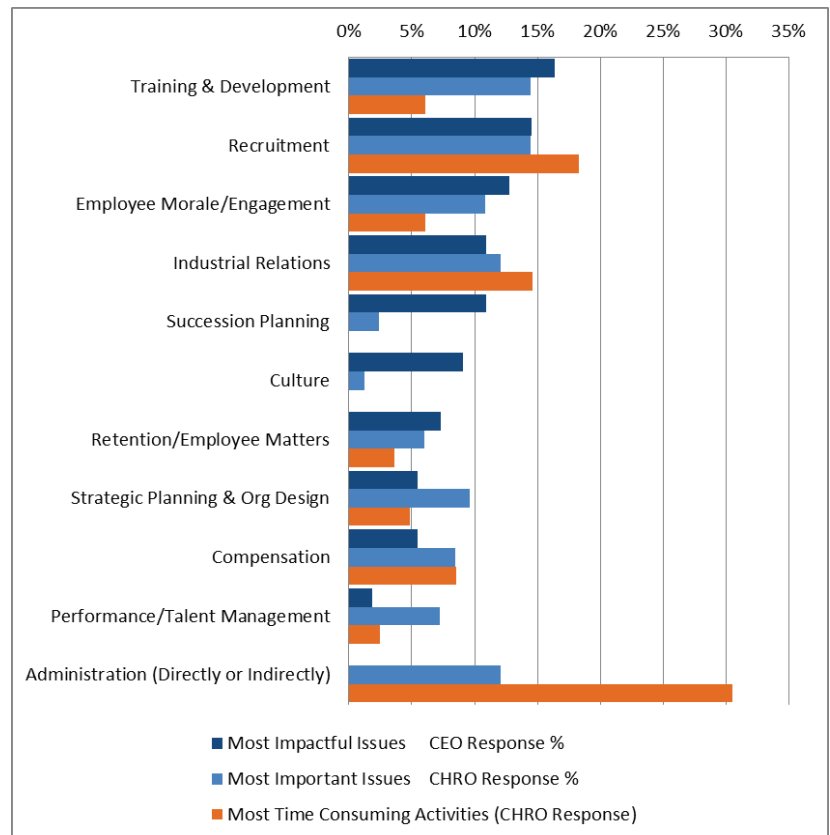
CEOs listed **Training & Development, Recruitment and Employee Engagement/Morale** as the 3 most impactful issues facing their companies (See Table 1), with CEOs spending 25% on average of their time on HR matters. To reinforce the point, 84% of CEOs and 79% of CHROs saw the HR Function as Strategic, and 90% of CEOs and 97% of CHROs identified the HR function as a "Value Creator" as opposed to a "Cost Centre".

Most Impactful/Important HR Issues	% Response by CEOs	% Response by CHROs
Training & Development	16%	15%
Recruitment & Staffing	15%	14%
Employee Morale/Engagement	13%	11%
Industrial Relations	11%	12%
Employee Matters/Retention	7%	6%
Succession Planning	11%	2%
Culture	9%	
Compensation & Benefits	5%	8%
HR Strategic Planning & OrgDesign	5%	10%
Administration (Policies & Procedures)		12%
Performance Management	2%	7%

Table 1. CEO Responses - Most Impactful HR Issues

Most time consuming Activities of HR job	% Response by Heads of HR
Recruitment	18%
Administrative Work (Directly or Indirectly)	16% + 10%
Dealing with Employee/IR matters	15% + 4%
Compensation	9%
Employee Engagement	6%
Training & Development	6%

Table 2. Heads of HR Responses - Most time-consuming HR Matters



Similarly, CHROs considered Recruitment, Training and Employee Engagement, as the most important HR functions they perform. However, they are spending a disproportionate amount of their time dealing with non-Strategic **administrative work, payroll/benefits and employee/industrial relation matters.** (See Table 2.)

^{*1} Caveat: 53 responses is indeed a very limited sample, and most of the questions were in Yes or No format. Nonetheless, certain insights could be gained from the results with respect to the state of the HR function in Trinidad and Tobago.

In HRC Associates' survey of Corporate Directors Compensation in 2014, approximately 52% of responding companies reported having a Human Resources Committee, while 17% reported Compensation Committees. 90% of CEOs in our recent survey consider the Head of the HR function as part of the Strategic Leadership or Executive team, with eighty-six percent (86%) of the CHROs reported directly to their CEO, and 94% of CHROs having frequent dialog with their CEO. As far as the discussions between CHROs and CEOs go, they most frequently dialogue to discuss matters relating mostly to HR Strategy, Development and Recruitment. (See Table 3)

HR Issues	% Response by Heads of HR
HR Strategic Planning	16%
Recruitment	14%
Training & Development	14%
Talent Management	11%
Staff Employee Issues	10%
Employee/Industrial Relations	9%
Employee Engagement/Morale	8%
Policy Planning & Administration	8%
Compensation & Benefits	5%
Succession Planning	4%
Retention	3%

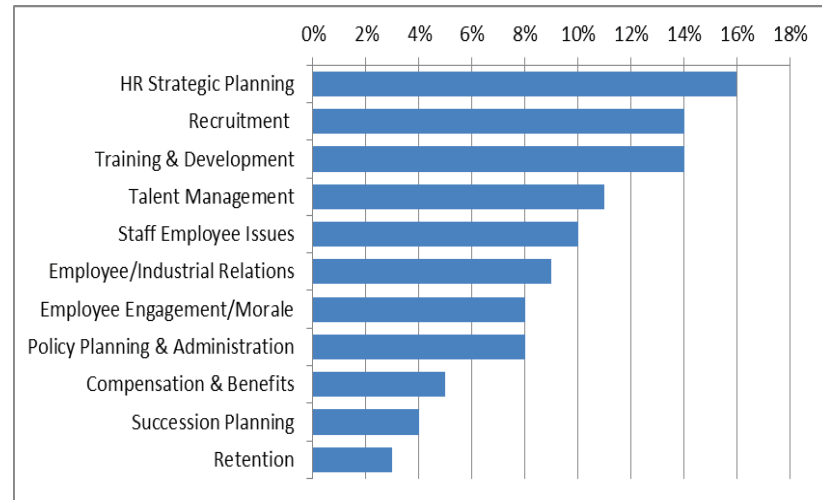


Table 3. Heads of HR Responses - Matters discussed with their CEO

Even though 70% of CEOs are generally satisfied that their Head of HR has the skills and abilities to perform their job and provide advice, 55% of CEOs are dissatisfied with the state of HR in their company. All CEOs (100%) feel that a Head of HR should have previous line or business experience; however, the vast majority of CHROs have come through the HR pipeline and lack real line experience.

Despite being trusted members of the organisation's Executive team, only 40% of CEOs would consider their current Head of HR to be a potential candidate for the CEO role and only an alarming 9% of CHROs see themselves as future CEOs of their company; citing insufficient business experience (37%), lack of interest (52%) and ineligibility (11%) as the main reasons.

Several factors are converging that will make reinventing HR a critical priority:

- Companies are more worried about talent than ever before.
- A highly competitive market is shifting power into the hands of employees and creating a more demanding workforce.
- Changes in technology and transitioning within organisations, which require HR to take the lead in ensuring required competencies are embedded.
- Traditional HR practices, such as performance management and leadership and development are undergoing radical change, forcing HR to deliver more innovative solutions.
- Companies need strong professional development programs and research to support focussed strategies.
- Globally, HR is shifting from generalists to highly skilled business advisors to deliver business results in the areas of greater customer satisfaction, operational efficiency and faster time to market.

To put it bluntly, there is an uneasy gap between what business leaders want and the capabilities of HR to deliver. Companies must now move beyond talk to action, revisiting the required capabilities of the HR function, and decide whether **"It's Time to Blow Up HR and Build Something New"**; as suggested by the provocative title on the cover of Harvard Business Review's July-August 2015 edition.