



The Our American States podcast—produced by the National Conference of State Legislatures—is where you hear compelling conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy.

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### **Putting the “Human” in Human Resources | OAS Episode 34 | May 24, 2018**

Welcome to “Our American States,” a podcast of meaningful conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy. For the National Conference of State Legislatures, I’m your host, Gene Rose.

We welcome to the program, the president and CEO of the Society for Human Resource Management, Johnny Taylor. Johnny, welcome to our program. Tell us what your company does.

Johnny: We are the world's largest HR association. We are a society that represents human resource professionals in 165 different countries. We have 300,000 members, who are members of SHRM. And we essentially advocate for professionalism in the HR profession, and we advocate on behalf of the 100 million employees who our members have the responsibility of practicing HR on behalf of.

Gene: So, Johnny, state legislatures are generally considered at-will employees and I think it's fair to say that because of this and other reasons, in the past, legislatures have been slow to create formal HR, human resource offices and programs to cover legislative employees. But now we're seeing a trend toward creating new HR functions that state legislatures accelerated in part by the #MeToo Movement.

So I have a couple of questions. First, do you believe that state legislatures should have HR offices? And second, what advice can you offer to help legislative leaders and staff directors strengthen their existing HR operations within their institutions?

Johnny: Well, what's great is most people don't realize at-will status is common in most of the country. I think it's 47 or 48 of the 50 states are all at-will jurisdictions for most, with the exception of people who are in unions and have contracts, for most employees. So as much as I think state legislatures think they're different, and I think it's so because they are voted in, but at the end of the day, this concept of at-will is not foreign to HR organizations and HR professionals.

What I would submit to you though is because one is at-will, does not mean that they should not have, and shouldn't see the value, in an HR function. In this environment where we have, forget the compliance issues of #MeToo and the litigious environment in which we in America operate, it's just really important with 3.9% unemployment that we do everything that we can to find the best talent, to keep those people, to train them, to develop them, and ultimately get the most out of them, whether they're working for the state, the federal government or a private employer.

So, I would submit that they should have had an HR function all along for reasons other than just compliance related to #MeToo. But things happen when they happen, so I think this is a wonderful time for state legislatures to invest in an HR function, and I think the benefits will be far greater than just solving a potential #MeToo issue. I think it's going to resolve a lot of issues and will help them get better talent and hopefully be better organizations, better state government, as a result of.

Now, the one thing that I would, and this sort of gets to your second question, is to understand that you cannot legislate people's morality and what people think is right or wrong. You can legislate behavior. You can say you can do this, you can't do that, but ultimately, there's a human being in there and people don't always do better because they know better. Right?

I don't want people to think that the creation of an HR office in an organization where the culture is tolerant of harassing behaviors is going to solve the problem. It won't. You'll have an HR department and you'll have people making complaints or not unless you really focus on building a healthy culture. And that's one of the things that I always suggest to our members and to their clients and to organizations all over, is invest in HR to build a healthy and productive workplace culture, not to resolve your litigation or avoid those concerns.

Gene: At the risk of making state legislatures sound different than anyone else, we know that in state legislatures, culture is a complex concept. You've got the traditions and the personalities and politics and power. And that sometimes creates resistance to change. What do you think legislative leaders and legislative staff directors can do to start turning their organizations and institutions toward a new cultural dynamic?

Johnny: Well, you know that's one of the benefits of #MeToo. So, as opposed to focusing on the #MeToo being the end-all and the reason why we should fix that, I'm actually very happy that this movement has begun because it's highlighted the need for us to treat employees differently, positively and differently, irrespective of what environment in which they work.

When it comes to state legislatures, I understand the fact that they are elected and so they can be doing a great job and then still not have a job, right? Because they are subject to the whims of the electorate. But the people who work for them and with them to support them see people come and go, and so those people should have a very healthy workplace. You can't expect them to provide good service to people if they themselves don't work in a healthy culture.

So, what we really suggest is that the first step is, for organizations who are trying to engage in cultural transformation, is to understand - what is the culture? You know, too often you hear people say they're going to run off and change the culture and I say well, that's a little early, you

need to step down, really do a full assessment of what does it mean to work in this office? And some of it's gonna be good and some of it's gonna be bad, but you need to know it before you can engage in true cultural transformation. You've got to understand what the culture is.

And then after that, yes, anti-harassment training, of all sorts by the way, it's not limited to sexual harassment, it's harassment on the basis of any form of illegal discrimination - race, national origin, religion, age, etc. But ensuring that this is a culture where people understand what harassment is, they also need to understand what harassment is not, and we can talk about that separately because the lay person believes that sometimes what they think is harassment isn't as a legal matter. But that's part of it. So the training is step two.

Number one and the end-all is about creating a culture where people bring their best selves to work and therefore the taxpayers who pay for those people to work get a good return on their investment.

Gene: What you're mentioning there, for anyone that expects culture to change overnight or in just a few months, that's not really going to happen?

Johnny: No, not at all. That's, you know, it's funny, people, as much as people say they like change, they don't. Even those of us who are really kind of receptive to change, like things as the way they are. We long for the past. When you see us, we get all nostalgic about the good old days. So, as much as people want change, they only want change when they want change. And so cultural transformations take time.

And I said this to a CEO the other day, if you think buttressing your HR function and putting money into it and bringing in the right people is going to change your culture overnight, you're naive; that's not how it works; you're changing human behavior. Now, you have to do it with intentionality and it can't go on forever because the one thing that we know is that people want change that they can see. So, you know, every new CEO comes in and says I want change. But they want change they can see and believe in. So you've got to take some aggressive steps early on assessing the culture and then actually giving real life examples of the cultural changes so that people can see the transformation occurring right before their eyes.

Gene: And a lot of this, as you mentioned earlier, is perception even though things may not be illegal, but there is a perception that state legislatures definitely have to deal with, and I assume most of your other clients as well?

Johnny: Yeah, you know, it's really interesting, I use this as an example, I can go in the front - I did this - I test this often. I meet with a group of employees, largely female crowds, but they are mixed. And I ask the question - so, you're a new employee at your organization and your boss asks you out on a date. You say no; he goes away. Is that sexual harassment? Out of ten people, five or six typically say yes. And then I say well, no. And they look shocked. And then I say well, let me give you another scenario. Your boss asks you out on a date twice. So, you said no to him and then a couple of weeks later, he comes back; he hasn't taken disciplinary action against you or anything else, but he says yeah, I know you said no, but I'd really like you to reconsider. Is that sexual harassment? And then the room, like typically nine out of ten, raise their hand. And then I have to break the news with them to say absent something else, the law does not consider that sexual harassment, legal sexual harassment. It may be inappropriate behavior, it may be

behavior inconsistent with the culture that your organizational leaders are committed to, but at the end of the day, that's not sexual harassment. And you should just see the looks on their faces when I'm like no, legal sexual harassment has to be hostile, pervasive; it's not the errant comment that is made, even if it's an offensive comment. It has to be a pretty significant thing, and that's the legal standard. People will say, well, HR didn't do its job. And I can argue with them, having been an HR practitioner and a labor and employment lawyer, that HR did properly assess the situation.

Now, that's the bottom line, but that doesn't mean that your organization can't say we won't tolerate a senior person asking out a junior person because of the unfair advantage, the pressure, you know. The state assembly person asks you out on a date, and you say no, so you, you say yes out of pressure, you feel some pressure to do it. That 's a different conversation, and therefore, you have to build a culture that says that's inappropriate behavior, although it may not be sexual harassment.

So we have a lot of work to do and that's why I have a big focus when I'm meeting with people to say, we need to train people on what sexual harassment is, but we also need to train people on what sexual harassment is not.

Now, broader conversation around the culture. I've used the behaviors that are consistent with our culture, but as a purely sexual harassment matter, or any other form of harassment, it's a really tough standard to meet.

Gene: So, Johnny, your organization has been an important partner with NCSL and the creation of professional development events and programs for state legislative HR personnel and we've kind of alluded to the fact that you are going to be speaking at the NCSL Legislative Summit in Los Angeles here this summer. What words of advice and encouragement can you offer to legislative HR directors and their staffs as they attempt to say, speak truth to power, and convince legislative leaders about making the HR function a more central player in the decisions about the management of the legislatures?

Johnny: The number one thing that I would suggest as people think about developing and staffing HR functions, is to ensure that they have really talented and certified HR professionals. The idea that everyone who says they are in HR is a good HR person that's going to give you good HR practice is awfully naive and frankly doesn't recognize HR as a profession. We know that all medical professionals are not created equal; all lawyers aren't created equally, etc. So the idea is to really ensure that the people you put into your HR function, especially in an organization that has historically not had HR, that these people are certified; they need to know the body of knowledge that is HR. They should be HR experts because your employees are going to test it. Their position is you would never bring in someone who really didn't know finance to be the head of finance. You really wouldn't bring in someone to run technology who doesn't have any technology background. So, number one is that, as we staff up these new HR functions, that you bring experts.

Number two: those experts never can forget the "H" in HR, which is the human experience. More practically, understanding how people think, how they learn in the case of training development, how they react when they receive negative news about their performance, etc.

You need to ensure that the people who come in not only are credentialed and understand the practice of HR, but also have that "H" human element.

And then finally, and probably most importantly, when I came in as CEO of SHRM, now four months ago or so, I said we've put together our new guiding principles. And they were largely statements that spoke to the culture that we aspired to be; the culture that we're going to live. Number one amongst those was bold purpose. That's what I would encourage, the HR folks that are going to take over and lead these new functions, is you have to be very clear about the purpose of HR there. And it's more than just litigation avoidance or harassment training; it's a broader and bigger reknit. And that reknit is about ensuring that the workplace and the culture gets the most out of every person that we invest in on a daily basis. But bold purpose is critical.

So highly, highly qualified people who also understand human beings and don't take the reality of the human experience outside of the workplace. And then finally, be bold in their purpose.

Gene: So with state legislatures, Johnny, the employment practices and policies often can be decentralized. And sometimes they're even conflicting.

Johnny: Yes.

Gene: Do you believe it's important that HR has a seat at the table when decisions about the structure and the workflow and the management of an organization, like state legislatures, is taking place?

Johnny: Well, I don't think there's a way to execute and change the culture without HR people being at the table. And I'll go a step further, not only must they be at the table, they must be listened to, they must be heard. And on their part, they have to speak up at the table. It's too often, I was at a meeting just recently in India and there was a discussion where this guy, who was an engineer, stood up and said, I'm so frustrated with HR people because they don't really understand engineering and I need an HR person who understands engineering. And the speaker chastised this audience member and said no, you need engineers who understand engineering; you need HR people who understand HR. And when you bring HR people to the table, you bring finance people, you bring marketing people, you bring whatever the different disciplines are. The point of bringing that diversity, and I'm not talking race or gender or anything, I'm talking about the diversity of their experiences and their professional expertise. You bring them there so that the organization makes the best decision with inputs from everyone. So, someone there who has a finance background in the state legislature is sitting at the table and says we need to do this, the HR person should be able to chime in and say but let me tell you how that will be received by employees and what the consequences are of that decision. We miss that too often. This desire, either in some instances the HR people aren't there, but if they are there, their voices aren't heard, or they don't speak. And that's, I'm a big, big proponent of HR people finding the courage to speak up when they do get the seat at the table. And so it's going to be all about the courage to say what needs to be said and to be experts at what you do. Now, legislatures cannot ignore this great advice. It would be no worse than having a health condition, going in to see a doctor, doctor says this is what you need to do, and you ignore it. Well, bad things happen when you ignore trained professionals' advice.

Gene: Right. And so, looking into your crystal ball, Johnny, what do you see as the next trends in HR practices over the next few years and what should state legislatures be thinking about in preparing for those trends?

Johnny: Well, number one is, at 3.9% unemployment, we joke that 3% of Americans don't want to work anyway, so we're at near full employment at this point. So number one is we have got to figure out how to provide the human capital, the people, for organizations to grow. I was at a meeting again recently, and another CEO said to me, we don't have a problem accessing financial capital; the capital markets are plentiful; the problem is we can't find the human capital to deploy the financial capital that we've accessed. And that was a really interesting ah-ha moment for me because it really is about the people.

What I would say to you is number one, you know CEOs, state legislatures, elected leaders in very high positions, have always, you know it's the right thing to say people matter, but now they do. We're a knowledge-based economy and doing it right is going to require that you have the right people. So, a big focus on workforce development, addressing the skills gap, you know, having enough people, but a lot of people don't have the right skills that you need still creates a problem. You have higher unemployment and you have employers on the other side saying they can't find the talent. So, one will be workforce development and addressing the skills gap.

Number two is all gonna be AI and automation. Oh my gosh, the craze, I just had an experience the other day - I called, I never spoke to a human being, and frankly I didn't know I wasn't speaking to a human being. This technology is doing a really amazing job. This isn't the call center that you're used to; it's amazing what AI is doing. And it's going to displace some employees and it's going to create opportunities for yet other employees, so a big focus on understanding how AI and automation, machine intelligence, is going to change the workplace.

And I think finally, which is a part of this #MeToo, but I don't think it's just about #MeToo; I think culture - culture is the buzzword. Harvard Business Review wrote an article some time ago that said culture eats strategy for lunch. And it's so true. It just does. You have the best strategy, and as I've said, you can have all of the financial capital, but if you don't have the right culture, you're not going to be able to keep the right talent to do what you need to do.

State legislatures have historically been a little protected from that because you're not an industry competing with Apple and Samsung; that's not your competitive set. Increasingly though, those folks, private sector, given this shortage of talent, are going to start pulling from state government and it will not be a pretty thing if state government ultimately, because they've not focused on culture, being the place where only people who can't get other jobs work. Cause it will bring everything to a standstill, and we deserve better than that as taxpayers. The citizenry deserve a really good culture which attracts and retains the best talent so that the services that are provided by the state is top-notch.

So, big focus on those three things, but AI is going to be what it's going to be, but it's a big deal. Culture, and as I said, a big focus on skills gap and workforce development and readiness.

Gene: Johnny, we've talked about a lot of great things here and some good advice for state legislatures. Is there anything I haven't asked you or anything that you feel you want to add?

Johnny: Yeah, I think the only thing that I would say to the state legislatures is, listen, by definition, you've been elected and there's a certain amount of ego that comes with that, right? You are the boss. And what we know from industry is sitting in the corner office or being in the power position, while nice, doesn't mean a lot to every employee. It doesn't mean the same thing to them as you think it does.

So, it is really critical, particularly now with the millennials moving into the workplace, that you take into consideration the normal hierarchical approach to managing down and telling people what to do because you are you and you hold a particular title, you're gonna struggle. You are absolutely going to struggle. I'm not suggesting that the power dynamic go away because it won't; I'm not naive. But if you want to attract the talent that you're going to need to tackle the most vexing issues affecting any state, you're going to need strong talent, and the best talent won't work in an environment where the culture is not right.

And again, it's not just about avoiding sexual harassment; people want more from their workplace than to have a harassment-free workplace. They want also opportunities to grow and be developed and to be recognized for their contribution. So, that's what I would say to them.

I'm very excited to go on this journey, and I'm honored that you all would give SHRM, the Society for Human Resource Management, and me the opportunity to partner with you.

Gene: We've been talking with the President and CEO of the Society for Human Resource Management, Johnny Taylor. Johnny, thank you for your time and being on the program.

Johnny: Absolutely. Be well.

Gene: And that concludes this edition of "Our American States." We invite you to subscribe to this podcast on iTunes and Google Play. Until our next episode, this is Gene Rose for the National Conference of State Legislatures. Thanks for listening.