

# HUMAN CAPITAL MANAGEMENT: THE TRANSFORMATION THAT LIES AHEAD

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**T**he occasion of the 100<sup>th</sup> issue of *HC Magazine* provides a timely opportunity to reflect on the enormous strides that Human Capital Management and Human Resources have made over the years—and to consider the challenges and opportunities that lie ahead.

Back in 2003, when *HC Magazine* started, what was 'front of mind' for most of us was how to ensure that the people agenda was adequately represented at the highest levels of organizations. Getting the HR director onto that 'top table' was of enormous importance, as it is crucial in achieving genuine influence, enabling businesses to make decisions with a full appreciation of people factors. It was seen as a vital step in changing perceptions of HR from being a non-critical service/compliance function into something at the heart of business performance.

Now that most organizations have HR directors on the board (a huge achievement in itself), we should ask ourselves how strong their influence is. To what extent have they driven the agenda and enabled organizations to perform more strongly through a powerful appreciation of the crucial role of people in business success? To what extent have they enabled leaders to recognize that a 'humanizing agenda' is not at odds with commercial success, but is in fact the primary thing that enables companies to thrive?

Based on our consulting work, it is clear that the achievements in this area are considerable. Many organizations now have an appetite for building commercial and people strategies in tandem—suggesting an appreciation of the fact that results simply won't be achieved if people are not making them happen. This is a huge 'feather in the cap' of HR directors. However, the picture remains a varied one. There is still a suspicion that, to many organizations, people issues are regarded as laudable window-dressing or gloss on the 'real' agenda of running a business, or merely a means to an end; something to be talked about because we know we should, rather than because it genuinely determines success. During the global financial crisis, many people initiatives were scaled back or 'saved for better times.' How often is there a tangible recognition that people strategy is the single most important element of commercial strategy—especially when times are tough?

Since 2003, there has been a growing focus on diversity, a wider recognition of the key role of work/life balance, increased attention paid to such factors as 'the employee value proposition' and a focus on how organizations can engage with social networking. All of these are examples of people/HR issues setting the agenda, not only from an ethical perspective, but also in terms of driving the effectiveness of business. At their best, these concepts all represent organizations relating to people in a more rounded way, rather than merely as 'suppliers of work.'

Perhaps the next step is for diversity to be widely perceived as not only about being 'fair' or legally compliant, but as unlocking performance potential—because it is about being blind to irrelevant factors

and focusing flexibly on those things that drive success. What is fairness other than enabling the best people to do the best job possible, in a flexible range of ways, without allowing other factors to get in the way?

Similarly, work/life balance has become a prominent theme. We have begun to see the emergence of a new concept, 'work/life blend,' implying that work at its best can be a positive and fulfilling element of life rather than something to be 'balanced against' life. Perhaps we should also move away from talking about 'compensation' because that suggests that we need to recompense people for something negative; why not agree on the already popular term 'reward?' Such changes in language can be merely cosmetic (which only drives cynicism) or can represent genuine transformations in attitude and focus.

The wide adoption of the term 'Human Resources' was undoubtedly positive, as the use of the word 'resource' emphasizes the value of people (rather than merely regarding them as a cost). Perhaps the next step is simply to talk about 'People' rather than 'Human Resources'—reflecting the notion that human value is not just a goal that underpins economic success but is in fact the same goal? Since people are more productive when they fulfil themselves and find meaning in their working lives, running businesses in such a way to enable people to fulfil themselves also drives commercial success. Although such notions can easily be derided as naïve, I believe that the organizations who operate in this way will be the ones who succeed. This is likely to be the next challenge for our field—a challenge that is much harder than what we have achieved so far. ■

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## ABOUT THE AUTHOR

### Ed Hurst

As the leader of the Australasia business and consulting lead for the Asia Pacific for Kenexa, an IBM Company, Ed Hurst has a particular focus on delivering clients' strategic goals through world-class people solutions. His background is in business psychology—with extensive experience in large, global organizations. He worked for many years in the assessment and development field, frequently at the highest levels of organizations, including leading the Assessment and Development Centres Practice of a large consulting firm. His expertise is founded on extensive front-line consulting work, in which he contributed extensively to job analysis, assessment centers, leadership development, executive assessments, coaching and a range of development techniques. He has also established himself as a key player in the employee engagement and survey arena—linking such initiatives to business results and wider people strategy. During his time at Kenexa, Mr. Hurst has focused heavily on unifying solutions within employee surveys, assessment and talent management to deliver much more powerful results than previously possible.