

Emerging HR Landmines: Critical Concerns for CEOs



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The CEO role appears to be in transition, as transformation in the nature of value creation, is increasingly leaning towards intangibles such as knowledge, leadership, culture, and people.

In recent times, the concept of human capital as an organization's most valuable asset has become a key feature of business thinking globally, and a major component of the CEO's transforming scope of responsibilities. For instance, unfolding events suggest that achieving long term business success and competitive advantage require paying close attention to the non-market business issues. Factors such as corporate governance, ethics, social responsibility, business sustainability, corporate brand equity, corporate culture and leadership are increasingly being given priority attention.

Therefore, "Human Resource issues" are lit up on the radar of most CEOs around the world, like never before.

For instance, findings from the 10th Annual Global CEO Survey conducted by PricewaterhouseCoopers (PwC) derived from interviews with about 1400 CEOs from 45 developed and developing countries across sectors, on key corporate issues seem to corroborate these trends.

The PwC study revealed that (a) 47% CEO are engaged in off shoring and/or M&A activities now, or are thinking about it in the near future, (b) 80% CEOs said reducing complexity in terms of IT and organizational structure are key priorities, (c) almost all CEOs more open to outsourcing, for reasons other than cost and (d) Governance & risk management are becoming primary concerns within the board room, amidst increasing globalization and efficiency concerns. An overall surprising revelation from the survey was that the CEOs identified loss of key talent as the third biggest threat to corporate growth, behind competition and over regulation. The CEOs are looking to the HR function to help implement

governance, risk management and corporate social responsibility principles in such a way that these standards become the corporate culture or "ways of working".

Also, a recent PwC web seminar hosted by the PwC Global HRS Practice indicates that observations of emerging HR challenges for companies tend to indicate that:

- There is "War for talent" in terms of finding, recruiting, and retaining the best people.
- There is an increasing concern for ethics in terms of equitable grading, compensation, and performance management irrespective of gender, in advanced economies.
- Given business environment dynamism and increasing cross border linkages, managing people through change is a major concern.
- In view of recent scandals on governance and executive compensation amidst high demand for high performance organizations, deriving responsible pension and executive compensation practices without alienating stakeholders is an issue.

In other words, being a CEO in today's corporate world without paying attention to people issues is synonymous with taking a leisurely walk in an abandoned field, in a war torn region without the aid of landmine detectors.

What are the key HR landmines?

Emerging HR land mines to look out for include:

- Lack of clearly defined corporate direction and key business drivers.
- Ineffectively communicated/understood corporate agenda amongst key stakeholders.
- Absence of linkages between job roles in the organization and the broad business agenda.
- Absence of synergy between and across functional roles in the organization.

- Disconnect between grading structure, compensation structure, and performance management framework.
- Disconnect between executive compensation, corporate performance, individual performance, and business sustainability.
- Disconnect between strategy delivery platforms and employee performance management.
- Absence of or ineffective feedback loop for continued learning and performance improvement.
- Disconnect between corporate direction, brand identity features, social responsibility, and people management philosophy.

Implications of emerging HR issues for the Nigerian CEO

The Nigerian economy has seen a wide range of reforms in a number of sectors including banking, insurance, health, aviation, and the public sector. These reforms have seen organizations expanding their networks locally, regionally, and even globally. Popular means of feeding such growth are multi level mergers, acquisitions, and franchising arrangements. On the other hand, some organizations are growing by raising more capital and acquiring assets.

These strategies call for corporate restructuring, re-calibration of business models, organizational arrangements, staffing, and policy upgrades for competitive positioning.

These corporate maneuvers always result in integration of unique organizations to form larger organizations with capacity for larger market share, more efficient operations, and synergy. These involve change management and business transformation. A central matter in such cases is integration of people and culture for improved performance.

Are there HR survival tips for the CEO?

Yes there are survival tips for the Nigerian CEO. Dynamic times call for essential skills, even as managing people through change has been described as being synonymous with “herding cats”.

Whatever the industry, strategy, or life cycle stage of the organization, survival tips on emerging HR landmines for Nigerian CEO include a deliberate decision to:

- Win the war on talent.
- Recognize that Nigeria is fast becoming a highly litigated society on labour matters.
- Understand local and global diversity issues.
- Attain effective compliance culture, in terms of governance and risk management.
- Drive profitability while ensuring linkages between learning, culture, individual employee performance improvement and reward.

Self diagnostic pointers

HR landmine detectors for the Nigerian CEO include self diagnostic pointers such as:

- *Business Direction:* Does my organization have a strategy? Is the strategy defined in terms of key value drivers such as vision, mission, core values, and competitive philosophy? Are these clearly communicated and understood by internal and external stakeholders? Do we have buy in of key stakeholders & complimentary leadership?
- *Delivery and organizational arrangement:* Is our organizational arrangement sufficient to deliver

the strategy? Is this hinged on a clearly defined value chain? Does everyone within this arrangement have a clear understanding of the role expected of them? Are these roles traceable along the value chain?

- *Role definition and performance management:* Are the key performance indicators of these roles linked to our strategy drivers? How did we derive the grading for these roles? Is there an internal relativity between these jobs in terms of the value each of these jobs brings to the value chain? Have we defined the needs of each role in terms of technical and behavioral specifications? Do these indices influence recruitments and postings? How do these grades link to individual performance expectations and reward?
- *Benchmarking and controls:* How often do we benchmark our policies and practices? What is our orientation on learning, coaching, mentoring, and succession planning? Is there a link between our performance management practice, brand essence and corporate social responsibility? How often do we refer to legislative frameworks in deriving our policies?

What next?

Some organizations insist that a CEO candidate must have a background in (a) leading large multi functional teams, (b) interfacing with consumers or (c) handling operations. Whatever the policy in your organization, it is critical to note that “people issues” are increasingly becoming a key result area for the CEO candidate.

Our Nigerian Human Resource Services (HRS) Practice leverages on our global network to support clients maximize the value of their human capital, to deliver demonstrable business benefits. If any of the points raised strikes a cord, let us know, so that our HRS team could support you in exploring improvement options for your organization.