



Professor Colin Coulson-Thomas

# With your HR practices, are you barking up the wrong trees?

Investigation finds many widely adopted approaches are unnecessary and counter-productive.

If you are trying to change the culture of your business and the behaviours of your people are you barking up the wrong trees? Are calls for culture change consciously or unconsciously serving vested interests and a distraction?

The evidence of a five-year investigation I have undertaken is summarised in three reports: *Transforming Knowledge Management*, *Talent Management 2* and *Transforming Public Services*. These reports suggest attempts to change corporate cultures can be counter-productive and are not necessary when there are quicker and easier ways of changing behaviour, preventing undesirable conduct, ensuring compliance and increasing performance.

### **Calls for general and fundamental change of structure, culture or procedures should trigger alarm bells**

Continuity can be as important as change, particularly continuity of relationships and consistency of experience that meets customer expectations and requirements. Changes can create new opportunities for fraud, theft, hacking and other abuses. Uncertainty during a period of transformation, or while changes are bedding in, can create new loopholes and vulnerabilities.

Customers, employees, business partners, suppliers and the investors one sets out to attract can represent a diversity of cultures, religions, values and nationalities. A variety of

perspectives can spur creativity. General culture change is often advocated where there are affordable ways of quickly changing behaviour and achieving other aims with existing people and cultures. Business problems often result from the wrong calls on deals or specific mistaken decisions and judgments rather than "culture". Fraud and other abuses usually result from technical loopholes and vulnerabilities rather than deficiencies of general attitudes and values.

Many general corporate culture change initiatives and associated training may be unnecessary if their purpose is to quickly alter specific behaviours in particular areas. Businesses as they grow may need to embrace a diversity of cultures and encourage a variety of approaches and behaviours across different functions and business activities.

Performance support which integrates learning and working can be a cost-effective way of changing behaviour, ensuring compliance, enabling innovation and remaining current and competitive, and delivering multiple objectives without requiring a change of personnel, culture or structure.

### **Many business leaders and owners need to question whether their HR practices are helping or hindering**

Investigations I have led of what high performers do differently reveal large and measurable differences in performance among people trained, rewarded and compensated the same way. The variability of performance across members of key work-groups raises questions concerning the

relevance and contribution of many training, reward and other HR policies and practices.

Wide differences are explained by how many critical success factors are in place. The extent to which the job, task or activity is done in a winning or losing way determines outcomes.

Training, reward or compensation do not appear differentiators in sectors in which the policies and practices of competing companies seem largely the same. For key jobs such as bidding for business, building key account relationships, pricing, purchasing, or creating and/or exploiting know-how, the approaches of winners - or those in the top quartile of achievement - are very different from those of losers in the bottom quartile of attainment.

Evidence from the reports resulting from my investigations that have examined critical success factors for key jobs suggests that however much people are paid, whatever their culture and however motivated and engaged they are, if they approach a task or activity in a losing way they are likely to fail. Increasing motivation or remuneration in the hope of a better result while people's approaches and the support they receive remains unchanged could be very wasteful.

Reward and compensation policies and practices have also contributed to mis-selling and other abuses. The prospect of commission payments can bias views, distort judgments, encourage risky behaviour and result in a flouting of rules.



Professor Coulson-Thomas speaking in Dubai

There are other expensive practices and naïve behaviours, such as a policy of paying above average or in the top quartile to attract better people and then complaining about the cost of talent wars. Some reward, compensation and other policies may have much less impact than those who champion them and/or have a vested interest in them claim.

**Many companies pursue policies that are general, time consuming and disruptive when quicker, cheaper and more affordable options exist**

In relation to training, reward and other HR policies and practices a ratchet effect may be in operation.

The wrong policies may have a negative impact on behaviour, while many expensive approaches deliver little in the way of positive benefits in relation to other and better ways of improving performance. Too often those in

roles that are neither visible nor a source of competitive advantage or differentiation benefit the most from general remuneration policies.

The focus should switch to supporting key work-groups, which is the key to success.

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Publication issued on 1 July 2015