ARCHITECTING FUTURE-FLUENT CULTURE

Critical Role of Human Resources

ASIA STUDY

Center for Creative Leadership®

SHRI
Powering Human Capital

CONTENTS:

FOREWORD

We are delighted to present the *Architecting Future-Fluent Culture: Critical Role of Human Resources* research study jointly published by Center for Creative Leadership (CCL) and Singapore Human Resources Institute (SHRI). This study aims to understand what roles the HR functions must play in order to shape a future-fluent/ready organization culture.

Rapidly evolving business models, technology changes, ease of capital flow, geopolitical pressures, and increasing and different aspirations of new and traditional stakeholders are shaping the landscape of the business environment. As Asian (and global) organizations continue to grapple with the pace of disruption, while managing their day-to-day operations, they will have to learn how to juggle two sets of priorities with seemingly different skill-sets and mindsets. Such a shift may need organizations to almost rewire their cultural and operational DNA. Leaders at the helm must also build new capacities and capabilities, and change mindsets around how they 'think' and 'do' things.

HR has always played a critical role in shaping enterprise culture. There is however considerable room to drive more impactful outcomes. While HR has been tasked with leading "anything to do with people," its role has traditionally been more execution oriented, rather than strategic. The same applies to the cultural transformation journey in enterprises. HR is "called" into the journey often when the internal dialogue is already past the culture-architecting phase which means missed opportunities for HR to play a more impactful role.

What must HR do to create a future-fluent culture? What are the must-have capabilities for HR teams as they drive cultural transformation? Should HR play a more proactive role, almost being the 'architect' and 'guardian' of the organization culture?

The *Architecting Future-Fluent Culture* research discusses some of these questions, explores responsibilities business and HR must play to create a future-fluent organization, and talks about how HR leaders can develop themselves and their teams on critical capabilities to lead the cultural transformation journey. The research offers practical tips on how HR can play a more impactful role in preparing their organization for the future, where disruption is the norm.

This joint research initiative marks the strengthening of the partnership between two like-minded organizations dedicated to developing HR leaders. CCL, one of the world's most respected brands in leadership development, with deep expertise in running successful open-enrollment, custom engagement, coaching, and online leadership development interventions, all deep-rooted in research; and, SHRI, the national apex body of professionals, committed to enhancing the capability of human resource professionals in Singapore.

This is the second pan-Asia HR thought leadership study published jointly by CCL and SHRI (after the *CHRO 3.0* study published in 2017). Through this research, the two organizations take yet another leap forward in expanding the body of knowledge for the HR community in Asia. We sincerely hope that the study will help HR leaders and their teams shape the culture of future fluency in their organizations. CCL will follow this research up with a programmatic intervention and development journey crafted especially for HR leaders to better prepare them for playing a more central role in shaping the organization culture.

We at CCL and SHRI sincerely hope you find the *Architecting Future-Fluent Culture: Critical Role of Human Resources* research useful as well as timely, as you prepare yourself, your teams, and your organization to take on the future!

Dr Thomas Goh
Chief Client Officer and
Managing Director, APAC
Center for Creative Leadership (CCL)

Erman Tan
President
Singapore Human Resources Institute

RESEARCH METHODOLOGY

"Architecting Future-Fluent Culture: Critical Role of Human Resources" study findings are based on the survey of senior HR leaders, and interviews with heads of HR in Asia.

The Center for Creative Leadership (CCL)-Singapore Human Resources Institute (SHRI) joint research study aims to understand the role human resources (HR) must play in order to shape future-fluent organization culture. Key questions the research study attempts to address are:

- How important is having the "right" culture for future readiness of an enterprise?

- What is business leadership's and HR's role in shaping the right organization culture?

- What are some of the challenges in shaping a future-fluent culture?

- What responsibilities must HR own in order to play an effective role in shaping the organization culture?

- What are the best practices (successes) or failure stories in this regard?

The CCL research team interviewed 41 heads of HR working for Western and Asian multinational corporations (MNCs) and local enterprises in Asia. The leaders belonged to a mix of industries, including financial services, fast-moving consumer goods (FMCG), technology, retail, infrastructure, and professional services companies.

Research conversations centered around the role of HR and business leaders in architecting future-fluent culture, critical challenges, and tactics that work. These conversations resulted in capabilities and behaviors HR teams must exhibit to bring about cultural transformation in large enterprises.

The SHRI and CCL research team also administered a survey to 486 HR leaders across Asia to identify their biggest challenges, the role of HR, must-have elements of future-fluent organization culture, critical roadblocks, etc.

We use the term "HR leader" and "CHRO" to refer to executives who have responsibility for human resources function at a country or a regional level in Asia. These executives may hold "Director," "Vice President," "President," "Executive Officer," "HR Head," etc. titles.

EXECUTIVE SUMMARY

The Study in 10 Conclusions

1 Leadership development and "building the right culture" are the top two elements that keep CHROs up at night.

2 A majority of HR leaders are not very confident about future-readiness/fluency of their organizations; only 15 percent of the HR leaders surveyed said that their organization was ready for the future.

3 Absence of right culture is the number-one barrier to future-readiness. Since future-readiness or fluency is about building the right combination of mindsets and capabilities, enabling culture is a must-have building block towards preparing future-fluent organizations.

4 Nine out of 10 leaders agreed that having the right culture is mandatory to achieve future success. Again, nine out of ten leaders said that right culture can be a source of competitive advantage.

5 While conventional wisdom suggests that CEOs shape the organization culture and HR subsequently steps in to execute, deploying appropriate "levers" to curate the right values and associated behaviors, senior leaders clarified that culture is a shared responsibility of the leadership team, both HR and business.

6 There are several challenges that may stall the cultural transformation journey. These include inability to translate values into behaviors, ensuring leaders role model desired behaviors, aligning talent and business process with the transformed culture, and communicating values effectively, consistently, and convincingly.

7 In large organizations, it is rare to have one uniform culture. It often manifests differently across the organization due to varying market maturity, country or regional differences, senior leadership at the helm, nature of business, function type, and organization sub-cluster. In the future, organizations may have many more manifestations of organization culture playing out simultaneously.

8 In any cultural transformation journey, HR must continuously play four critical roles, one feeding into and complementing the other:
- *advisor* to business as a subject matter expert,
- *facilitator* of key changes in the organization,
- *guardian* of values, and
- *auditor,* to measure impact of HR initiatives, and provide feedback to the senior leadership team.

9 While the HR function needs to focus equally on all four roles, its efforts currently are heavily skewed towards playing the facilitator role. HR must upgrade its ability to play the advisor, guardian, and auditor roles as well.

10 To play these four roles, CHROs must proactively build the competencies and capabilities of their teams on several dimensions; these include: courage, project management, analytics, strategic thinking, collaboration, etc.

WHAT IS ORGANIZATION CULTURE?

Values and Behaviors

What is organization culture? The Center for Creative Leadership research team heard various interpretations of the term 'organization culture' from senior HR leaders across Asia – "culture is very nebulous, but often the most critical element of an organization," "sum total of values, behaviors, symbols, actions, shared language," "organization glue that enables values and behaviors to move from one generation to the other," "operating system of the enterprise," "social behavior and belief system of the organization."
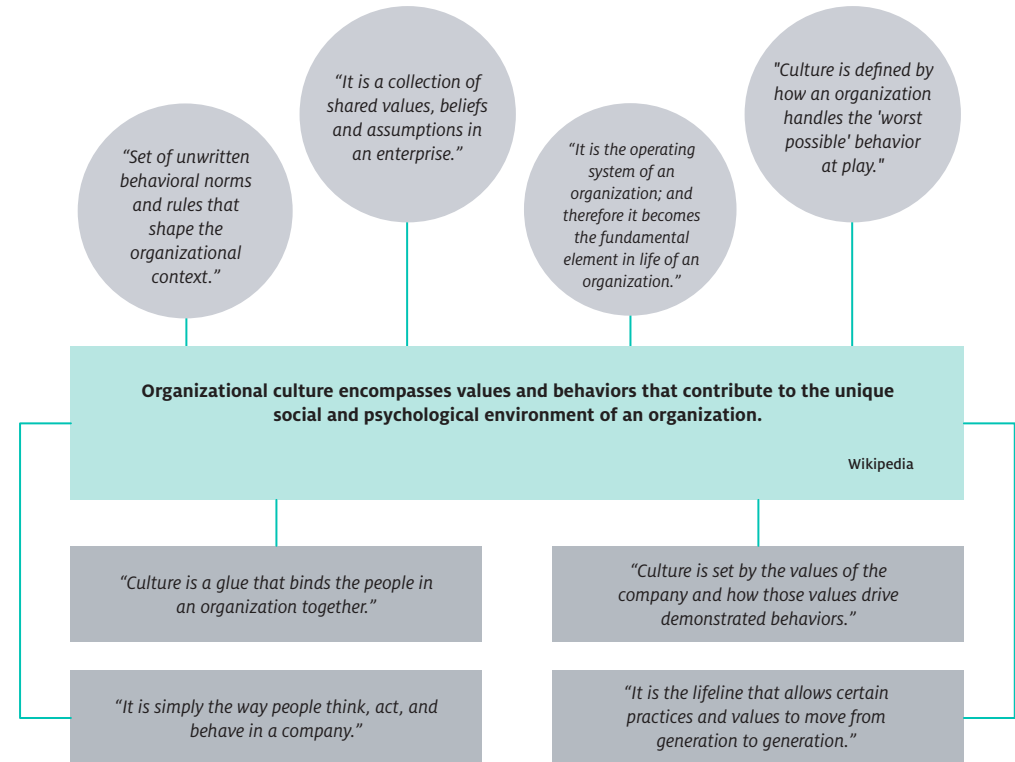
Leaders agreed that even though it is a somewhat 'fuzzy' topic, if shaped and nurtured well, the "right" culture can be a competitive advantage for any organization. "If we could freeze all other factors – markets, competition, external environment, products, etc., an organization could outplay competitors just by having the right culture," commented a leader. By removing the "fuzz" we can get to the core practices and behaviors that will create cultures that will not only help organizations survive but thrive.

"All organizations have a culture, and there is no good or bad culture," clarified a leader, explaining what "right" culture means. "Right culture is the one that binds an organization such that the sum can do better than the parts," she added. "When you have three people or more, there is bound to be a culture – people influencing each other and being impacted by context around them, and bringing their values and behaviors to work," she explained. While the HR function can have processes and tools to reinforce or discourage certain behaviors, culture often defines how organizations use those tools to make people behave and interact in line with the overall values.

"Culture almost never exists in vacuum, it must be linked to the strategy of the enterprise," said another leader. She explained, "Strategy translates into activities people do and how they do those activities is defined by culture." It is therefore critical that the enterprise leadership team aligns strategy, organization culture, values and beliefs, and behaviors within the organization.

The research team uses the following definition of culture for the purpose of the study: values, behaviors, and practices that contribute to the unique social and psychological environment of an organization.

LEADER REFLECTIONS

"Set of unwritten behavioral norms and rules that shape the organizational context."

"It is a collection of shared values, beliefs and assumptions in an enterprise."

"It is the operating system of an organization; and therefore it becomes the fundamental element in life of an organization."

"Culture is defined by how an organization handles the 'worst possible' behavior at play."

Organizational culture encompasses values and behaviors that contribute to the unique social and psychological environment of an organization.

Wikipedia

"Culture is a glue that binds the people in an organization together."

"Culture is set by the values of the company and how those values drive demonstrated behaviors."

"It is simply the way people think, act, and behave in a company."

"It is the lifeline that allows certain practices and values to move from generation to generation."

CULTURE AND FUTURE READINESS/FLUENCY

Future will be much more disruptive, volatile, uncertain, and complex. Organizations in Asia (and globally) will have many more moving pieces and complex decisions to make. Individual leaders at the helm will need to re-orient 'differently,' bring about shifts in their mindset, and build newer capabilities. Organization culture, which is a sum total of values and behaviors, therefore, will be the key to curate a collective environment with must-have mindsets and capabilities.

Source: CCL Research 2018

LEADER REFLECTIONS

CONTINUOUS LEARNING *"Perpetual learning and an intellectual curiosity about any and all changes impacting the society."*	**ANTICIPATION** *"Anticipate, embrace, and accept that today's skills will be obsolete, and constantly search for the best way of doing things."*	**ADAPTABILITY** *"Ability to adapt to changes in the environment, stay relevant and avoid obsolescence, is the defining characteristic between success and failure, growth and stagnation, business and bankruptcy."*
MANAGING PRESENT FROM FUTURE *"Fast forward into the future 3-5 years; map and visualize it, then work backwards, to determine what to do in the present to prepare for that future."*	**STRONG VIEW OF THE WORLD** *"Disruption often comes from the place you least expect, and having a strong view of the world is critical for CEOs today."*	**COMFORT WITH DISCOMFORT** *"Be comfortable with disruption and change."*
MEANINGFUL PARTNERSHIPS *"Organizations' preparedness in crafting programs which deliver transformational new business models with an open partnership approach."*	**TECHNOLOGY FLUENCY** *"Embracing advancements in cloud, AI/machine learning, data analytics, IoT, virtual/mixed reality, that will keep redefining jobs, careers and meaningful participation in the global economy."*	**BUILDING CAPABILITIES** *"Being future ready to me is to set areas of priorities to future proof our people's (current and future generations) careers, our industry's future and our country's longevity and sustainability."*
CONNECTING THE DOTS *"Ability to connect intelligently, the increasingly complex web of dots that influence our lives."*	**INVESTING IN PEOPLE** *"Future megatrends can be turned into opportunities for growth and prosperity if people (in a company/city/country) are equipped with the right knowledge, the right tools, and the essentials of life – health, security, dignity"*	**WISDOM OF CROWDS** *"Assemble diverse set of inputs from people who see the world and the future differently; diversity provides a rich set of options for understanding the future and preparing solutions for change."*

Source: CCL Research 2018

WHAT IS FUTURE FLUENCY?

Think, Learn, Feel, Do Differently

*C*enter for Creative Leadership (CCL) research highlights that future fluency is when leaders are prepared for the future, and they are able and willing to embrace continuous innovation. Future-fluent leaders seek out fresh perspectives, harness the power of data and analytics, and prosper through constant change.

Future fluency is about getting ahead of the curve by bringing together the right mindset and capabilities, supported by having context-relevant business and operating models which are reviewed and revised constantly. Future-fluent leaders often think, learn, feel, and act differently.

Interviewees highlighted several must-haves for future-fluent leaders. While leaders must-have key capabilities such as learning agility, adaptability, thinking digital, technology fluency, they must also exhibit people and related capabilities. These include ability to build win-win partnerships and relationships to develop an ecosystem approach to solve key challenges, constantly thinking about building team capabilities, and leaning on the "wisdom of crowds."

Panelists also pointed out that future-fluent leaders must develop special capabilities to 'look around the curve.' In addition to solving current day issues, such leaders must be able to think far ahead, anticipate the future, have the foresight to imagine what the future world may look like, be able to scan seemingly unrelated or disconnected happenings and trends, and string a common theme around those.

Owing to the amount of change Asia is likely to witness over the next two decades, Asian leaders must try and cultivate the ability to be future-fluent not only to leverage numerous opportunities that the region may present, but also to navigate incremental constraints that businesses and societies may face in the future.

Since future fluency is about mindsets, capabilities, and behaviors, having a future-fluent culture is a must-have.

1 FUTURE READINESS OF ORGANIZATIONS IN ASIA

TWO TO THREE YEAR PRIORITIES

What Keeps HR Leaders in Asia Up at Night?

TOP 10 PRIORITIES FOR CHROs IN ASIA

% respondents who selected the priority as one of the top-three

Priority	%
Leadership development	42%
Building the "right" organization culture	41%
Managing and communicating change	27%
Succession planning	26%
Strategic planning	22%
Engaging talent	21%
Developing managerial capability	20%
Digitization	18%
Technology selection/implementation	13%
Dealing with diverse workforce	13%

N=483   Source: CCL Research 2018

The Center for Creative Leadership (CCL) polled CHROs in Asia around what "keeps them up at night." Leadership development was the top priority, followed closely by "building the right culture" in the second spot in the rankings. The two are closely related.

"I believe for leadership to flourish in the organization, there has to be an emotional connection between the personal values of the leaders and the values of the organization, and that connecting tissue is culture," one leader stated. She explained, "I have rarely seen a consistent pipeline of leaders coming out of organizations that do not have a 'strong' culture."

Managing and communicating change also shows up in top-three priorities. Enterprises in Asia, and across the globe, experience a VUCA-squared environment (volatile-uncertain-complex-ambiguous), thanks to the constantly changing regional dynamics and national policies, unpredictable financial markets, complex geopolitics, the rapid evolution of technology, and an environment of hyper-competitiveness, making change management a key priority.

"It is the third vector of change that has destabilized businesses," highlighted a leader talking about how change is becoming three dimensional. She elaborated, "We always worry about the probability of change and risk associated with that, but now we need to worry about the speed of change as well; a new environmental regulation for instance, can wipe off a manufacturing company in some industries almost overnight."

The other two segments of priorities center around talent and technology. Succession planning, talent engagement, and managing a diverse talent base are critical elements that CHRO's highlighted. On the technology front, digitization of businesses, and constantly evaluating, updating, and implementing new technology, are two areas that make CHROs anxious.

THREE CRITICAL PIECES

"There are 3 big pieces we are trying to fit together: business strategy looking at growth opportunities, technology changes and deploying tech as an enabler, and culture. All three need to be in sync – business strategy cannot be promoted without technology and people culture."

ORGANIZATIONAL READINESS

How Future-ready are Organizations in Asia?

*B*eing ready for the future is about anticipating changes in businesses and overall context, and getting ahead of the curve rather than playing catch-up. It is about knowing and applying the best practice while focusing on defining and implementing the next practice.

An interviewee stated that chasing the future is akin to playing football with a constantly moving goal post. "The global environment is very different from what it was a decade ago – it is a kind of flux, a heightened paradox or sorts; for instance, while technology is dissolving boundaries and making globalization easier, pseudo-nationalism and tightening immigration laws in each country are pulling us in the opposite direction," shared an HR leader. "We really don't know where we are headed," she added.
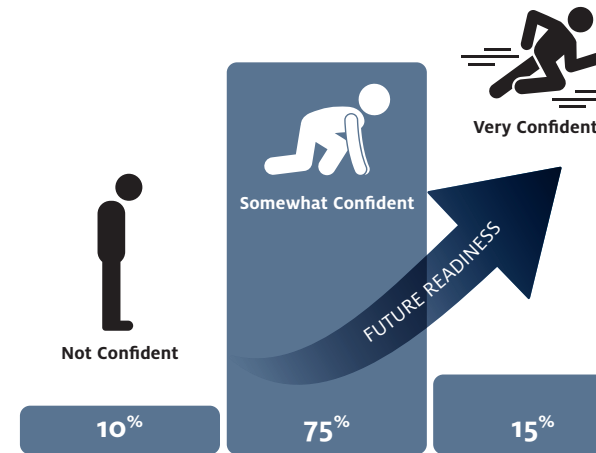
A majority of the HR leaders the CCL research team surveyed were not very confident about future-readiness of their organizations. Only 15 percent of the leaders articulated that their organization was ready for the future.

Another 75% of leaders claimed that their organization was 'somewhat ready,' doing well in preparing for some aspects while lagging behind in other areas. The remaining 10% of leaders, or one in ten leaders, shared that they were 'not confident at all' about future-readiness of their organization. "There are too many moving pieces at any point – technology, competition, talent, national policies, geo-politics, and it will take a super-human effort on the part of the leadership team to future-secure the organization on all fronts," explained a CHRO.

Interviewees said that being future-ready also means that the leadership team should be thinking about staying ahead of the curve all the time, and this is hard to accomplish due to contrasting priorities, especially taking care of the ones that are short term. "There are only a few times business leaders come together – in APAC we come together once a quarter, and there are hundreds of things to discuss, and in that environment, the long term agenda often gets lost," one leader shared.

CONFIDENCE LEVEL – ORGANIZATION FUTURE-READINESS

% respondents who selected the option

Very Confident

Somewhat Confident

FUTURE READINESS

Not Confident

10%   75%   15%

N=482   Source: CCL Research 2018

FAST PACE OF CHANGE IS A CHALLENGE

"Every one is busy and has a lot of things on their plate – you need to make money, show growth, show margins, keep customers happy, and doing all that is hard. While you are doing that, you need to run cultural transformations. So you need to be like Usain Bolt: running the race but to finish the race he needs to be in suit and tie and meet the customer; you are already running at a fast speed, and you need to transform and get ready for the next 100 meters to run even faster."

CRITICAL STALLS

What are the Key Barriers to Future-readiness?

BARRIERS TO FUTURE-READINESS

% respondents who selected the barrier as one of the top-three

64%	53%	32%	24%	23%
Lack of "right" organization culture(s)	Competing priorities	Technology limitations	Tough market conditions	Lack of top team support

N=478   Source: CCL Research 2018

DEALING WITH SOFTER ISSUES

"We moved into an open office which is very high end–bean bags, community spaces, etc. So we had the infrastructure right. We had the appropriate technology as well - you could 'chope' your desk, the office phone has many apps on it. We also announced appropriate policies - work from home, flex-dress every day, etc. So the policy, technology, infrastructure was all sorted. But the softer issues tripped the HR team. For instance, people were saying that while there is a flex-dress policy, 'the leader in my team always wears his tie and jacket, and I don't know how he sees me when I don't wear a jacket. And, does he want to see me every day? Because I see him coming to office every day, does he worry if I am not in the office?' HR needs to deal with such issues very tactfully."

Survey results highlight five key elements that often play out as stalls or barriers to organizations' ability to be future-ready.

One, not having the 'right' organization culture. Interviewees stated that culture-for-tomorrow needs to include elements such as strategic agility, innovation, and learning ability. "While a lot of organizations are using big words in their values statement, they often (the words) don't align to values in spirit, and this dissonance can be a big barrier in creating the future-ready organization culture."

Two, owing to aggressive business targets and stiff competition, leaders are always pulled in different directions. "A CXO is already working over eighty hours a week; where is the energy left to put everything aside and think about the future?" said one leader.

Three, rapidly changing technology and limitations in current technology can also slow down the company's path towards future-readiness.

Four, hyper-competitive markets and sky-rocketing customer expectations often rob the organization of bandwidth and resources required to develop appropriate infrastructure that is future-proof.

Five, future-ready posture requires complete and unstinted support of the senior leadership team. Often, conflicting agendas may result in the inability of the top leadership team to rally behind the agenda of future-readiness.

Other barriers that leaders identified included inadequate funds to create a suitable future-ready infrastructure, and rapidly changing regulatory and compliance requirements, which may distract organizations on the path to future-proofing.

Organizations ahead of the curve learn to consistently overcome these barriers and pursue the journey to anticipate changes in business environment, thereby accelerating the organization's journey on the path to future-readiness.
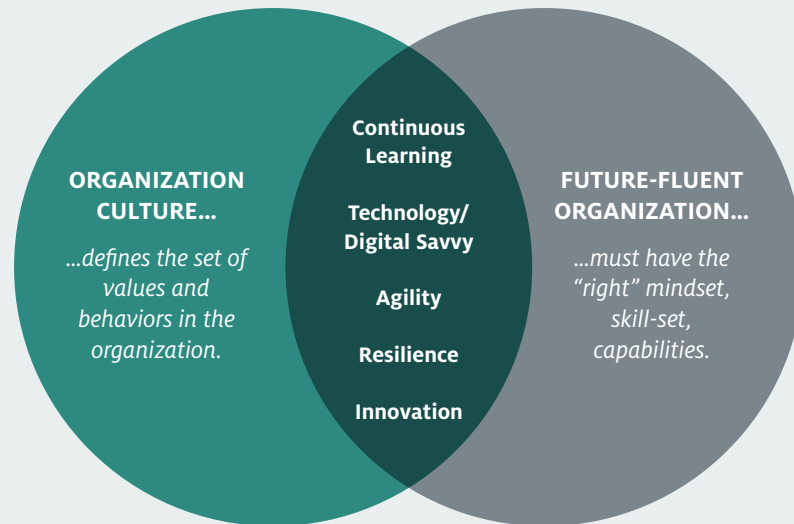
2 *WHY ORGANIZATIONAL CULTURE IS CRITICAL*

CULTURE'S ROLE IN CREATING A FUTURE-FLUENT ENTERPRISE

Culture is the Secret Sauce!

THE RIGHT CULTURE DRIVES FUTURE FLUENCY

MUST HAVE MINDSETS/CAPABILITIES IN A FUTURE-FLUENT ENTERPRISE

ORGANIZATION CULTURE…

…defines the set of values and behaviors in the organization.

Continuous Learning

Technology/ Digital Savvy

Agility

Resilience

Innovation

FUTURE-FLUENT ORGANIZATION…

…must have the "right" mindset, skill-set, capabilities.

MUST HAVE VALUES AND BEHAVIORS IN A FUTURE-FLUENT ORGANIZATION

Source: CCL Research 2018

*F*uture-fluent organizations must create a mindset and capability set around continuous learning, digitalization, agility, resilience, innovation, collaboration, etc. Organization culture defines values and behaviors in an organization. There is therefore a direct link between the two – right culture and the level of future fluency in the organization.

CHROs highlighted that mindset and capabilities are almost always a function of the dominant culture in the organization. "Culture makes it clear what is rewarded and what will be 'punished' in the organization," mentioned an HR leader.

CHROs highlighted that leaders should be able to anticipate, embrace, and accept that today's skills will be obsolete and that they must continuously search for the best way of doing things in the future.

Organization culture directly impacts any efforts the leadership team may undertake towards creating a future-fluent enterprise. "Organizations may simply choose to reward behaviors around learning mindset, agility, innovation, collaborations, etc.," explained one leader.

HR leaders cautioned, however, that it is critical the CEO, the business leadership team, and the HR team are aligned on the interpretation of future-fluency in the organization. The leadership team must also articulate clearly what values and behaviors are must-have to make the organization successful in the future.

"Future-readiness is a subset of bets the CXOs and the executive leadership team may make on the future, and curating the 'right' culture is the process of creating an environment conducive to improving the odds on those bets," summed up a CHRO.

Organization culture therefore directly intersects with and impacts the aspiration of the leadership team to create future-fluent capabilities and mindsets.

GETTING THE CULTURE "RIGHT"

How Critical is Having the Right Culture for Future Success?

*I*nterviewee CHROs were unanimous in their view that the right culture is a necessary building block to make an organization future ready. Culture is one of the three main pillars of any transformation. These three pillars are culture, talent and strategy. Most failed transformation attempts are not attributed to poor strategy, but to not having the right culture and talent to execute the strategy.

"One thing we have realized is that transformation is happening all the time, hence the need for the right culture to deal with constant flux," said one leader. She added, "It is not a unidimensional phenomenon, it happens constantly, almost every day and across multiple vectors, not in gaps of 2-3 years like it used to happen earlier."

Survey data suggests that nine out of 10 leaders agreed that having the right culture is mandatory to achieve future success. Again, nine out of 10 leaders said that the right culture can be a source of critical advantage over competitors. "I am convinced culture eats strategy for breakfast; it is not just a statement," said a leader convincingly. "Everything else being equal, the right culture can propel your organization much faster than your competitor," she elaborated.

"How we perform is all about our behaviors, which depend on the values alignment we have with our organization; culture is at the core of this dialogue, hence there is a direct relationship between culture and organization performance," said a leader, referring to the critical need to curate the right culture in an organization.

What is the right time to take up a cultural transformation exercise? Leaders emphasized that it has to be triggered by business strategy. "You only try to change culture when you believe the business is going to be different, you don't change culture for the sake of tweaking culture," explained a CHRO. She pointed," You need to understand what needs to change in your DNA to be successful in the future, and then doggedly pursue that path." CHROs suggested that the leadership team not only consult employees, but also get some feedback from external stakeholders, especially customers.

"The moment you talk about culture shifts, you think about HR," mentioned a leader. CHROs underlined the need to have HR co-lead the culture piece along with the business leadership community.

IS ORGANIZATION CULTURE CRITICAL?
% respondents who selected the option(s)

Having the Right Organization Culture is "Very Critical"

88%

N=476

Organization Culture is a Source of "Competitive Advantage"

92%

N=470

Source: CCL Research 2018

ALIGNING THE SOUL!

"If an organization does not have its soul aligned, then you see systems falling apart and symptoms could include lack of direction, alignment, and commitment; that is the reason why culture is important."

FOCUS ON CULTURE

Does Organization Culture Get Adequate Mindshare?

TIME SPENT THINKING ABOUT CULTURE
% respondents who selected the option

2% — No time at all

34% — Very little time

64% — A lot of time

2 out of 3 respondents who selected organization culture as 'very critical' spend 'a lot of time' thinking about it.

N=474   Source: CCL Research 2018

RUNNING THE ULTRA-MARATHON!

"Culture definition without execution is an illusion. An ultramarathon runner will never say he is tiring of long distance running; he may however get tired of the uncertainty. The kind of marathon we are running now, we don't know what the end will look like, and that is frustrating."

Almost two out of three survey respondents claimed that they spend a 'lot of time' thinking about organizational culture. "In our organization, it [culture] is a constant conversation which happens practically every fortnight in different contexts," said a leader. He explained, "It touches upon areas like how do you build performance culture in the organization, how to ensure transparency, drive meritocracy, how to create a future that is different from the past. We are very rooted in culture and values, and we keep checking if these are rooted in the right place."

CHROs highlighted that for an organization to have a compelling cultural fabric, the culture needs to be top-of-mind for a lot of people, much beyond the CXO team. Sharing how different members of the HR team think through culture, a CHRO said: "My organization design person thinks about reporting relationships in context of culture; recruitment people think about getting people with right cultural alignment on board; the talent management team is tracking for culture when they do 360s; promotion teams are tracking the elements closely while deciding career movements; the compensation team makes sure that compensation programs are designed by our values philosophy; my training guys ensure that leadership programs cover our key values; and this is just HR."

TIP 1:

FOCUS ON HEAD, HEART, WALLET!

"What is the right way to think about culture? When I think about culture, I often focus on three pieces or levers, and all three require equal focus – the Head, the Heart, and the Wallet. By "head," I mean having the business sense to do whatever it takes from a culture standpoint to streamline business operations. For instance, collaboration – if different functions and units don't collaborate, we are certainly working inefficiently. By "heart," I mean the need to look at the culture piece more emotionally – the connecting tissue, the values, what ties the organization together. And, I need to look at my "wallet" to use the right compensation philosophy, rewards philosophy, training journey, etc., to inculcate right behaviors in people."
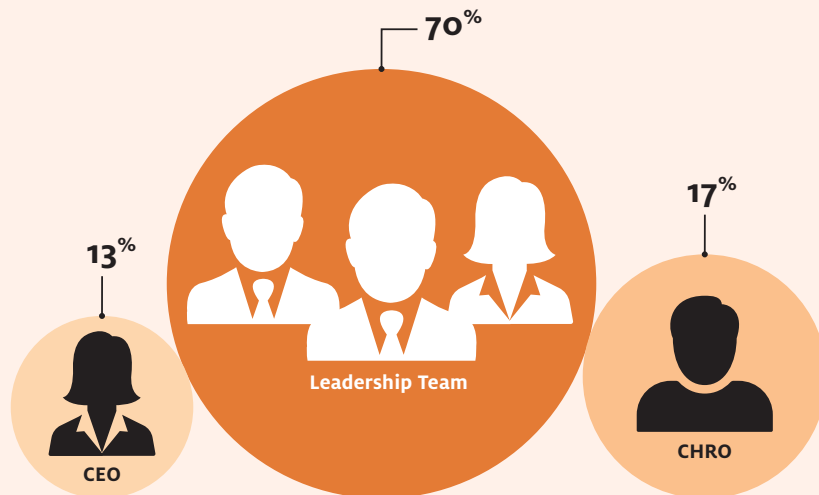
3 *WHO OWNS
COMPANY CULTURE?*

KEY STAKEHOLDERS

Who Owns Developing the Right Culture?

OWNERSHIP OF COMPANY CULTURE

% respondents who selected the option

70%

Leadership Team

13%

CEO

17%

CHRO

N=475   Source: CCL Research 2018

ROLE OF LINE AND HR

"I distinguish between keeping cultural values and changing the culture of the organization. In keeping culture, line leadership has a bigger role to play because they have to live the culture. When you change the culture, HR plays a bigger role as it needs to guide how to travel from A to B. HR also needs to take decisions about people – how do we hire, who do we reward, and how do we reward?"

While conventional wisdom suggests that CEOs shape the organization culture and HR then deploys appropriate "levers" to curate the right values and associated behaviors in the organization, senior leaders clarified that culture is a shared responsibility of the leadership team, across both HR and business. Shared accountability of culture accelerates the ability of senior leadership to effectively distribute the responsibility to the middle and create a foundational understanding of what the culture means to an individual employee.

"I think when we start talking about the role that HR or business plays in shaping the culture, there is a problem with culture," said a leader. She added, "Usually we in HR cannot do anything in isolation, we need to do things that are in partnership with business. I am not a strong believer that HR is the only custodian of culture," said another leader. "If only the head of HR is responsible for culture, then nothing will get done," he added.

Some leaders distinguished between maintaining the culture and shaping a new one. They indicated that, although line leadership has a bigger role to play in maintaining culture, since they (along with HR) must "live" the values, HR has a bigger role in shaping culture since it has the understanding, tools, processes, and tactics to make changes happen on the people front. "Business and HR need to continuously collaborate on the culture piece, and jointly find answers to clarify what it is that we want to build, what will help the organization, what are the five steps ahead we can identify, what activities we need to do to achieve the new vision, and so on," added a leader.

"We are looking for a partnership here and not for a buy-in," explained a CHRO talking about HR's partnership with business. "Buy-in is when they [business] are giving us permission; that is not the case. We have to get into a common understanding on organization culture," she added.

Another CHRO mentioned that the way they set up joint responsibility is through performance scorecards for all leaders, both business and HR, and having common metrics on "demonstrating organization values" for all senior executives.

EXPECTATIONS FROM HR

Key Influencer...

Survey data suggests that the HR function needs to be a critical influencer in the cultural transformation journey. It also needs to play the execution or driver role to implement cultural changes. "HR's role is to facilitate and support leaders and line managers, to spread the message, give the tools, to make sure everybody is properly involved in the cultural transformation journey," explained an HR leader. She added, "HR plays a very important advisory role. CEOs expect HR to help them define the culture and interpret its various dimensions."
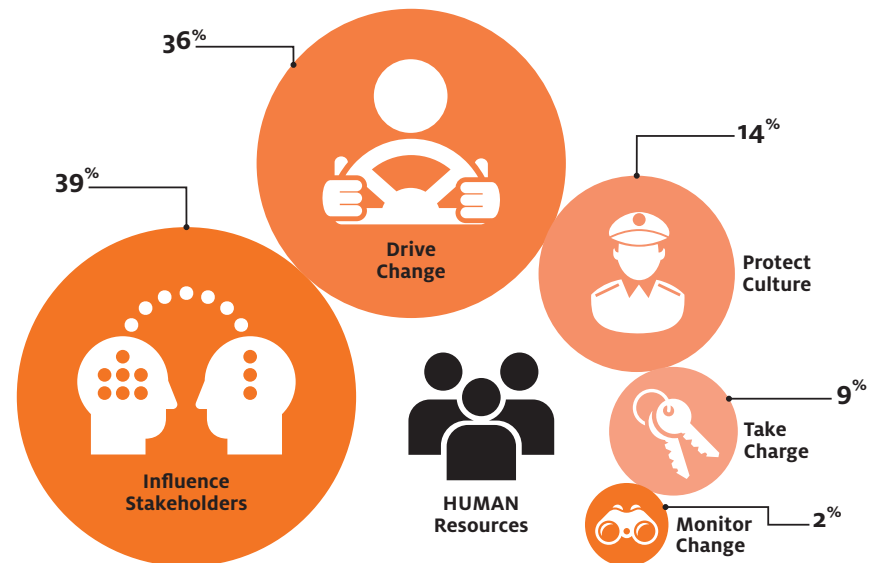
The HR function also needs to maintain continuous focus on the culture agenda, ensuring that it is discussed often and pulling leaders back to it once in a while, when everybody is busy in executing their day-to-day responsibilities. "We help business cut out noise from the organization – there are lots of things happening in the organization and HR should be able to absorb all of that, and highlight elements that are critical," explained an HR leader.

HR leaders were also unanimous in their view that for the function to play a critical role, it must be proactive and must-have the right level of credibility with business. "We can always wait to be told what to do, but I think HR needs to believe that our fundamental premise is to help drive people behavior change. We are the people experts, so don't wait to be invited to the cultural transformation journey," commented one leader.

"We feel that there is a clear expectation from HR to provide advice on critical decisions and on people, but first HR must develop the right level of credibility internally," said another leader. He explained, "HR must understand that when we buy a car we don't ask whether it comes with airbags, power windows, comfortable seats; it is a given; and so is our [HR] responsibility around hiring, engagement, payroll. Outstanding HR leader is the one who gets to know what is happening around him or her, tries to understand the business, sentiment of the people, etc.; unless we do that, we will not have credibility with business."

EXPECTATIONS FROM HR

% respondents who selected the option

- 36% Drive Change
- 39% Influence Stakeholders
- 14% Protect Culture
- 9% Take Charge
- 2% Monitor Change

HUMAN Resources

N=474   Source: CCL Research 2018

ROLE OF HR

"Role of HR depends on leadership's view of HR – how credible is HR within the enterprise? Sometimes organizations outsource the culture piece to a consultant. And while we can work with consultants who will give us ideas and frameworks, when it comes to implementation, it has to come from HR, and we need to take lead in that."

EXPECTATIONS FROM BUSINESS/LINE

Business Leaders Must Live the Culture...

CLEAR VISION

"I would expect my leaders to know where we want to be, not necessarily so much about how to get there, but who we are, where do we want to go, and what does good look like?"

ROLE MODEL

"Business leaders must act as an example. They need to be and live the change they want to see in the organization; people should aspire to be like them."

COMMUNICATE EFFECTIVELY

"Culture conversation is not a one time thing; leaders must communicate behavioral expectations to their teams; culture should get embedded in how they transact with their teams."

MAKE TOUGH DECISIONS

"There will be times when business leaders must make tough decisions when their teams are not living the company values; it is critical that they don't shy away from taking tough and sometimes unpleasant calls."

Source: CCL Research 2018

CHROs identified four key areas where business plays a critical role in the journey to transform organization culture.

One, senior business leaders must-have the vision to steer the organization. "The ownership of culture sits jointly with the leadership team; the CEO being the head of the team." While HR is a critical partner in shaping what the culture should look like, CEOs need to be in the driver seat," said one CHRO. CEOs also must ensure that the balance of the leadership team shares the vision and they embed the vision into individual departmental strategies. "I expect my leaders to know where we want to be, not so much how to get there, and who we are, our identity, what kind of company do we want to be, what does good look like, etc.," said a leader. He clarified, "That will decide the kind of people, policies, tools, processes we in HR can provide."

Two, The leadership team must role model and "walk the talk." "Business leaders must act as an example, they need to be shouting out the message," explained an HR leader. All interviewees were unanimous in their view that the set of values and norms should guide how leaders interact with their teams and transact business with partners and vendors. "It is not always about the 'what,' 'how' is as important in building the right culture in an organization."

Three, leaders must communicate effectively. "One sign of good culture is legends and stories about the organization, so leaders need to be convincing story-tellers," said a leader. Often, organization anecdotes, legends, routines, symbols, traditions, rituals define the culture and these need to permeate through the hierarchy; good leaders make that happen through their group meetings, one-on-one interactions, written communications, their conduct, etc.

And four, leaders need to stand behind the cultural values, which may sometimes mean making tough people decisions. "Leaders must unequivocally cascade down expectations to their teams, even hard ones, and be able to make tough and often unpleasant people decisions when there is need to," summed up an HR leader.

PAUSE AND REFLECT

Worksheet

1. How future-ready is our organization?

2. What is the employee perspective on our organization's culture?

3. How much credibility and trust does HR enjoy with business?

4. Does the leadership team feel accountable for co-driving cultural transformation?

4 *CULTURAL TRANSFORMATION FOR FUTURE-FLUENCY*

CRITICAL DRIVERS

Varied Reasons Driving Organizations to Re-look at their Culture...

COMPETITION

"While business was stable, the topic of culture never came up; it came up only when we felt threatened due to competition."

BUSINESS REORGANIZATION

"The business models are shifting, and you are not selling a product anymore, you are selling a solution. How we operate needs to change."

TECHNOLOGY CHANGES

"The rapidly evolving technology landscape is pushing us to evaluate newer sources of risk, and that is driving cultural changes."

LEADERSHIP CHANGES

"We recently changed our CEO and owing to his personal drive to make a difference, I would expect that the culture will shift in some aspects."

CHANGING CUSTOMER PREFERENCES

"Customers do not want to be served in a traditional way; to ensure customer centricity, we need to tweak our behaviors."

CHANGES IN COMPLIANCE/REGULATION

"We found that some fraudulent practices were happening, also there were changes in the regulatory framework, so we initiated a drive to create a culture of accountability and compliance."

Source: CCL Research 2018

Cultural transformation in organizations is usually the result of one or more internal and/or external shifts. These range from incremental competition, to advancing technology, and rapidly changing regulatory environments. "There can be a few drivers – a new CEO wanting to leave her mark during early tenure, need to upgrade to new technologies, newer sources of risk, keeping up with the competition, or the burning need for customer centricity," elaborated a CHRO.

One leader shared that their Board recently changed the company's strategic direction in response to digital transformation happening in the industry. As the organization aspires to become more digital centric, there needs to be a culture shift towards innovation and learning agility.

Another leader shared that recent regulatory shifts mandated their senior leaders to be more accountable, hence the shift in cultural values.

An HR leader at a global conglomerate noted that when their organization, a market leader across the world, lost their number-one spot in some markets, there was a sudden urgency to move towards a more performance-oriented culture, away from the traditional relationship-based culture. The move mandated HR to tweak its talent processes accordingly.

Another HR leader at an organization that acquired a company highlighted how the M&A activity prompted leaders to create a transformed culture in the combined entity, hence the need to kick off the cultural transformation journey for the combined organization.

Yet another leader shared how a new CEO at the helm, much younger than the outgoing leader, prompted the leadership team to create a more agile and risk-taking culture in the organization.

GETTING THE ORGANIZATION FUTURE READY

What are the Must-have Culture Elements?

*I*nterviewees pointed out that the culture of the future will be that of collaboration, learning, values driven, high performance and resilience. In addition, there needs to be elements of agility around being customer-centric and being innovative or having an entrepreneurial mindset. "Being future-ready is about agility, learning, and innovation; we need to weave these into the contours of our values," highlighted a leader.

To get enterprises future-ready, leaders must reflect on what needs to stay as-is, and what needs to change. "Understanding what can and cannot change is the anchor point," commented a CHRO. She added, "What is the optimal speed of change – does it need to happen immediately or in a longer term? And, how big is the change?"

Leaders commented that sometimes even knowing the existing organization culture can be a challenge due to many manifestations in the organization. One CHRO said, "What is important to understand is the existing beliefs in that company." He added, "I have seen many organizations who think they know their culture, but they don't; so if they want to change, then they are changing

illusions." "Think about it, if you don't have a map of the operating system then it is hard to tweak."

Interviewees advised that HR must root any cultural changes in the future business scenarios and strategy. "Start with your business strategy and don't look at cultural transformation as a feel-good project; make a business project," an HR leader advised. She added that the transition from business strategy, to culture, to values, to behavior, often does not happen in a very scientific way. "It does not happen in a very systematic way, HR often just goes ahead with the intervention, and then it is a trial and error method to arrive at the right culture."

Leaders cautioned that any cultural transformation is often difficult and sometimes painful. There are too many stakeholders and a lot of priorities to balance out. One leader commented, "For instance, to promote quick decision-making, we try and reduce the layers in the organization, but to fulfill people's aspirations on the career front, especially in Asia, we need to create more layers!" She added, "It is all interconnected, and we often don't realize how strong the mishmash is."

MUST HAVE ELEMENTS OF FUTURE-READY CULTURE

% respondents who selected the option among top-three

Collaboration **52%**

Learning Agility **43%**

Values-driven **40%**

Technology Savvy **40%**

High Performance **36%**

Flexibility/Resilience **35%**

N=472   Source: CCL Research 2018

CLARITY OF OBJECTIVE

"We need to take a snapshot of the organization and need to be sure what we need to preserve."

HR LEADS THE WAY

Key HR Levers...

LEVERS HR MAY DEPLOY TO CREATE A FUTURE-READY CULTURE

COMPENSATION
RECRUITMENT
LEADERSHIP COMPETENCIES
PERFORMANCE MANAGEMENT
T&D/COACHING
ORGANIZATION DESIGN

Collaboration
Learning Agility
Values Driven
Technology Savvy
High Performance
Flexibility/Resilience

THE PEOPLE FUNCTION

"Being a function that is all about people, HR is the first point of contact for anything to do about changing behaviors for making the organization ready for the future."

Source: CCL Research 2018

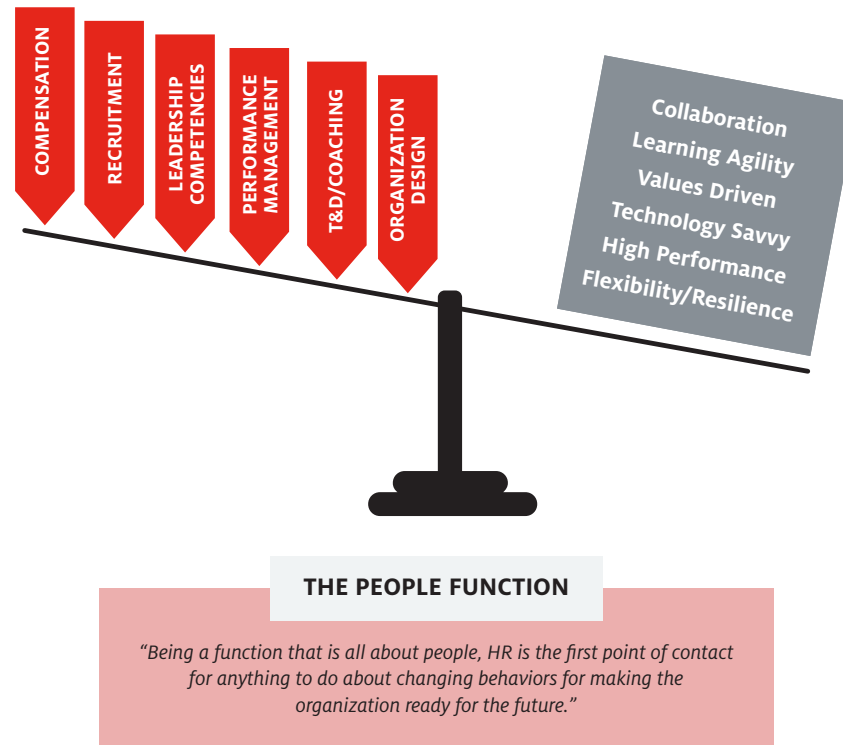**C**HROs stated that as the frontline function for any people-related agenda, responsibility for creating the right behaviors and values squarely sits with HR.

Once the leadership team defines the desired culture, and plans alignment of key practices to shape that desired culture, HR needs to come into the picture and lead the culture curation journey.

HR is a subject matter expert in this case; it has the knowledge and skills it can use to advise the senior leadership team as they define the culture. HR must also proactively manage culture in the enterprise.

HR is very well suited to play a lead role in the journey. HR often has the best sense of the pulse of employee perceptions about the company culture, about leadership quality, and the fairness quotient in the organization. In most organizations with even moderately mature people practices, HR has access to longitudinal data about employee engagement, confidence and trust, etc. In addition, HR has the expertise to assess how well leaders model desired values and behaviors in the enterprise.

Finally, HR has several very critical levers that it can selectively deploy to drive attributes, mindsets, skills, and capabilities required to drive a future-fluent culture. These include compensation, recruitment, competency frameworks, performance management tools, training and coaching, and organizational design.

The experience, skills, and maturity of the HR leader, however, play a key role in deciding what levers to use, sequencing of the lever deployment, and how hard to "press" the lever to get the desired result. For instance, if the organization is looking to create a high-performance culture, it may need to deploy the compensation lever more than the others. Or, if the organization is trying to improve flexibility and/or collaboration, it may decide to use the performance management and organization design levers more than the others.

KEY CHALLENGES

Translating Values to Behaviors is the Key...

Leaders identified several challenges that often stall the cultural transformation journey.

One, translating values to behavior can be tough, especially in large organizations with multiple operations. "We live in a high-growth environment, people are extremely busy fixing day-to-day issues; culture is seldom a top priority for them."

Two, having leaders role model "right" behaviors. A CHRO shared: "Twenty percent of the people are always skeptical to any kind of change, so they may say the right thing, but not walk the talk."

Three, aligning talent processes with organization culture can be tough. "If leaders understand the need for change,

then the challenge is how do we do that? What are the tools, models, frameworks to make that a reality? OD, talent, L&D people need to understand how to operationalize cultural transformation," said a CHRO.

Four, aligning business processes with the new culture. "If you are a successful company, people question the changes a lot more," explained a leader. "People ask - 'why should we change processes if the traditional ways of working are bringing in the dollars?'" the leader added.

Five, communicating culture. "On the culture front, people are often unsure why or what they are being asked to do; communication needs to be clear, consistent, continuous, and consumable," highlighted a CHRO.

TOP FIVE CULTURE-RELATED CHALLENGES
% respondents who selected the option among top-three

Aligning Business Processes — 40%

33% **Communication**

Aligning Talent Processes — 41%

Role Modeling — 48%

66% **Translating Values into Behaviors**

N=472   Source: CCL Research 2018

TIP 2:

TAKE A STAND!

"When I was an HR partner, we had a customer who was asking for a capability that we did not possess. One team member raised his hand and in the spirit of customer centricity, offered to learn the skills and get posted at the client site. He however could not succeed in meeting client expectations. The client account person said that the team member should be fired. I however ensured that the person got promoted! He was living the value of customer centricity and embracing risk. The HR argued that while it is OK to remove the person from the client account since he was not meeting client expectations, it was unfair to fire the employee. I went to his boss and argued that we need to set the right precedence – we must reward him for taking risk."

A TIGHT ROPE WALK!

"In legacy organizations, there are people who have been with the organization for long and have been successful in their own way, people who have joined the journey recently, and then gen-next; integrating these groups is the hardest thing."

IMPACT OF DISTANCE (FROM HQ) ON CULTURE

Is it Harder to Curate the "Right" Culture Away from the HQ?

CULTURE AWAY FROM HQ
% respondents who selected the option(s)

IS IT HARD TO DEVELOP THE RIGHT CULTURE AWAY FROM HQ?

YES

NO

N=468

TOP THREE REASONS

58% Culture gets diluted in regional offices

40% Competing priorities

38% Fewer role models

N=278

GLOBAL TO LOCAL

"If it is a global MNC driving the initiative, we need to understand and be creative around how do we adapt the culture into our regions."

Source: CCL Research 2018

Interviewees at multi-national corporations (MNCs) shared that rolling out cultural transformation may get incrementally harder in offices away from the headquarters (HQ). Six out of ten leaders agreed that it is harder to develop the "right" culture away from the HQ. "There is often a disconnect between HQ, and what is happening in the region; German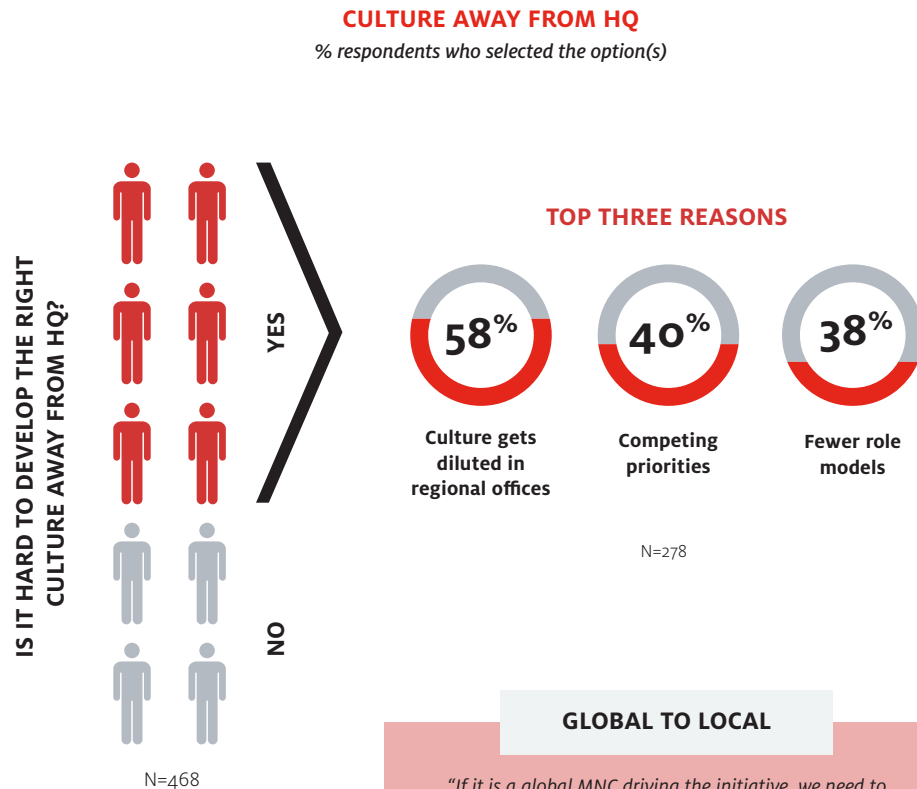y is the center of the universe for us, but it is very far away from what is happening in a factory in Indonesia," explained a leader.

Another leader highlighted that there may be practical issues around getting approvals for instance. "Because all the global HR processes are being owned in a way by the group HR, it is sometimes difficult to influence decisions wearing a regional hat," she said.

Respondents identified three key reasons for the hard journey around curating desired culture away from the HQ. First, culture may get diluted away from the HQ. One leader explained that some values that are sacrosanct in the HQ may not be "lived" in Asia due to the local environment being different, or lack of communication. In addition, the regions may have competing priorities. "Safety is

a big concern in our global organization, but for our leaders in Asia, success is about growth because Asia business is small and there is a lot of competition locally; the safety aspect sometimes gets pushed to the sidelines," explained a CHRO at a large global enterprise. Finally, there may be fewer role models in regions away from the HQ. "There may be only a few local leaders who could role-model values espoused by HQ, so we try and send leaders on developmental rotations to the headquarters," said a regional HR leader in a large MNC.

Regional HR heads highlighted that they often need to play mediators between what HQ wants and what is practical in the region. "I try and play the local translator of HQ messages; I am not everywhere and there are not enough translators," noted a regional CHRO. "You need to over-communicate for any change – webinars, town-halls, rather than sending out a solitary email; we need to be creative in Asia," she added. The ability to adapt local culture without comprising the foundational elements of the global corporate culture is a process that HR leaders are uniquely positioned to guide and navigate.
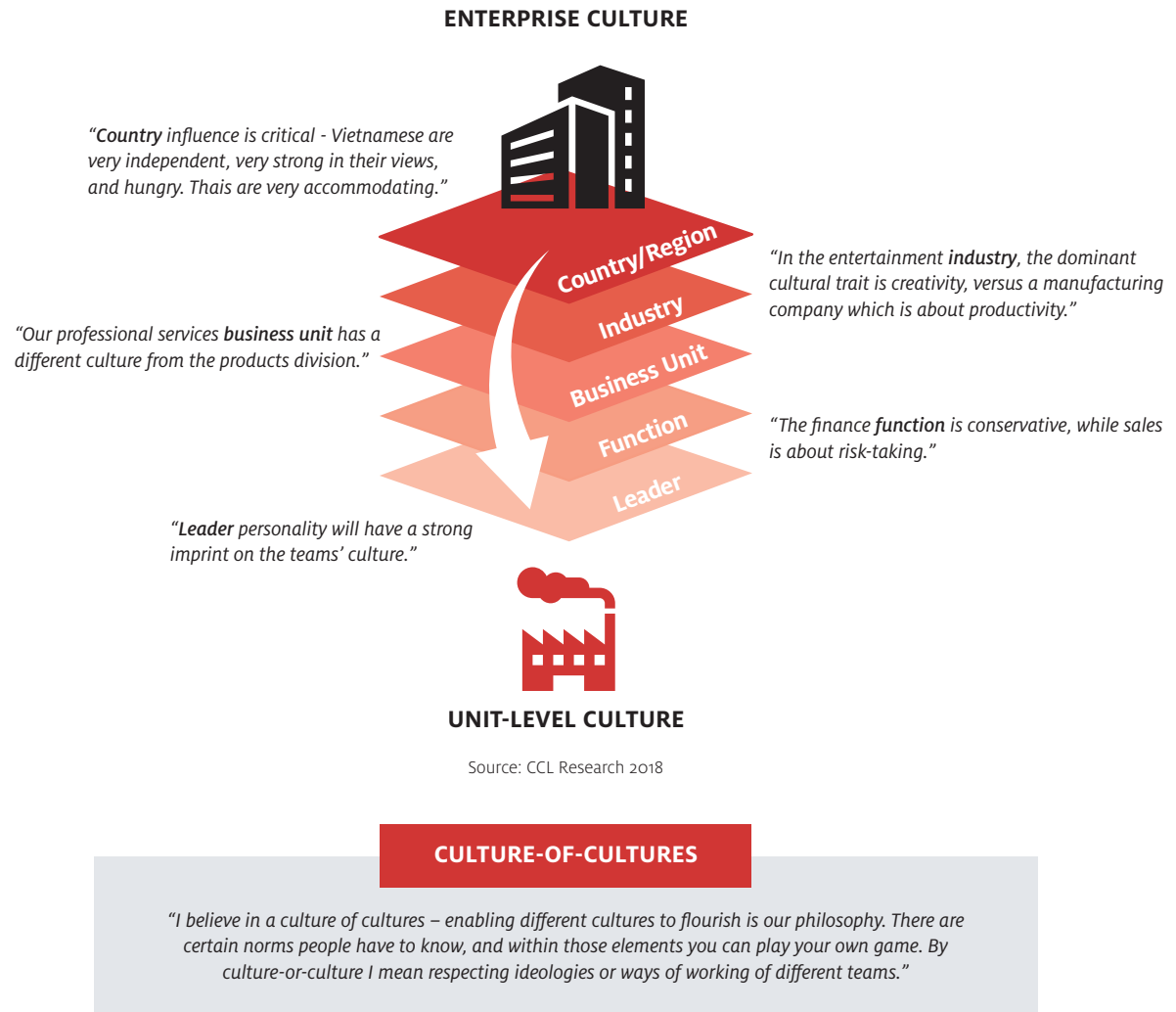
MULTIPLE MANIFESTATIONS OF CULTURE

Should HR Manage Multiple Cultures in the Organization?

*I*n large organizations, it is rare to find one standard and common culture. It often varies by market maturity, country differences, leadership at the helm, nature of business, function types, and organization sub-clusters, etc. "There are always at least two cultures, the corporate and the local culture, and we in HR need to be aware of different manifestations of culture in diverse pockets of the organization," shared a CHRO. "For example, our Vietnam and Thai business units have very different cultures – the Vietnamese are very independent and often have very strong views, and they are very 'hungry;' the Thais in sharp contrast are very accommodating," she added.

The interviewees, however, pointed out that the bigger question is whether to force-fit one standard culture. It should be expected that in an organization culture plays out differently in different business units; force-fitting one culture will be very prescriptive and rather impractical," shared a CHRO. Blended culture may not only engage employees but may also drive productivity and innovation.

Leaders, however, clarified that values at the core must remain the same, irrespective of how the culture manifests across the organization. "Certain things that are core cannot be compromised wherever you are – customer focus, ethics, diversity, fairness, integrity, etc.," explained a leader. "At a values level, the culture has to be common across all businesses and units; that is a non-negotiable," explained another leader. "But when it comes to how behaviors play out, it could differ, and that is only natural. For instance, in organizational performance management system, transparency is a non-negotiable, while collaboration could play out differently in a start-up business unit trying to find its feet, versus a mature business."

HR leaders were unanimous that as long as the understanding of values in spirit permeates across the organization, which can be assessed by the language people use in the enterprise, differences around the edges in how culture plays out are not only acceptable, but also expected.

ENTERPRISE CULTURE

*"**Country** influence is critical - Vietnamese are very independent, very strong in their views, and hungry. Thais are very accommodating."*

*"In the entertainment **industry**, the dominant cultural trait is creativity, versus a manufacturing company which is about productivity."*

*"Our professional services **business unit** has a different culture from the products division."*

*"The finance **function** is conservative, while sales is about risk-taking."*

*"**Leader** personality will have a strong imprint on the teams' culture."*

UNIT-LEVEL CULTURE

Source: CCL Research 2018

CULTURE-OF-CULTURES

"I believe in a culture of cultures – enabling different cultures to flourish is our philosophy. There are certain norms people have to know, and within those elements you can play your own game. By culture-or-culture I mean respecting ideologies or ways of working of different teams."

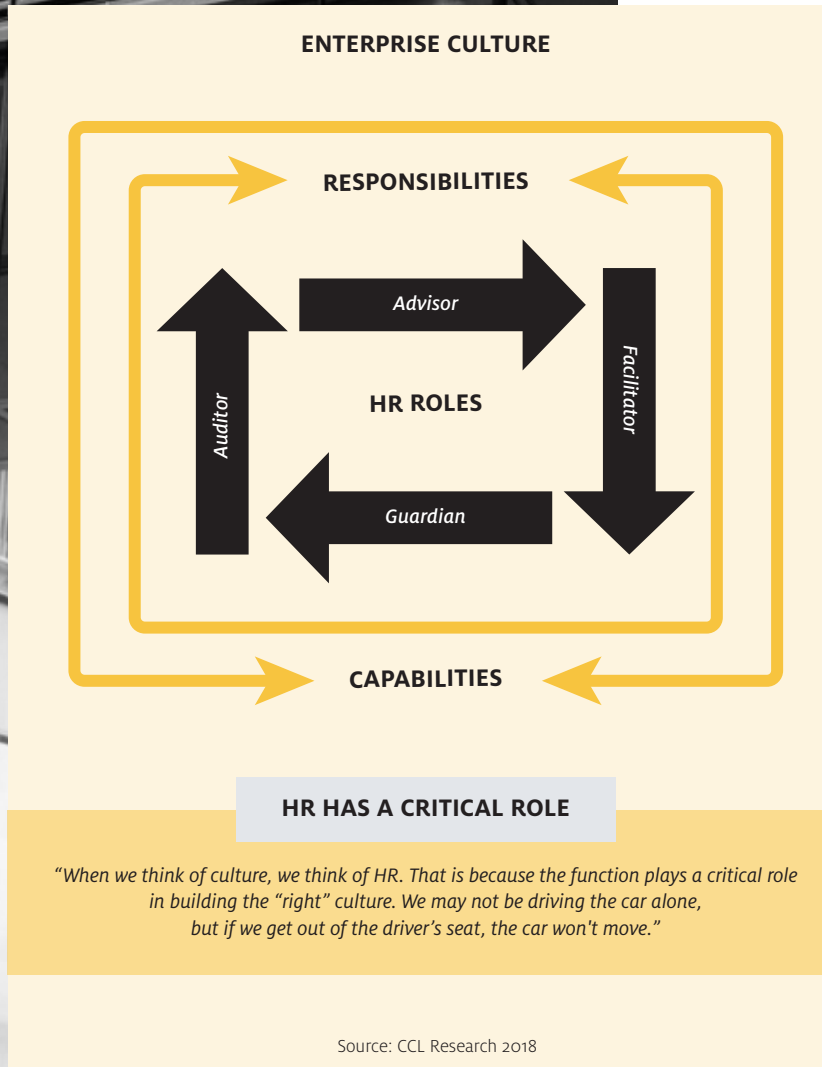# PAUSE AND REFLECT

Worksheet

1. Do we have the "right" culture(s) in the organization?

2. What are elements of the culture that must change to make our organization future-ready?

3. What are elements of the culture that must-not change in the future?

5 *ROLES HUMAN RESOURCES MUST PLAY*

HR AND CULTURAL TRANSFORMATION

Key Roles…

ENTERPRISE CULTURE

RESPONSIBILITIES

Advisor

Auditor

HR ROLES

Facilitator

Guardian

CAPABILITIES

HR HAS A CRITICAL ROLE

"When we think of culture, we think of HR. That is because the function plays a critical role in building the "right" culture. We may not be driving the car alone, but if we get out of the driver's seat, the car won't move."

Source: CCL Research 2018

For any cultural transformation to happen, HR needs to play key roles, deliver on certain responsibilities, and build critical capabilities.

HR must continuously play four critical roles, one feeding into the other – advisor to business as a subject matter expert, facilitator of key changes in the organization, guardian of values, and auditor, to measure impact of HR initiatives and provide feedback to the senior leadership team.

"HR needs to advise the leadership team on the link between desired strategic objectives and must-have behaviors, and then map those to processes, policies and tools, and drive multi-dimensional changes," advised one senior HR leader. She added, "Our role is to help design the employee experience."

To play the four critical roles – advisor, facilitator, guardian, and auditor – HR must fulfill associated responsibilities.

CHROs, therefore, must proactively build competencies and capabilities in their teams on several dimensions to make them successful in fulfilling the responsibilities. Credibility, trust, courage, project management, analytics, strategic thinking, collaboration are some of the capabilities that interviewees mentioned during research interviews.

TIP 3:

LEAD FROM THE BACK!

"I work very hard to engage stakeholders when change is happening, and one thing I ensure is that I avoid being the face of change. I would much rather lead from the back as it is a lot more powerful if one of them stands up to speak in their voice on my behalf rather than HR speaking with their teams. Get a few GMs sharing their stories, create platforms for them to speak at wider forums. If you tap into this energy then it can give HR a lot of power."

ADVISOR

Playing Trusted Partner to the CEO...

Business leaders looking at the future strategy must-have HR by their side to help understand the people angle of changes that may be required to make the organization successful in the future or future-ready. HR is the subject matter expert on people-related processes and therefore key to the initiative.
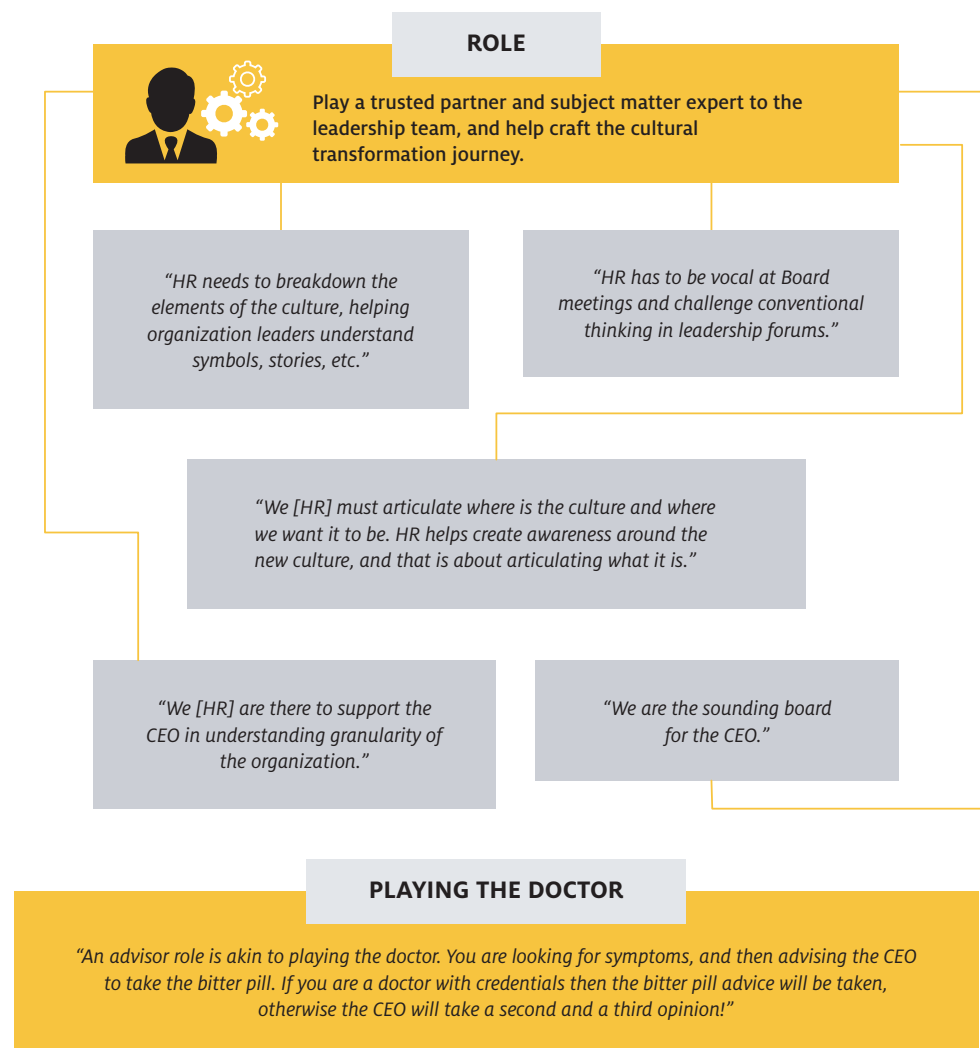
"Often the people element is not thought through as it is mostly all about the hard stuff; but the 'soft stuff' then later becomes a derailer," highlighted a CHRO, talking about the advisor role that HR plays. "HR has to sketch out the behaviors we need to fulfill strategic initiatives planned for the future," explained another HR leader.

Interviewees were unanimous that HR must be a part of the cultural transformation journey from the onset, and that the function may have to wear several hats in the process. "We help them build their engagement surveys to root cause the problems, program design the cultural transformation journey, create some early champions,"

highlighted an HR leader. "At the very start of the process, HR was brought in to be the key partner with management to provide a framework, to set the tone and highlight the boundaries, provide thought leadership in this area, seed the minds of the management to create awareness around the new culture, and facilitate a dialogue," he shared his experience.

While HR leaders pointed that the function must-have a "seat at the table" when the future strategy is being discussed, they also cautioned that HR must-have the right level of credibility to make that happen. One of the leaders pointed that HR's role is like a "doctor" who is there to advise on the cultural transformation as an expert. The leader however cautioned that lacking credibility, the business may not give "adequate ear" to HR's inputs.

"The HR function is like a co-pilot, we don't have the navigation stick in our hand, but we give guidance," summed up an HR leader.

ROLE

Play a trusted partner and subject matter expert to the leadership team, and help craft the cultural transformation journey.

"HR needs to breakdown the elements of the culture, helping organization leaders understand symbols, stories, etc."

"HR has to be vocal at Board meetings and challenge conventional thinking in leadership forums."

"We [HR] must articulate where is the culture and where we want it to be. HR helps create awareness around the new culture, and that is about articulating what it is."

"We [HR] are there to support the CEO in understanding granularity of the organization."

"We are the sounding board for the CEO."

PLAYING THE DOCTOR

"An advisor role is akin to playing the doctor. You are looking for symptoms, and then advising the CEO to take the bitter pill. If you are a doctor with credentials then the bitter pill advice will be taken, otherwise the CEO will take a second and a third opinion!"

Source: CCL Research 2018

ADVISOR
Responsibilities and Capabilities...

RESPONSIBILITIES

1 Show CEO the "Mirror"
"My job is to tell the CEO what she will not be able to see, and also deliver hard messages. HR is able to see behind the scenes since we have much more access to information."

2 Make Leadership Team Accountable
"The role that HR plays is giving feedback to the [leadership] team and holding them accountable for driving cultural transformation."

3 Playing the Subject Matter Expert
"We [HR] provide thought leadership so that the management team can have a better discourse around the topic; our role is to seed the minds of the leadership team."

4 Challenge Conventional Thinking
"The CEO expects me to co-create, co-purpose, challenge his thinking and course correct if the leadership team is losing focus on the culture piece."

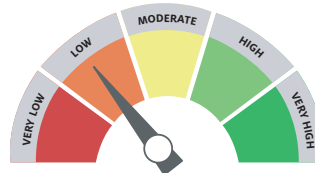**5 Help Craft the Transformation Journey**
"We must advise leaders and show the link between the right structures and right behaviors. HR needs to make that OD happen and adjust the reporting lines, vertical layers, horizontal spread."

MUST HAVE CAPABILITIES
- Courage
- Influence
- Strategic mindset

HR PERFORMANCE

Source: CCL Research 2018

In its role as advisor, HR must take on several responsibilities and must cultivate necessary skills and competencies.

HR has the hard task to be a true and honest partner to the CEO. "HR has a strong influencer and challenger role. It has to vocalize at Board meetings and challenge opinions in senior leadership forums," explained a leader. He added, "It is a courageous role; there are managing directors but HR is the front runner."

HR can't go it alone. According to one HR leader, business must be accountable for cultural transformation too. "First thing about making the change business-led is that business needs to be accountable. Business leaders are clever – they throw all the soft ugly stuff at HR to sort out. HR needs to make sure that business is 100 percent accountable in the journey; we cannot shy away from making it very clear to business."

The HR function also plays a subject-matter expert role, often advising senior leadership team on people and related issues – current people sentiments, capabilities that will be required to roll out the future strategy. "HR is blessed with emotional quotient (EQ), and since culture is a lot about EQ, we are the ones who challenge the status quo, and need to have the courage to speak-up and confront."

HR then needs to craft the journey and get a buy-in from the leadership team. "We are the executors in the sense of brining the new culture concept to people and monitoring to see if there are changes happening at the ground-level by way of performance reports. We conceptualize, pilot, and then roll out necessary changes on a large scale across the organization," explained a leader.

To play true-in-spirit advisors, HR must demonstrate the courage to push back or deliver tough messages/feedback, influencing skills, and strategic mindset. Above all, it must work to gain trust and credibility with the leadership team.

FACILITATOR

Playing the Executor...

HR needs to embed the "new culture" definition in the organization DNA via various processes and tools - hiring, rewards, reporting relationships, etc. All levers - policies, processes, and systems must reflect the organization culture. "What we are trying to do is institutionalizing cultural changes and building critical behaviors," said a leader. He added, "We play the role of charioteer in the cultural transformation journey."

Facilitator role involves doing everything it takes to create the right set of behaviors in the organization, aligning with business objectives. For instance, if the business objective is to increase profitability, the compensation and rewards structure shou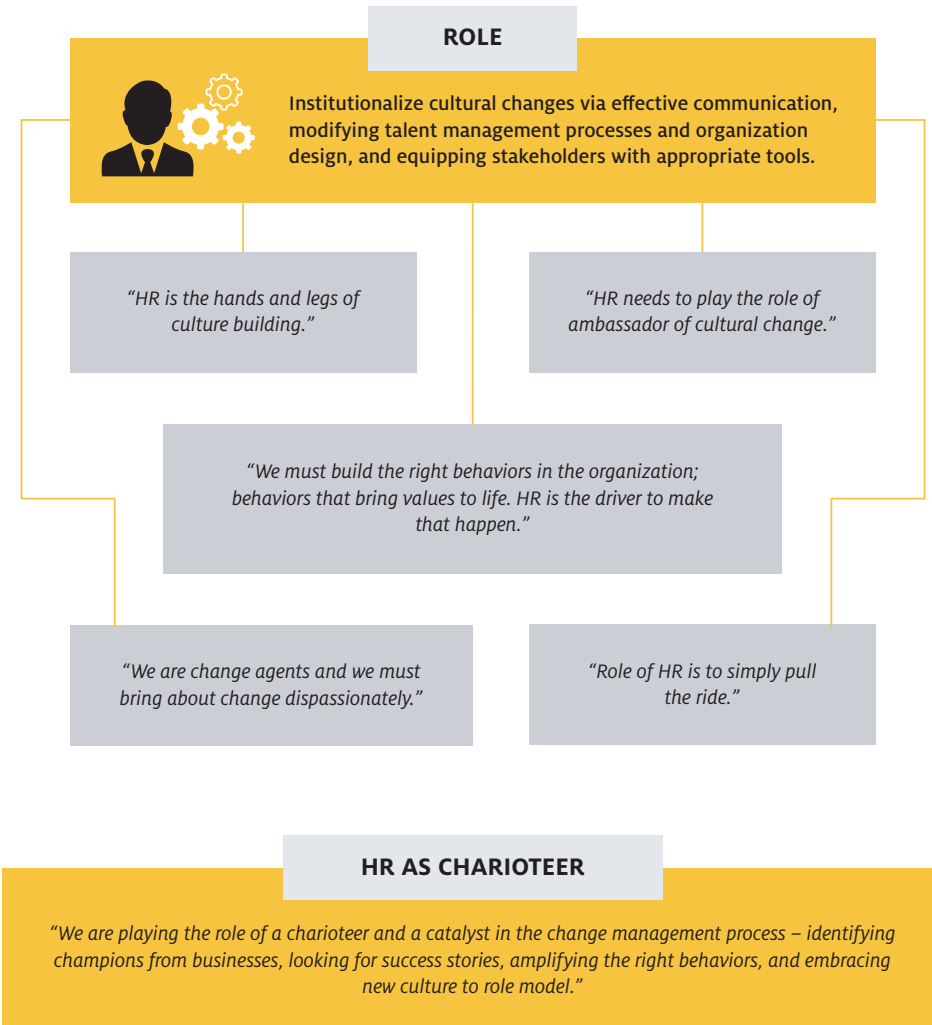ld align to that. Also, organization reporting must enable the frontlines to take quicker decisions. In addition, HR must provide the right tools to business leaders to implement necessary behaviors in their teams, and new hire selection – for instance, testing the ability of candidates to drive profitable business, during the interview process.

One of the interviewees highlighted a simple five-step process for culture change. "Establish the need, share data across layers and boundaries, create conditions for change, create a structure for change, and transfer the ownership of change." The leader however cautioned, "HR and other change agents must demonstrate that they have nothing to gain from the proposed changes, and have no axe to grind."

TIP 4:

USE MULTIPLE LEVERS!

"The premise we work on is that mindset of people behaving in a certain way is driven by the culture. To change the mindset therefore we must ensure that we structure a combination of individual motivation, social motivation, and structural motivation to make people behave in a certain way. Take sales function for instance – sales executives are motivated to sell more and earn more money. Assuming product is in the right place, there is also a social motivation to sell more cause each executive is better off if the entire team meets its targets. So we look at policies such that they drive collective behavior. We do it through the compensation plan, and this is the structural element."

ROLE

Institutionalize cultural changes via effective communication, modifying talent management processes and organization design, and equipping stakeholders with appropriate tools.

"HR is the hands and legs of culture building."

"HR needs to play the role of ambassador of cultural change."

"We must build the right behaviors in the organization; behaviors that bring values to life. HR is the driver to make that happen."

"We are change agents and we must bring about change dispassionately."

"Role of HR is to simply pull the ride."

HR AS CHARIOTEER

"We are playing the role of a charioteer and a catalyst in the change management process – identifying champions from businesses, looking for success stories, amplifying the right behaviors, and embracing new culture to role model."

Source: CCL Research 2018

FACILITATOR

Responsibilities and Capabilities...

RESPONSIBILITIES

1 Convert Values to Behavioral Norms
"We must use our subject matter expertise to convert the new culture values into appropriate behaviors that can be witnessed, evaluated, and measured."

2 Create and Execute a Compelling Communication Plan
"HR must help create awareness around the new culture by articulating and disseminating it via town-halls, email campaigns, focused messages by senior leaders, etc."

3 Embed the New Culture in HR Subsystems
"Setting up tools and processes that promote a certain culture. E.g., while doing selection, create enabling guidelines and interview questions to expose behaviors that are important to our culture."

4 Equip Change Champions/Managers with the Right Tools
"HR's role is to facilitate and support change champions and line managers to spread the message and equip them with appropriate tools."
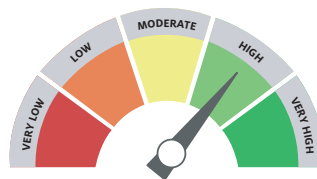
5 Role Model New Behaviors
"We need to be a role model and lead the pack!"

MUST HAVE CAPABILITIES

- *Planning and Execution*
- *Collaboration*
- *Change Management*

HR PERFORMANCE

VERY LOW · LOW · MODERATE · HIGH · VERY HIGH

Source: CCL Research 2018

In the facilitator role, the first task HR has is to convert the rather esoteric concept of culture and values, to behaviors and actions that can be measured. "What we did was we took the culture code that the leadership team crafted and dug deeply into it to identify the set of attributes and behaviors," explained a leader. "For instance, we identified top attributes for key roles, and then we used those to select the right people in the company. There are certain aspects of people practices that need to reflect the right framework underpinned by the culture." HR subsequently needs to communicate the values and behaviors to the teams via various communication channels available.

HR also needs to embed the new culture in tools, processes, and various people sub-systems in the organization. "The tools [such as interview question cheat-sheets] must enable the guidelines and processes for HR and line managers. This sets the tone for building the right culture," an HR leader explained. HR also must identify key ambassadors of cultural transformation to accelerate the change process. There must be shared accountability for espousing the culture.

And finally, the function itself needs to role model key values. "We need to lead the pack," commented a leader.

TIP 5:

INVEST IN RELATIONSHIPS

"Making culture changes happen is all about building the right relationships. It is about knowing people. I invest a lot of energy to understand what drives my peer business leaders. We often forget that every person is multi-dimensional, and work is only one dimension of who leaders are. I spend a few weeks in each market to live and breathe their environment. I talk to business leaders about them, not what I want from them! In the process, I figure out what drives them, and then I try and link that to what I want them to do. I try and put business leaders in the front and make them look good. For me, it does not matter that HR is not on the forefront. HR's role is to try and bring out the best in everyone."

FACILITATOR

Critical Pillars – Talent Management Levers & Communication Strategy

Using appropriate HR levers and a well-suited communication strategy are two critical pillars for facilitating cultural transformation. In addition, the organization design group may have to re-wire some parts of the enterprise structure to facilitate living appropriate values and behaviors.

"The key role HR leaders need to play is to choose the right levers for facilitating desired behaviors in the organization; if you are trying to create innovation culture for instance, you need to reward risk-taking and failure, recruit ex-entrepreneurs, and perhaps reduce the number of layers in the organization," explained an HR leader.

There is no one-size-fits-all for communication. "Town-halls are more about one-way communication that most CEOs are used to; however, we have invested a lot of effort and money on online tools, blogs, chats for people to engage and interact, especially the younger workforce," elaborated a seasoned HR executive.

USE APPROPRIATE LEVERS

- ✓ **Compensation and Rewards** to encourage the 'right' behaviors
- ✓ **Recruitment and Selection** to bring in talent who have aligned values
- ✓ **Leadership Competencies** to map capabilities with renewed expectations
- ✓ **Performance Management** to articulate expectations and provide regular feedback
- ✓ **Training/Development/Coaching** to cultivate the right behavioral traits
- ✓ **Organization Design** to create enabling structural support

USE APPROPRIATE COMMUNICATIONS STRATEGY

TOP 5 OBJECTIVES
1. Talk about the "what" and "why"
2. Explain important values
3. Highlight culture-strategy connect
4. Help translate values to behaviors
5. Link behaviors to day-to-day work

TOP 5 CHANNELS
1. Enterprise-wide electronic messaging/social media
2. Role modeling
3. Town halls
4. Physical symbols/posters
5. Training sessions

Source: CCL Research 2018

CHANGE CHAMPIONS

"Just like in any change process, HR has the critical role of identifying change champions, leaders who are motivated about the transformation, and then equipping these leaders with ammunition to spread their thinking across the organization."

NO ONE-SIZE-FITS-ALL

"We must do a good job in communicating critical values. A town-hall is a great connectivity tool in one location but may have a limited usage in another. It is about what works best in a particular business unit, function or location."

TIP 6:

USE BOTTOMS-UP APPROACH!

"We were starting the integration work around two companies coming together as a part of the M&A. We also had a new CEO from outside. Two different organizations with two different cultures were coming together. The question we in HR faced was 'what culture do employees want to see, and what does it mean for the leadership?' To create a bottoms-up approach, we asked employees to send in stories about the culture they want to see and culture already happening within the organization. Stories that illustrate what they like about culture today, and things they don't like. After we got those stories, we analyzed what is important to the employees and the leadership, and how to build the new 'core' together. Over the next few months, we will be looking at this data very closely – norms, behaviors, ways to communicate with the employees, and the way we relate to customers. That will drive strategies the organization must-have to be successful in the future."

GUARDIAN

Protecting the Organization Culture...

ROLE

Ensure consistency of values and demonstrated behaviors in the organization, reporting dissonance if any, and supporting leaders to align to the new culture.

"HR needs to constantly track the 'how' of leader performance."

"We are not just observers; we need to take a stand on how people must behave."

"HR's role is like a steward, ensuring we have the right processes and tools in place and to call out the leaders who may or may not be walking the walk or talking the talk."

"HR tracks consistency of behaviors – we want our leaders to practice straight talk, recognize and reward people; these are universal elements."

"It is not a 'cop' role; we need to play a motivated and astute vigilante."

MAKING CHANGES SWIFTLY AND RESPECTFULLY

"We had a leader who was very talented, but was not really living the values; clearly the 'how' was not up to the expectations. In a very swift timeline, the individual was spoken to, we made a change, and did it very respectfully. In fact, I think we did the leader a favor, because the leader was also clearly struggling and in trouble."

Source: CCL Research 2018

CEOs expect HR to not only champion the culture but to guard the culture of the organization as well. This includes not only measuring the "what" of leader performance, but also "how" leaders achieve their numbers. "If leaders do not walk the talk, HR needs to step in," said a CHRO. "The CEO may be all for the change, but the one-downs may not be fully bought into the journey," she explained.

Being a 'guardian' is not about policing; it is to make sure that the organization is aligned. "HR can build guidelines to 'bring [a] horse to water' but cannot make him drink it," elaborated a leader. "HR needs to use social pressure, which can be very powerful; getting champions, putting them up there, and making them sing your song."

HR needs to differentiate between what is negotiable in terms of living the values, and what is not. Leaders commented that HR often needs to differentiate between demonstrated outward behavior and values that are deep rooted. "Outward behavior can be changed via coaching, but deep-rooted value dissonance is often much harder to tweak," explained a leader. "Some leaders don't imbibe values so you need to coach them, and then let them go if they still don't change." One leader suggested that HR business partners need to split the problem in a few parts - if it is personal attitude, then coaching may help, but if it is an ethics issue then possibly no intervention can help. HR then must take business into confidence and let the leader go, thereby cutting down any potential long term damage.

Leaders, however, stressed the importance of credibility and trust as must-haves for HR to play the guardian role. "If I don't have very strong credentials, I can't even penalize you," explained a CHRO.

TIP 7:
PROVIDE INSTANT FEEDBACK!

"We were in a management council meeting, and one of the new leaders who ran marketing, a bright young person, was very aggressive. The expressions she used were 'XYZ does not bother to give me data,' etc. A few such statements and the HR team understood that she was not creating the right environment of collaboration in the organization, especially talking about a leader who was not even in the meeting! So, immediately after the meeting, we called her and coached her on what works and what does not work in the organization. Even though it was uncomfortable for the HR business partner, we thought it was critical to give immediate feedback. In our organization, we do not soft-peddle such issues."

GUARDIAN

Responsibilities and Capabilities...

HR leaders must deliver three key responsibilities when wearing the guardian hat.

One, HR business partners need to take an objective view on the value-behavior misalignment. The HR partner must differentiate between genuine individual-organization value dissonance leading to a potential risk to business, and a mere personality difference. One HR leader cautioned that it is easy to pass judgement, so HR must evaluate if it is just personality causing apparent values misalignment, or if the leader is genuinely not living the right values. The leader noted that HR must play the role of a mediator and a validator because it may be that the leader is just looking at values from a different angle.

Two, in case the leader is not living the values and possibly crossing boundaries on some values that are sacrosanct to the organization, HR needs to escalate the issue. "If the 'how' is not up to the expectations, HR must act very swiftly; talk to the leader, and loop in the senior leadership team."

Three, HR needs to take adequate action, which may range from rolling out appropriate individual development steps, all the way to letting the leader go. "HR must act as a coach if the leader needs help understanding and adjusting to the new world," explained an HR leader. "HR can call out specific behaviors and say we are not going to reward those, or penalize those," said another leader. HR must take a strong stand in extreme situations and (in consultation with top leadership team) help erring leader find another role within the organization or relieve them of their responsibilities, irrespective of their contribution to the organization. "We need to take a stand on how people behave, and stretch our leaders," commented an HR leader.

The capabilities HR needs to do well as a 'guardian' include sound judgement, managing conflict, courage to confront 'problem' employees, and the ability to provide objective and honest feedback to senior executives.

RESPONSIBILITIES

1 **Identify Value-Behavior Misalignment**
"We must be very careful labeling a leader as a 'rogue' leader. We need to reflect and evaluate if it is a diverse personality, or the leader is actually not living the right values. It is easy to pass judgement, but the inclusive environment that HR needs to push must look at leaders more holistically. HR needs to provide a more balanced platform and play an interpreter role because it may be that the leader is looking at the values differently."

2 **Report/Escalate the Dissonance, if Necessary**
"I'd ideally have a heart-to-heart conversation with the leader and provide all the support I can to help the leader change attitude, but if I do not see the leader change, or even trying to change, then I need to quickly take the 'escalator' to the CEOs office, irrespective of how strong a performer the leader may be."

3 **Lead/Deliver Appropriate Action**
"People often do not undergo drastic changes. You need to split the problem in a few parts - if it is attitude, then you can try and change the leader via coaching, but if it is an ethics issue for instance, then even coaching cannot help and you may have to let the leader go, thereby cutting down any long term potential damage."

MUST HAVE CAPABILITIES

- *Sound judgement*
- *Managing conflicts*
- *Coaching*
- *Giving feedback*

HR PERFORMANCE

VERY LOW · LOW · MODERATE · HIGH · VERY HIGH

Source: CCL Research 2018

AUDITOR
Measuring the Impact...

ROLE

Identify appropriate metrics, measure impact of culture change initiatives, and report back to the leadership team to course-correct.

"The book-keeper role is about the process and rigor of measurement."

"We need to feed the findings to the senior leadership team."

"Measuring culture is very difficult; the easiest thing is to run a survey pre and post, and compare to some benchmark to do the gap analysis. It depends on the kind of change; if it is only about behavior then measurement is harder."

"When you measure a topic like culture, you need to identify the right criteria and the supporting data."

"HR needs to have its ears close to the ground."

IN A CONSTANT PURSUIT

"Nothing that you cannot measure will change, so playing an auditor is a constant state of mind. It could be a book where clients can write their feedback, or just a quick engagement dipstick after an initiative."

Source: CCL Research 2018

"Nothing that you cannot measure will change," said a CHRO. HR needs to be an auditor, evaluating changes on the ground on a regular basis, finding tools to record the impact, analyzing the data, and facilitating course correction, if required.

HR must decide what to measure, how to measure, and when to measure. One leader shared her methodology. "We do pulse surveys – every quarter we go with 2 questions on the culture theme of the quarter – Do you understand it? Do you feel empowered? What are things we could do to make you feel empowered? HR needs to have its ears to the ground and escalate stuff that people may be scared to say," she explained.

Some interviewees were, however, quite skeptical about any culture measurement initiatives. "When you measure a topic like culture, you try and find criteria and then you find the data mapping that criteria; you may, therefore, end up measuring the wrong things," explained one such critic. "HR may make too much effort in measuring and reporting a criterion, so we must question the economic value of the process as well," he added.

The leader shared an example of measuring diversity. "We have been trying to incorporate women in management of our companies, but is putting a number and ending with quotas the smartest thing to do?" He shared that while the organization needs to create a culture of inclusiveness, it is hard to measure. He explained that it also depends on the business of the organization. "It is unfair to compare percentage of women in a FMCG company and an engineering company, and therefore numbers may tell the wrong story," the leader pointed.

AUDITOR
Responsibilities and Capabilities...

*H*R teams must carry out three key responsibilities: identify appropriate metrics to measure behavior changes; ensure that the measurement process is rigorous; analyze data, report back, and course-correct.

The approach to measurement or methodology is most critical. "The challenge is with the measurement metrics – engagement surveys are common quantitative tools, but a qualitative aspect which is more unstructured is what HR functions shy away from," commented a leader. She explained, "While numbers make the bone of the argument, conversations often form the body." Organizations that are ahead of the curve typically have a measurement and reporting plan involving both quantitative numbers and more qualitative elements.

Describing one approach to measurement, one HR leader said, "We seek anonymous feedback on how the organization is doing, identify 10 good questions to evaluate happiness with the culture,

and then measure employee responses on those." He shared that since they are trying to create a gender-inclusive culture, the business head and HR head are expected to meet every female employee when they join and at regular intervals. "We measure that metric very closely."

Once the methodology is selected, HR must ensure measurement rigor – getting the right sample, designing measurement plan with appropriate intervals, timing the survey or conversations well, and pressure-testing and analyzing the data carefully.

"HR leaders must also have the courage to report the numbers to the leadership team without any bias, and open up the dialogue for any course correction and further action based on the key findings," one HR leader commented.

Key capabilities required to play a good auditor include fundamental analytical skills, being results-oriented, and having the courage to change course.

RESPONSIBILITIES

1 **Identify the Most Suitable Metrics**
"The challenge is with the measurement metrics; we need to find the right measurement elements. When you measure a topic like culture and do not invest enough energy in thinking about metrics, you may end up measuring the wrong things."

2 **Ensure Measurement Rigor**
"Quantitative will typically be an engagement survey, but a qualitative approach is where HR will normally fall short. We rarely spend time on focus group discussions, getting feedback from the coaches, senior leader conversations, and these can be powerful. If we are looking for a razor sharp plan, then qualitative and quantitative measurements are both very critical. But not many organizations are good at driving the two simultaneously."

3 **Report Back and Course-Correct**
"Analyzing the data collected, thinking through the implications, and discussing key findings with the senior leadership team to understand what we can do differently."

MUST HAVE CAPABILITIES

- *Analytical skills*
- *Results orientation*
- *Courage*

HR PERFORMANCE

VERY LOW · LOW · MODERATE · HIGH · VERY HIGH

Source: CCL Research 2018

AUDITOR

Key Tools for Measuring Impact...

CULTURE MEASUREMENT GAMEBOARD

Annual Employee Engagement Surveys	**Informal 'Chats'**	**Focus Groups**
Pulse Surveys	**Tracking Social Media**	**360 Deg. Feedback**
Culture Assessment Surveys	**Exit Interviews**	**Stay Interviews**

Source: CCL Research 2018

CONTRASTING VIEW

"Not sure we should measure culture! When you measure a topic like culture, you try and find criteria and then you 'force-find' the data, and you may end up measuring the wrong things. Or you may make unnecessary effort in measuring and reporting."

"**A**s for the culture measurement approach, I believe low tech is good – 20 percent technology and 80 percent touch is my prescription," said a senior HR leader. High-touch approaches range from informal chats, to interviews, to focus groups, while high-tech tools may include annual engagement surveys, pulse surveys, in-depth culture assessment tools.

A majority of the leaders opined that there are various measurement approaches and what works in one company may not work for another. Also, the parameters that the organization is trying to measure may drive the choice of methodology.

"More than the tools, what is important is that the HR team have a plan and the intention to measure impact of culture transformation initiatives, have the ability to objectively evaluate data, and the courage to report key findings to the senior leadership team," stated a CHRO.

While most HR teams often have adequate clarity in performing the advisor, facilitator, and guardian role, they rarely have a clear plan on the culture measurement piece. This could stall an organization's cultural transformation journey.

TIP 8:

DEPLOY SIMPLE MEASURES

"I have a rather un-scientific way to measure culture in my team. While we do employee surveys, and that is the closest we come to having an organized approach to measure culture, I rely more on what I call 'noise index.' To evaluate the level of collaboration happening in my team, I just closely track the amount of noise the team makes when I am around. If they are happy and chatting and talking and exchanging notes then it is 'good collaboration.' However if the team is quiet and everyone just comes in, spends the day at their desks, and walks out after clocking even ten hours at work, that is a red-flag for me on the collaboration front."

HR AND CULTURAL TRANSFORMATION

HR Roles, Responsibilities, and Capabilities...

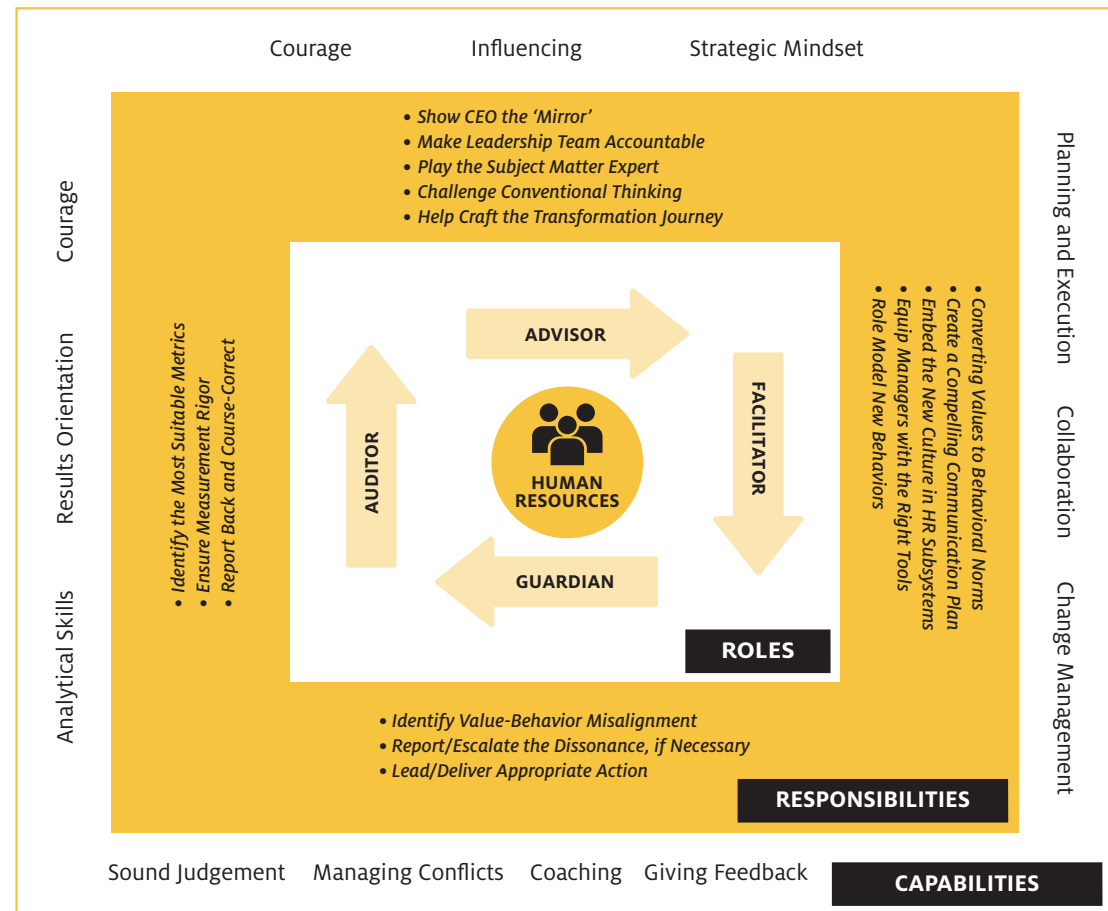*H*R needs to play four key roles, and associated responsibilities.

The advisor role requires HR to be a thought leader to the executive leadership team and a subject matter expert on anything to do with the people element in the organization. Key responsibilities include making the leadership team accountable for cultural transformation, challenging conventional thinking, and helping craft the transformation journey. Must-have HR capabilities include courage, credibility, influencing, and strategic mindset.

A facilitator role requires HR to roll up their sleeves and execute cultural transformation. Key responsibilities include converting values to behaviors, creating a communication plan, using the right HR levers and embedding the new culture in HR sub-systems, equipping managers with appropriate tools, and role-modeling new behaviors. Must-have capabilities include planning and execution, collaboration, engaging with stakeholders, and managing change.

In a guardian role, HR needs to be fiercely protective of the cultural values – identifying value-behavior mismatch, report dissonance, and acting "tough" if required. Must-have capabilities include managing conflict, having sound judgement, confronting problem employees, and delivering feedback.

The auditor role needs HR to create and own the processes associated with measurement of cultural changes and behaviors. To do a good job, HR must identify suitable metrics, ensure measurement rigor, and report back to the leadership team and course correct. Must-have capabilities include analytical skills, results orientation, and courage to report data and deliver honest feedback.

HR must continuously play the four roles, one feeding into the other, to make the cultural transformation journey a compelling process, leading up to making the organization future-ready.

Courage   Influencing   Strategic Mindset

Courage

Results Orientation

Analytical Skills

- *Show CEO the 'Mirror'*
- *Make Leadership Team Accountable*
- *Play the Subject Matter Expert*
- *Challenge Conventional Thinking*
- *Help Craft the Transformation Journey*

- *Identify the Most Suitable Metrics*
- *Ensure Measurement Rigor*
- *Report Back and Course-Correct*

ADVISOR

AUDITOR

FACILITATOR

HUMAN RESOURCES

GUARDIAN

- *Converting Values to Behavioral Norms*
- *Create a Compelling Communication Plan*
- *Embed the New Culture in HR Subsystems*
- *Equip Managers with the Right Tools*
- *Role Model New Behaviors*

Planning and Execution   Collaboration   Change Management

ROLES

- *Identify Value-Behavior Misalignment*
- *Report/Escalate the Dissonance, if Necessary*
- *Lead/Deliver Appropriate Action*

RESPONSIBILITIES

Sound Judgement   Managing Conflicts   Coaching   Giving Feedback

CAPABILITIES

Source: CCL Research 2018

HOW TO IMPROVE HR SCORECARD?

Advice from Incumbent HR Leaders...

CURRENT HR PERFORMANCE

ADVISOR	FACILITATOR	GUARDIAN	AUDITOR

IMPROVEMENT ADVICE FROM INCUMBENTS

- ✓ "Upgrade level of trust with business."
- ✓ "Be proactive in initiating/being a part of culture conversations."
- ✓ "Have courage to hold business accountable."

- ✓ "Begin with the end in mind."
- ✓ "Put line leaders in the front, and lead initiatives from the back."
- ✓ "Be more structured in the roll-out process."

- ✓ "Have courage to make tough decisions."
- ✓ "Develop coaching skills to help leaders align with enterprise culture."
- ✓ "Find the root cause of culture mis-alignment; do not judge."

- ✓ "Adopt a structured approach."
- ✓ "Use quantitative and qualitative methods."
- ✓ "Have courage to feedback the results to leadership team and course correct."

Source: CCL Research 2018

While the HR function needs to focus equally on all four roles, interviewee HR leaders pointed that the function currently mainly focuses on execution or playing the facilitator role. "We are comfortable rolling up our sleeves and driving initiatives related to cultural transformation; I think that is an area that sits neatly in our comfort zone," commented an HR leader. In order to play all four roles, HR must upgrade its ability to play the advisor and the auditor in particular.

As organizations strive to get future ready, HR needs to go full-throttle on all four roles. With too many moving pieces and incremental contextual complexity, the organization will look at HR to lead the culture piece in its entirety. It is critical that HR plays a trusted adviser, an efficient facilitator, a fierce guardian, and an astute auditor in order to make the organization ready for the future.

Interviewee HR leaders pointed several reasons for HR not being impactful as an advisor, guardian, or auditor. The function must enjoy a high level of credibility and trust with line in order to be taken seriously, and to have business sit up and take notice of HR's advice. Leaders also pointed that HR must also build the right level of courage to speak-up, push back, make business leaders accountable, and take tough decisions.

TIP 9:

EXPLAIN IMPORTANCE OF 'HOW'

"We realized early on in the cultural transformation initiative that many HR people avoid taking a stand and just want to play the observer role. We focused a lot of efforts within HR to push business partners to take a stand on how people behave, and stretch our line leaders. We set up performance appraisals, on not only what people achieve (which is the traditional metric), but also on the 'how' – what behaviors leaders display while doing their duty? Our metrics typically include the 'what' and the 'how.' We believe that there can be exceptions on 'what,' but if the 'how' gets messed up despite achieving results, leaders may be doing good for their business unit but certainly not keeping the enterprise in mind. In our internal interactions, we are setting the tone to highlight that achieving results and how to behave in achieving those results are equally important. My team and I also spend a lot of time in helping HR build internal credibility."

PAUSE AND REFLECT

Worksheet

1. What role(s) do I need to focus on in the transformation journey to make my organization future ready?

2. What are my key responsibilities to successfully play the required roles?

3. What capabilities do I/does my team need to develop to deliver key responsibilities?

6 CONCLUSION AND NEXT STEPS

CONCLUSION

Fostering Future-Fluent Culture

CALL TO ACTION

Organization culture is the biggest barrier to future-readiness!

Only 2 in 10 organizations are confident about future-readiness!

Organization culture can provide a competitive advantage!

HR RESPONSE

HR must play 4 critical roles in shaping the culture.

Advisor • Facilitator • Guardian • Auditor • HUMAN Resources

Source: CCL Research 2018

O wing to the uncertainty that engulfs businesses due to hyper-competitiveness, technology shifts, unstable geo-politics, volatile financial markets, changing business models, and an evolving regulatory framework, only a small cross-section of leaders are confident about their organization's future-readiness.

The number one reason for lack of future-readiness is absence of the "right" organization culture with must-have values to be future-ready.

Leaders are unanimous in their view that "right" organization culture can help provide a compelling competitive advantage to organizations.

While cultural transformation is a joint responsibility of the leadership team, HR often emerges as the flag bearer of the exercise. To be successful, HR needs to play four critical roles and deliver on associated responsibilities. These are:

- **Advisor** - Play a trusted partner and subject-matter expert to the leadership team and help craft the cultural transformation journey.
- **Facilitator** - Institutionalize cultural changes via effective communication, modifying talent management processes and organization design, and equipping stakeholders with appropriate tools.
- **Guardian** - Ensure consistency of values and demonstrated behaviors in the organization, reporting dissonance if any, and supporting leaders to align to the new culture.
- **Auditor** - Identify appropriate metrics, measure impact of culture change initiatives, and report back to the leadership team to course-correct.

In order to play the four roles effectively, HR must-have solid credibility and trust within the organization. It may also need to develop appropriate capabilities in their portfolio.

NEXT STEPS
Architecting Future-Fluent Culture

*H*R functions in pursuit of building a future-fluent organization culture must start the journey by reflecting upon the existing culture, HR's credibility in the system, elements of existing culture to retain and elements to change, etc. This will help the function form a baseline.

HR then must prepare to play four critical roles - *advisor* to business as a subject matter expert, *facilitator* of key changes in the organization, *guardian* of values, and *auditor*, to measure impact of HR initiatives and feedback to the senior leadership team.

To play these roles in a compelling manner, HR will need to evaluate their readiness on some critical capabilities. These include courage, influence, collaboration, managing conflict, analytical thinking, etc. If these are development areas for the team leading the cultural transformation journey, then the CHRO must lead the initiative in uplifting these capabilities for her team.

Finally, the function must also role-model the 'right' behaviors and values. The HR function is often under the spotlight during any cultural transformation initiative. To therefore drive any changes, HR leaders must walk the talk.

The leadership team must collaborate intimately for any cultural transformation journey to be a success. Mutual respect, living the values, driving changes in their teams, and holding each other accountable are must-dos for the success of the initiative.

Finally, culture is a connecting tissue in the enterprise, the leadership team therefore needs to continuously nurture and develop the connecting tissue to strengthen the organization, make it more resilient, and ready for the future.

FITTING THE JIGSAW PUZZLE!

EVALUATE
- Future readiness
- Business strategy
- Current culture
- Drivers for culture shift
- Credibility of HR

ENGAGE
- Advisor
- Facilitator
- Guardian
- Auditor

ENHANCE
- Courage
- Influence
- Planning & execution
- Collaboration
- Change management
- Sound judgement
- Managing conflicts
- Giving Feedback
- Analytical skills

ENACT
- Values
- Behaviors
- Culture

Source: CCL Research 2018

HR AS CHAMELEON & ELEPHANT

"HR needs to be a chameleon, able to change a little bit according to the situations, work with different types of personalities and people. It also needs to be an elephant, thick-skinned, strong and courageous to take on anything. Elephants are also very sensitive, communicate well and have a good sense of the herd!"

ACKNOWLEDGEMENTS

Dr. Prince Augustin
EVP - Group Human Capital & Leadership Development, Mahindra & Mahindra

Ruchira Bhardwaja
CHRO, Future Generali India Life Insurance

Shalini Bhateja
Group Director, Talent and Organization Capability, APAC/ASEAN, Coca Cola

Marieke Bos van den Berg
Regional HR Director South Asia, AkzoNobel

Gonzalo Ruiz Calavera
Vice President, Global Talent Acquisition, Siemens

Vicky Chai
Head of HR Projects, Culture and Learning & Development, Avaloq Sourcing Asia Pacific (Singapore) Pte Ltd

Miguel Charneco
Head HR and Corporate Development Asia Pacific, Piaggio

Polly Chua
Director HR, Greater Asia, BD

Tanie Eio
VP HR, Asia Pacific Region, UPS

Michelle Cordero-Garcia
Director for HR, Philippines and Global Business Services, SGS

Shaily Gupta
CHRO, PwC Singapore

T. N. Hari
HR Head, BigBasket and Strategic Advisor at The Fundamentum Partnership

Stefano Innocenti
HR Director Thailand & HR Regional Manager Asia, Ducati Motor

K. Sudeep
HR Director - Asia Pacific, TCS

Rajan Krishnakumar
VP Talent, Asia Pacific, Mastercard

Aparna Kumar
Regional HR Director, Monsanto

Eugene Lam
Regional HR Director, Kimberly-Clark

Christophe Lange
VP HR, Asia-Pacific, Ingredion

Bonita Lee
VP HR, GSK Pharmaceuticals, Intercontinental

Jennifer Lee
Regional HR Director, Cargill

Leonard Lee
Sr. Director, Leadership & Talent Development, Asia Pacific, Hilton

Lee Yan Hong
MD & Head, Group HR, DBS Bank

Hugo Martinho
HR Director, Asia Pacific, Schindler

Joris De Meulenaere
HR Business Partner, Asia and Oceania, DEME Group

Kavya Murthy
Head TMOD, Asia & Head HR, SEA, Alcon

K. A. Narayan
President – HR, Raymond Ltd.

Stephanie Nash
Chief People Officer, RedMart

John Augustine Ong
Vice President HR, SGX

Sarojini Padmanathan
Director, Professional Board Administration, Corporate Services Group, Health Sciences Authority

Wei-Ling Poon
Head of Leadership Development for Asia, Sanofi

Anand R.
Sr. Vice President-HR, HCL Technologies

Sabine Schneider
Head of People & Leadership, Asia, Siemens

Sally Sng
Sr. HR Director, Asean Pacific, Philips Lighting

Virendra Shelar
GM - HRM, OMRON Asia Pacific

Ajay K. Soni
Chief Learning and Leadership Development Officer, Aditya Birla Group

Pallavi Srivastava
APAC and Greater China Talent Leader, IBM Global Technology Services

Bindu Subramani
Chief Manager - Talent & Organisation Development, Asian Paints

Rohit Thakur
MD and Lead, HR, Accenture, India

Annabelle Thebaud
Regional Head of HR, APAC, SCOR

Carmen Wee
Global VP, Human Resources, AVEVA

Ahmad Yuniarto
Former Chairman, Schlumberger Group, Indonesia; Founding Chairman, Biru Peduli Foundation; Founding Partner, PentaPeople

AUTHORS

Sunil Puri is the Asia-Pacific director of Research, Innovation, and Product Development at the Center for Creative Leadership. He is a seasoned leadership and human capital researcher and thought leader with over 20 years of experience across large global organizations. Prior to CCL, he served as head of Research and Insights at Human Capital Leadership Institute (HCLI), set up by the Singapore government to drive the global Asian leadership initiative. Sunil has authored several research studies including *Developing Global Asian Leaders: From Local Stars to Global CXOs; CHRO 3.0: Preparing to Lead the Future HR Function in Asia; HR Leadership Stall Points; Developing Next-Generation Indian Business Leaders: The Keys to Success;* and, *7 Myths of Leadership Development in Asia*. In 2015, he co-edited a book titled *Human Capital Insights: Inspiring Practices from Asia*, for Asia. Sunil is an alumnus of Indian Institute of Technology (IIT), Delhi, India, and Indian Institute of Management (IIM), Ahmedabad, India.

Roland B. Smith, PhD., is the group head of Leadership, Strategy, and Development for InterGlobe Enterprises. He also serves as the Co-Chairman of the Executive Committee for the group. In this role, he is responsible for the learning, development, and talent building of the organization. Prior to his assignment at InterGlobe, Roland was the Managing Director and Senior Vice President – Asia Pacific for the Center for Creative Leadership with the responsibility for China, India/South Asia and South-East Asia. He is a recognized expert in the fields of leadership, transformation, talent sustainability, and high functioning teams, and has played an instrumental role in organizational transformations and strategy refinement across the globe. Roland holds an undergraduate degree in Finance, a master's degree in Instructional/Educational Technology and a Ph.D. in Organizational Development/Adult Education

Established in 1965, SHRI is a not-for-profit, professional HR body which represents Individual Members (HR professionals, people managers, employers & business leaders) and Corporate Friends (private & public sector organizations) across diverse sectors. SHRI connects HR and business leaders locally and overseas through its signature conferences, seminars, dialogues and networking sessions. Singapore's representative on the Asia Pacific Federation of Human Resource Management (APFHRM), SHRI works closely with national HR associations worldwide to bring global and regional best HR practices, insights and services to Singapore. In line with its vision to be the leading HR authority in Singapore, championing human capital excellence, SHRI is committed to advocating HR best practices, connecting a community of HR professionals and enhancing the HR profession.

Center for
Creative
Leadership

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world's Top 10 providers of executive education by Financial Times, CCL has offices in Greensboro, NC; Colorado Springs, CO; San Diego, CA; Brussels, Belgium; Moscow, Russia; London, UK; Addis Ababa, Ethiopia; Johannesburg, South Africa; Singapore; New Delhi-NCR, India; and Shanghai, China.

CCL – Americas
www.ccl.org

+1 800 780 1031 (US or Canada)
+1 336 545 2810 (Worldwide)
info@ccl.org

Greensboro, North Carolina
+1 336 545 2810

Colorado Springs, Colorado
+1 719 633 3891

San Diego, California
+1 858 638 8000

CCL – Europe, Middle East, Africa
www.ccl.org/emea

Berlin, Germany
ccl.dach@ccl.org

Brussels, Belgium
+32 (0) 2 679 09 10
ccl.emea@ccl.org

Addis Ababa, Ethiopia
+251 118 957086
ccl.ethiopia@ccl.org

Johannesburg, South Africa
SouthAfrica.Office@ccl.org
+27 (11) 783 4963

London, United Kingdom
+44 7554 513169
ccl.uk@ccl.org

Moscow, Russia
+7 495 662 31 39
ccl.cis@ccl.org

CCL – Asia Pacific
www.ccl.org/apac

Singapore
+65 6854 6000
ccl.apac@ccl.org

Gurgaon, India
+91 124 451 8600
cclindia@ccl.org

Shanghai, China
+86 21 6881 6683
ccl.china@ccl.org

Affiliate Locations

Seattle, Washington
Seoul, Korea
College Park, Maryland
Ottawa, Ontario, Canada
Ft. Belvoir, Virginia
Kettering, Ohio
Huntsville, Alabama
San Diego, California
St. Petersburg, Florida
Peoria, Illinois
Omaha, Nebraska
Minato-ku, Tokyo, Japan
Mt. Eliza, Victoria, Australia