

Director

HR: The Power Behind the People

By Alison Coleman



Chris Seabourne
Partner, CTPartners

Like the marketing and finance functions before it, human resources (HR) strives to be recognised as much for its contribution to business performance, as for its role of enhancing internal operations.

Is it succeeding? According to the 2006 Global HR Transformation Study by Mercer Human Resource, 67 per cent of business leaders claimed that they viewed HR leaders as strategic partners,

with a role in strategy discussions and decisions.

Yet, around the same time, a global survey by networking group the Corporate Executive Board reported that 87 per cent of HR leaders were dissatisfied with their department's effectiveness at driving business impact.

Chris Seabourne, a partner at global search firm CTPartners suggests that a degree of lip service is being paid. He says: "There is an inverse ratio between the number of times a CEO says 'people are our most important asset' and the amount of time and attention they devote to the subject. The demand for well educated and capable execs will exceed supply for a long time to come, which requires a steady and reliable supply of talented business executives, and this is where HR comes in."

But Peter Reilly, at the Institute for Employment Studies, believes that any shift in the role of HR is governed by the leadership style and the culture of the organisation. He says: "The degree to which HR is encouraged to get involved at that level depends on the business leadership, and the value placed on people management. Where that value is too high, business leaders are likely to encourage HR to innovate in areas such as employee engagement, which will also require a better skilled HR leader."

But if the biggest proportion of HR's time is spent carrying out traditional activities such as record-keeping, compliance and delivering services, does that create a barrier to greater strategic

influence? "This could lead to fragmentation of the HR function, with only certain parts of HR achieving a strategic profile," says James Underhay, commercial director at HR consultancy Chimento. He feels that HR has some way to go before it will truly be considered a strategic function, pointing out that BA had no HR director for a year. Yet others insist that changes to the HR role are becoming more tangible.

Jo Sellwood, managing director of recruitment consultancy Strategi, says: "We are seeing more cross functional activity, with HR people moving into managerial roles – former HR director Karen McCormick becoming CEO of the Cheshire Building Society, for example – and movement from other functions, such as finance, into HR."

While she admits that the talent crisis may force a shift in attitude among business leaders towards the strategic contribution of HR, she believes HR professionals should be seizing the initiative. "It is about building strong relationships with people in decision-making roles and winning their trust. Then you can have an influence that will bring real benefits to the business," she says.

Chris Seabourne is a Partner with CTPartners' Life Sciences Practice. Chris may be reached at +44 20 7901 0455 or cseabourne@ctnet.com.

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