

Take it from the top

How should HR policy be made?

■ **CHLOE MUNRO**
Managing director, HR
Telstra

At Telstra, we start from the principle that HR is a business partner—everything that we do is driven by the business strategy and the requirements of the business.

Therefore, the basic HR policy comes from the business direction. Following that, HR provides strategic advice to the business about the best ways to achieve those outcomes from an HR perspective.

It's not that senior management says, "This week we want to do something around incentives". It might rather say, "We're implementing these changing business requirements and we need to align people with them. What's the best way of doing that?" In response, HR might suggest redesigning the incentive framework.

So it's a partnership, involving a lot of consultation. Senior management doesn't dictate a business plan that HR runs around trying to fulfil. It's a much richer process. The HR department makes decisions about its priorities for the next cycle and asks how it can best support the goals for business.

At the same time, HR can initiate things that we think are really important to add value to the business—and put that proposition back to senior

management. The exchange goes both ways, but it is very firmly grounded in the business direction.

At Telstra, for example, a clear requirement is the need for greater flexibility in the way people are engaged because of peaks and troughs in demand and the rapidly changing nature of the market. On the other hand, from our employees' point of view, a lot of people are looking for different ways to achieve work/life balance. So HR is looking at how we can meet both sets of needs by developing different models of employment—for example, by creating new forms of Australian Workplace Agreements that are more flexible.

Of course, alongside all of that, many things in the field of people management you do simply because they are right. It is vital that the fundamental values to which the business subscribes are embodied in its systems and processes—it's not just a matter of compliance.

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■ **ANNE RICHES**
CAHRI, Director
The Riches Group

HR policy should always be set within an organisation's overall corporate objectives, values and strategies. In the final analysis, it's not HR policy per se, but overall strategic direction that's critical. Therefore, an approach to people issues should be developed as part of the strategy direction set at the top corporate level.

The job of the HR director is to work with the executive group in putting that strategy together and then, once it is agreed, to make it happen. That means developing strategic relationships with all the business unit owners and any external stakeholders.

I think that the HR profession has done a good job of changing its focus from personnel to strategic in recent times. More HR people now understand that HR has a major role in contributing to the bottom line.

But the next step is for HR to develop an external, as well as an internal focus. It needs to look inwardly to the effective implementation of HR strategy, but must also monitor external issues and the wider ramifications of 'people actions' the organisation takes. Examples include some of the recent

payments of unjustifiably huge salaries and bonuses.

So the HR director has a major responsibility to make the people strategy happen, within the overall direction, which comes from the chief executive and the executive committee, and is signed off by the board. And they must also be bold enough to speak up if the proposed strategies stretch outside the balanced needs of the various stakeholders, including employees and shareholders.

None of this has any meaning unless the people who set the strategy abide by it. The chief executive and executive committee must themselves commit to and participate in the implementation of HR strategy by modelling the way and being actively involved in the people issues. It's the same with ethical behaviour—there's no point having a code of ethics or a set of corporate values unless it is led by example from the top.

■ **CHRIS MORLEY**
CAHRI, Principal
Results Consulting

If one assumes that HR, as a function, exists to support the overall business and corporate direction of the organisation, then it follows that HR's policy

direction should flow from the organisation's board and executive. (It could be argued that HR should be part of this team.) Unless HR is directly linked to the business direction and the organisational strategy, it is not doing its job properly. The HR area is then responsible for taking this strategic direction, developing specific people strategies to support it in line with the business goals, and then taking responsibility for implementing them.

This does not mean that HR cannot influence strategic direction of the organisation but rather that HR should be seen as a supporter of the business direction not an end in itself. Therefore the main ownership of the HR business direction has to be at the most senior organisational level.

Historically, HR has been seen as an add-on or an administrative function. If HR really wishes to gain a seat at the table it will need to not only 'walk the business talk' but also talk it. For example, can HR directly link its outputs to an increase in shareholder value? Can HR demonstrate ROI for any of the initiatives it proposes?

Unfortunately, a significant number of organisations do not currently have HR strategies or policies that come from (and are

owned by) the senior executive and that are in line with the business strategy. Things are improving—more and more organisations are realising that they have to link their HR strategies to the business bottom line—but at this stage this approach is still inconsistent. There are many reasons for this, including the fact that only within the last couple of years has senior management begun to realise the value of HR and its centrality to the success of a business plan. Additionally, HR has at times been its own worst enemy in that it has been seen to be driving HR initiatives for its own sake, as opposed to harnessing HR to support the business and demonstrating how it can help the organisation in a business sense. This has led to a devaluing of HR by senior management.

HR will need to continue to be able to relate to the organisation's executive in a way that develops ownership of people strategies at the most senior levels of the organisation. It needs to be able to create and foster the environment to allow this discussion to take place.

■ Interviews by PAUL SOMERVILLE, a freelance journalist.

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