

THE STATE OF HR 2014

A Question of Impact Executive Summary

Introduction

People In Aid is pleased to offer you the third of our State of HR reports. These reports inform, stimulate thinking and offer practical examples of good practice for CEOs, HR professionals and line managers in the humanitarian and development sector.

The State of HR 2013 focused on trends¹. We highlighted issues which were challenging organisations in the sector, including reward, performance, learning and development, technology and innovation.

The State of HR 2014 explores performance and impact. Drawing on reviews, reports, interviews, and data from a range of organisations and experts worldwide, it presents an analysis which is combined with the collective experience of People In Aid's membership to challenge organisations, People In Aid and the sector to further improve performance in HR and people management. The report covers four key areas: Context, Quality, Impact and Recommendations.

Overview

The constant for our sector is change. Changing lives is our mission and so many external factors – the funding environment for example, or Ebola and the four Level 3 disasters with which humanitarian organisations are coping as we go to press – require organisational and individual flexibility.

The report reinforces the extent to which the effectiveness and positive impact of humanitarian and development work rely on staff and volunteers, and the responsibility of organisations to support and manage them well. Without this, the report confirms, organisations are less effective and the quality of their programmes may be poorer.

- The aid sector is facing global development, humanitarian and aid challenges that defy old assumptions.
- Organisational effectiveness and performance is enhanced most, perhaps, by staff and leaders themselves.
- There is too little evidence in the sector of measuring the impact and return on investment, and defining business cases, for HR, despite staff-related costs being a high proportion of programme costs overall.
- There are practical steps organisations and individuals can take to address the challenges presented, based on good practice from each other, and from outside the sector.

¹ <http://www.peopleinaid.org/publications/stateofhr2013.aspx>

HR's Context

Human development is accelerating, global inequalities have sharpened, and fragile and conflict-affected states (FCAS) lag behind. The international community is revising development priorities, international aid flows have increased, the aid sector is growing more diverse and complex, and reinforcing aid effectiveness continues to be a focus. Disasters, environmental challenges and demographic changes are threatening to undermine human development. International responses remain inadequate to humanitarian crises, forced displacement, and conflict-affected states.

Strategic challenges for INGO leaders include offering added value in development, ensuring legitimacy, keeping up with innovations, and strengthening humanitarian capacity. Collaboration, organisational structures and devolution of power to national partners are becoming priorities.

HR practitioners and leaders are at the forefront of much of this change. Many organisations still plan their programmes without input from HR. Recruiting, managing and retaining talent remains vital as the requirements and advantages of younger generations, of national staff, and of expatriates require strategic decisions. Work on professionalisation in the sector continues, as

“ Our commitment to accountability should not allow communities affected by poverty or disaster to be confronted by staff who are inadequately recruited, trained, prepared, managed or motivated.”

more staff see their jobs as career rather than humanitarian, as the skillsets required evolve, and as staff care and security continue to dominate the agenda for humanitarian organisations.

Underlying all of this, as the guest article from Manpower reminds us, is talent and leadership. “How organisations deal with the talent shortage and access the right talent, and how they unleash and leverage its human potential, unleash and leverage its human potential (in the face of redesigned business models, redefined value propositions and reinvented social systems) is the test of their ability to succeed in the Human Age.”

HR's Quality

The report looks at what is happening in each of the areas covered by the People In Aid Code of Good Practice's seven Principles. We found areas of good performance such as people management, reward, and skills development. ‘Good progress’, the equivalent of your school report saying ‘could do better’, is applied to HR strategy, staff care and security, recruitment and staff engagement.

There are concepts which organisations are recommended to look into more deeply: collaborative work such as shared surge rosters; social media for recruitment; serious gaming for learning and development; preparing for managing a future workforce which will cross multiple generations. Pay equity will play an increasingly important role as talent shifts from expatriates to national staff, with diaspora recruitment also being a factor.

Organisational effectiveness and performance are enhanced most, perhaps, by staff and leaders themselves. Organisations’ processes and culture do not always allow leaders to operate effectively, and talent lies undiscovered throughout the organisation. Staff engagement is not just the annual survey followed by a management action plan: it is a major contributor to performance when properly focussed on commitment, wellbeing and motivation.

A guest article from the former Head of HR in the British Army focuses on a trinity of Sufficient, Capable and Motivated: “enough people, properly trained, who want to do the job.” There are strong lessons for our sector, thinking through, for example, the implications of an organisation which recruits vertically (few can join from outside the army), or where budget constraints require choices between people, equipment and training, while remaining effective as an organisation.

“ Identified thematic priorities for People In Aid, based on member feedback, are leadership, reward, staff care, local capacity and building talent. Emerging priorities include value for money, return on investment, skills sharing and workflow forecasting. ”

HR's Impact

Impact. Measurement. Return on investment. Business case. All organisations seeking funding and seeking to be effective need to address these as part of accountability to donors and to beneficiaries. We find too little evidence of this happening for HR despite staff-related programme costs being a high proportion of the whole.

HR leaders need to look more closely at:

- **Metrics:** Specifically use more strategic metrics rather than traditional ones such as turnover and time to recruit. Instead measure the spend per employee on security or L&D, or the staff costs in relation to overall costs.
- **Return on investment:** Even the metrics serve a limited purpose, useful only within the HR function or senior management team. The mission of the organisation requires that the spend on, for example, training has a measurable impact on performance.
- **Impact of HR:** Does an organisation know whether its HR policies and people management practices are contributing positively to the quality of the organisation's programmes and its beneficiaries?

There is both evidenced and anecdotal detail showing how poor people management and poor HR practices have a negative impact on programme quality. Evaluations can help identify both the bad practice, so lessons can be learnt, and the good, so they can be replicated. But too few evaluations are tasked to look at HR usefully, as our guest article from a senior evaluator notes. An evaluation may look at numbers or the timeliness of a deployment but there is less about the effectiveness of the whole.

On the positive side good people management practice is a constant in global, international and national quality standards, supporting and directing those who pursue quality. The People In Aid Code has certainly helped many organisations evaluate their HR and people management over the years. Yet this does not tell an organisation whether its HR practices are adding value to work with communities and beneficiaries. We at People In Aid are beginning to work with some of our members to pilot a methodology for measuring the impact of HR practice on programme work.



While most organisations declare that staff are their most important asset in accomplishing their mission and assisting beneficiaries, they are not active in measuring the benefit of what they spend on staff or its impact on programme quality.”

Recommendations

Different readers will take away different learnings from the report. This summary includes a cross-section of recommendations which have emerged from our guest authors, from our literature review, and from People In Aid's own findings and experience:

- As a sector we should look for solutions and good practices from other sectors: the private sector, the public sector and the military are offered in this report.
- Likewise, increased collaboration with other sectors could fuel new learning and innovations.
- Organisations should examine the connection between HR and people management practices and the quality of field programmes.
- HR leaders need to understand the external factors driving change within our sector, and help predict, and guide their organisations' response to the changing contexts in which they work.
- HR practitioners need to build their networks and their experience of the organisation's field work.
- HR practitioners should consider the value of new developments or tools (mentioned throughout the report) for their organisations, such as using social media for recruitment.
- HR should focus on impact-orientated and mission-focussed metrics, and be systematic about measuring the impact and return on investment of HR activities such as learning and development.
- Engagement should be treated less as a learning opportunity for the organisation, and more as a way of offering staff reasons to commit and perform.
- The professionalisation agenda is a collaborative one, and those collaborating will benefit.
- Evaluators must be invited to address HR and people management issues and draw conclusions which can be used to improve programme effectiveness.

The State of HR: conclusions

It is clear that we are living in a time of unprecedented changes in the need for humanitarian response or development interventions, but we are also facing significant challenges in how we are able to respond as a sector. These have an impact on organisations and leaders, requiring new thinking and new actions. They inevitably include the need to establish, improve, and measure the fundamentals that underpin every organisation's ability to deliver its mission through its key asset: its people.

There are many areas where HR must make a contribution to addressing these challenges, and against which its effectiveness and contribution to the organisation can be measured. The research undertaken to produce this report found that there has been clear progress in some areas of HR which have been a priority for our members during recent years – staff care, reward, leadership. Progress has also been demonstrated in linking HR to organisational strategy, staff communication and engagement, global mobility, talent management, and capacity building. There are still areas which need systematic focus, and where, as a sector, we simply don't yet know the answer. The lack of consistent and clear answers when we looked into

the question of how we measure the impact of HR – on staff, programme effectiveness, beneficiaries – is an unmistakable illustration of this.

However, the opportunity this presents to HR leaders, HR practitioners, and agency leaders across the sector, is an incredibly positive one. From reading this report you will, we hope, recognise some of the priorities for your organisation. The issues raised and recommendations offered are a starting point and will contribute to a continued discussion as we collectively move forward to improve our performance as a sector.

“Change is why INGOs, the UN and the Red Cross movement exist: to change lives, livelihoods, opportunities, expectations. Equally they are themselves, as organisations, battered by an ever-changing external environment.”

Download the full report:
www.peopleinaid.org/publications/stateofhr2014.aspx

Full information on our outreach efforts and our foundation building work

www.peopleinaid.org

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