

Next Generation HR: Key messages  
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# NEXT GENERATION HR

**There has been seismic change affecting organisations – not least the recent financial crisis. Many of the conventional wisdoms we grew up with are being challenged.**

**There is a crisis of trust: public confidence in politicians is being eroded and there is a growing mistrust in organisations.**

**Stefan Stern has described in a recent FT article the 'death of the 3–5 year strategy' and a need for a 'living strategy'.**

**The following messages are intended to provoke debate and provide a basis for discussion in the HR community and beyond.**

### **1 Building organisational equity – unlocking sustainable performance**

We believe HR has a key role to play in building sustainable performance. This is the underpinning proposition we took out to organisations in our Next Generation HR research programme.

#### **From health to agility**

What we found is that a focus on operational efficiency and operational effectiveness is not enough. Unlocking long-term value requires a new, third element, 'organisation equity'.

Organisation equity refers to increasing the capacity of an organisation to be alert, agile and adaptable through creating a more open and dynamic culture as well as future-fit leaders.

It is about doing business today in a way that builds rather than erodes long-term value, and paying greater attention to the potential unintended consequences of current decisions.

Efficiency, effectiveness and equity come together to drive sustainable organisation performance.

#### **Engagement to authenticity**

Employee engagement has been recognised for some time as having the potential to drive performance. But to deliver long-term value we need to move beyond engagement towards authenticity.

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Authentic organisations are the same on the inside as they are to the outside world. They do what they say they do. There's an alignment between customer values and employee values. As a result both have confidence in the organisation – a great competitive advantage.

Nationwide, as a mutual building society, has long understood the importance of a values-driven culture, one that clearly sees the importance of aligning the employee and customer experience and one that has clearly had a future, as well as a short-term focus. In recent turbulent times the benefits of this approach have been evident as Nationwide has suffered less than many of its competitors.

## 2 Towards an insight-driven future for HR

It's no longer sufficient to be a service-driven or process-driven function as HR has been in the past. HR can achieve deep organisational insight through being savvy about wider business issues, their own organisation and the context they operate in. We've referred to these as 'business', 'context' and 'organisation' 'smarts'. Together these enable anticipation of current and future challenges and a deeper understanding of what is required for sustainable performance.

Through the use of both hard and soft data, HR can build insights and run a commentary on the organisation.

McDonald's understand this. The HR function recently commissioned an extensive analysis of performance and demographic data from its restaurants. They found that those restaurants with two employees aged 50+ outperformed the other restaurants by 20%.

## 3 From partner to provocateur

Rather than being the voice of either the employee or the business, HR is able to offer independent perspective and challenge. In our research we saw examples of HR playing a guardianship role – 'holding up a mirror' to the organisation – keeping the organisation true to its values. In this way it can help ensure a balanced business agenda which anticipates long- as well as short-term needs and reflects the interests of all stakeholders.

To operate beyond best practice to next practice will require that HR professionals develop certain critical skills and behaviours at both an individual and a functional level.

**These messages are a summary of our conclusions from the research, the best practice. We're now moving into a next practice phase.**

**Join us at [www.cipd.co.uk/NextGen](http://www.cipd.co.uk/NextGen) to give us your thoughts and find out more.**

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