

“Impression Management: What Do Your HR Practices Tell Your Employees?”

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Appeared in CFO Magazine, October, 2011

Can your employees make sense all those human resource programs they encounter? Do your leaders and managers understand the impact of their human capital decisions? How well do they communicate the logic and goals of the way employees are paid, developed, retained, and acquired? Does it matter, or is it OK if you merely get the HR paperwork done?

Research shows that it is not enough to have great human capital programs. It matters how employees and leaders interpret and make sense of them. It suggests that your HR practices, such as rewards, training, development and careers, must have distinctiveness to get attention, consistency to be relied upon, and consensus to avoid confusion.

This all sounds pretty straightforward, but organizations can easily fail to hit the mark on these dimensions, causing their employees and managers to have very different or incorrect impressions about “how things work around here.”

For example, organizations give great credence to innovation, but provide few opportunities for managers to reward employee ideas, assign heavy workloads that allow little time to reflect or create, and hire and promote with little regard for past creativity or innovation. A lament I hear often in organizations is, “Our strategy says that innovation is the key to success in these turbulent times, but we’re all doing two jobs after all the restructuring, so when are we supposed to be creative?” An oft-noted counter-example is Google, which specifically allows employees to use 20% of their time on the creative endeavor of their choice.

Or, organizations promote diversity as a key factor in their creativity and customer-centricity, yet when employees see only glacial progress in advancing women, minorities and leaders from outside the home country, they may draw very different conclusions. A notable counter-example is Royal Bank of Canada, where diversity is not just part of the strategy, but is measured and a part of leader accountability, and where the HR metrics system shows how diversity affects hard outcomes such as sales in regional bank branches.

In organizations like Gap, Inc., Shell International, and Astra Zeneca, the role of the top HR officer increasingly includes a large part of the corporate communication agenda, because it is through communication that your leaders, managers and employees learn how to make sense of your employment “deal” and their roles and options within it.

Even when your HR and employment practices work well together and reinforce the goals and messages you want to send, it’s not a bad idea to consider how you might shake things up to make them even more distinctive.

Shanda, the largest game-producing company in China, realized that their retention rate for their game players was above 90% but their employment retention rate for game designers and other technical professionals was much lower. They asked, “can we make our talent management process as engaging, transparent and goal-

oriented as our games?” The result is a talent management system in which everything from job performance to taking on special projects to helping out colleagues carries points. Employees can easily see what activities will amass the greatest points, which are allocated by a governance committee based on organizational priorities. Indeed, the design and improvement of the game-based talent management system was allocated a high number of points, to motivate some of the best game designers to pitch in and improve it.

In our research at the Center for Effective Organizations, on the future and evolution of the HR profession, evidence suggests that the answers to the two questions below correlate strongly with the strategic role of HR, the effectiveness of the HR function, and whether the organization is seen as performing well against its peer group.

	HR's Strategic Role	HR Effectiveness	Organizational Performance
<i>Quality and Education of Leaders on Talent Decisions</i>			
Business leaders' decisions that depend upon or affect human capital (e.g. layoffs, rewards, etc.) are as rigorous, logical and strategically relevant as their decisions about resources such as money, technology and customers	.41***	.58***	.28***
HR systems educate business leaders about their talent decisions	.37***	.52***	.24**
Correlations based on a sample of 235 North American companies in 2010			

Impressions matter, no less at work than anywhere else. Do you manage the impressions your HR systems create, or are you just filling in the paperwork?

You can read more about the cases of Royal Bank of Canada and Shanda in John Boudreau's new book "Transformative HR" co-authored with Ravin Jesuthasan. You can find out more about his research on HR excellence with Edward Lawler, at the Center for Effective Organizations' website: <http://ceo.usc.edu>

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