

## **Sleeping Well At Night Are We?**

**I hope that these ideas keep you awake tonight!**

### **Roger Collins**

Vilfredo Pareto, an Italian economist and sociologist (1848-1923), demonstrated that 80 percent of the wealth of the nation was distributed among 20% of the population, a group he called the "vital few". This idea was taken up by the Quality Management pioneer Joseph Juran. He named it the Pareto Principle or the 80/20 rule: 20 percent of the known variables will account for 80 percent of the results (Basile, 1996). Illustrations include evidence that 80 per cent of car accidents are caused by 20 per cent of drivers, twenty percent of the population accounts for 80 percent of household moves; and as Juran found, 20 percent of defects cause 80 percent of the problems.

So what could be the applications to and implications for us in HR?

Compelling emergent evidence indicates that Pareto's Principle could well apply to the people performance drivers in our organisations. The implication from the available evidence that could keep us awake tonight is that ***HR practitioners and the HR department are not part of the 20 percent***. Thus we may be not only over pre-occupied with our own importance, but we may also be seriously misdirecting our efforts and resources in ways that limit our leverage and impact.

So what constitutes the evidence that demands that we seriously consider these arguments?

The case begins with the general observation that over the past decade there has been considerable progress made by researchers who are investigating the people drivers of discretionary member contributions and organisational performance. Some of the best work has been undertaken by Pfeffer (1998), Buckingham and Coffman (1999), Lepak and Snell (1999), Hewitt Associates (through the Best Employers studies), the Leadership Council, Purcell (at the University of Bath) and Zenger and Folkman (2002). Two themes emerge from their findings. First, there is a series of macro-influencers of individual and collective behaviour that are unequivocally linked to organisational performance. Second and at the mezzo level, the quality of direct or local leadership and management has also been shown to be a powerful determinant of discretionary effort and member

effectiveness. This body of evidence clearly indicates that, at our current level of understanding of these issues, these macro and mezo level influencers constitute Pareto's "vital few".

By implication the role and contribution of both the HR team collectively (the HR department), and individual HR practitioners are secondary and essentially enabling. We could be among the "trivial many". My central argument is that, if these emergent findings are validated, then our current priorities and resource allocations in many organisations are seriously misdirected. Now before you reach for your email reply button or your medication, lets consider the evidence!

At the macro level the Best Employers longitudinal research (produced by Hewitt Associates) clearly identifies two organisation wide influences that can shape individual and collective behaviour and contributions. First is the role and contribution of corporate leadership: the CEO and the executive team. Two specific and illustrative findings point to how senior leaders add value. In Best Employer organisations these leaders use various modes of communication to signal organisational direction, strategy and performance that is four times more frequent and effective than in organisations that are not Best Employers. In turn, the performance benefits of being a Best Employer produce the incentives for senior leaders to engage in such signalling. Furthermore, in Best Employers the CEO is both readily accessible and personally engaged in people management issues and activities.

A second macro factor that has been causally linked to performance is culture. In Best Employers accountabilities are clearer, performance expectations are higher, contributions are negotiated transparently, feedback and recognition are more regular, and both rewards and development are more overtly linked to performance. Thus a combination of practices and processes are aligned to develop a high performance context.

In sum, a key component of the 20 percent of effort and resources is the role and contribution of senior management. Directly through their own behaviour and less directly through the development and consistent enactment of patterns of practices and processes they create the context for achieving high performance through their people's engagement and contributions.

The second major component of the 20 percent that creates disproportionate leverage is the quality of direct or local management and leadership at the interface with each organisational member. Marcus Buckingham and Curt Coffmans' research (1999) provides compelling evidence for the inclusion of this variable in the "vital few".

In their book "First Break All the Rules" they document the empirical evidence for 12 drivers of the engagement, retention and contributions of talented members. These drivers range from "I know what is expected of me" and "At work my opinions seem to count" to "In the last seven days I have received recognition or praise for doing good work".

Their argument is that local managers are the key players in developing such a work environment. John Purcell has also illustrated how retail store managers are the most sensitive and critical consideration in store performance, a finding that receives support from research in the retail financial services sector reported in Zenger and Folkman (2002).

In sum, the second component in the 20 percent must be the quality of local managers and leaders. As yet there is no evidence to indicate that either the calibre of the HR leader, on her/his HR team and department provides such leverage on performance. This linkage may well be established in the future, but until then we are best advised to act on what we know for certain.

So why should these findings keep you awake tonight?

The short answer is that in many if not most of our organisations, current priorities efforts and resource allocations do not align with the 80/20 Principle: many of our intra-organisational and professional activities do not reflect the importance of "the few".

The findings from the international Best Employer studies and my own longitudinal research (CCH, 1985-2004) , for example, that neither senior nor local managers are highly engaged in or adequately skilled and supported by systems and processes to make their best contribution in the majority of organisations. Furthermore, if we review the invitees and attendees of international and local HR conferences that seek to address how people can make a difference, "the few", senior and local managers more often comprise a very

small proportion of attendees. At many conferences we are not only preaching to the converted, we are also directing our efforts at the wrong congregation! Our current situation is analogous to the Women's Movement in the 1960s. At that time women were working on their aspirations, roles and contributions (as so many still are). But without significant changes in the attitudes, expectations and behaviour of many males, progress was slower than it ought to have been. By analogy, many of us in HR have concentrated too much on ourselves and our occupational group in the hope that this would create leverage and hasten the necessary changes in our organisations.

So if you accept my albeit brief analysis and arguments, here are few implications to consider.

1. Consider how you can work with and gain greater leverage through your senior and direct managers. Trigger their awareness of the evidence, build their understanding and commitment, and work with them to develop their skills and contributions. Then move on to work with your members and third party/outsourced providers: the groups that are becoming more influential in these vital activities.
2. Focus on the HR systems and processes that we know can be linked together to deliver higher performance: organisational socialisation, learning and development, performance management, rewards and recognition.
3. Pay greater relative attention to capabilities than competencies. In an increasing number of organisations what teams and groups of members do and contribute is becoming more vital to organisational performance than just the behaviour and contributions of individuals. Don't be besotted by the insights of just psychology; learn more from sociologists and anthropologists!
4. Pay more attention to the early development of those who will become direct and then senior managers. Influence their socialisation. Support them to develop themselves as leaders and enablers of their people early in their careers.

5. Move beyond just being a “doer”. Recognise that you can increase your impact as a pathfinder, catalyst, and as a thought and practice leader.
  
6. Finally, revisit Deepak Chopra’s tenth law of success: “Give what you want to receive”. If our highest level objectives relate to the performance and sustainability of our organisation and the well being of its members, then we must accept that others rather than ourselves will make a greater difference. So it’s time to move beyond increasing our own self importance to increasing our self confidence that we can identify and focus on the 20 percent, knowing that in many instances we are not part of “the few”.

May you get to sleep tonight, but later rather than sooner!

#### References

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