



Towards an understanding of the value of human governance

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&

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HR & Performance in Academic Research

- Key stream of research in field
- Compelling evidence of link between HR & performance
- Little knowledge of causation- black box

Performance Outcomes

- Narrow focus on performance-
 - Total shareholder returns, return on assets/earnings/investment/capital employed, Tobin's Q etc.
 - Focus on shareholder based outcomes
 - Often ignore longer term negative associations of misaligned HR
 - C.f. Boselie, Boxall, Paauwe

Human Governance

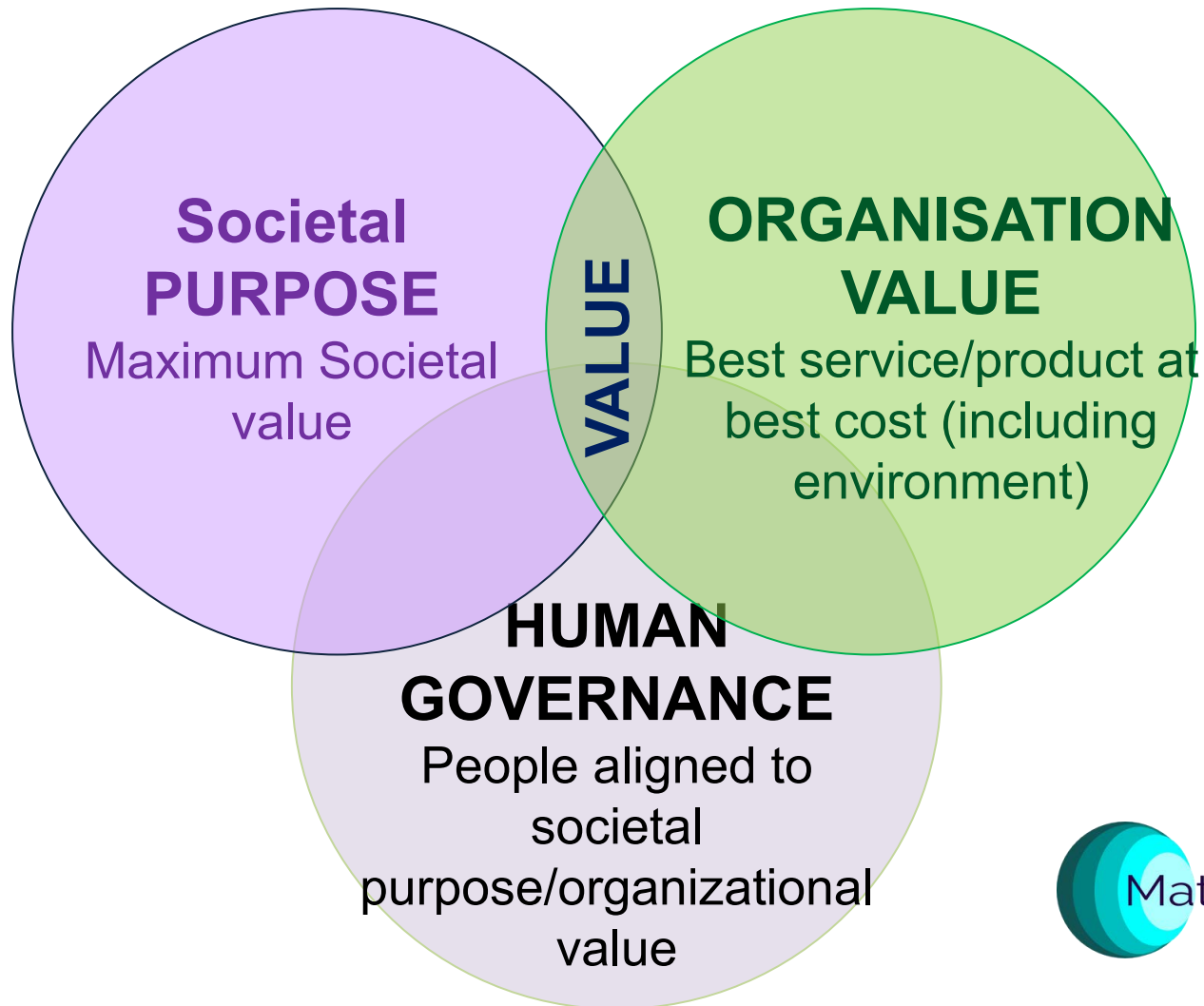
Management practice that arises when an organization acknowledges a commitment to the pursuit of providing societal value through realizing the full potential of its entire human capital.

**Long-term,
Sustainable
Value creation**

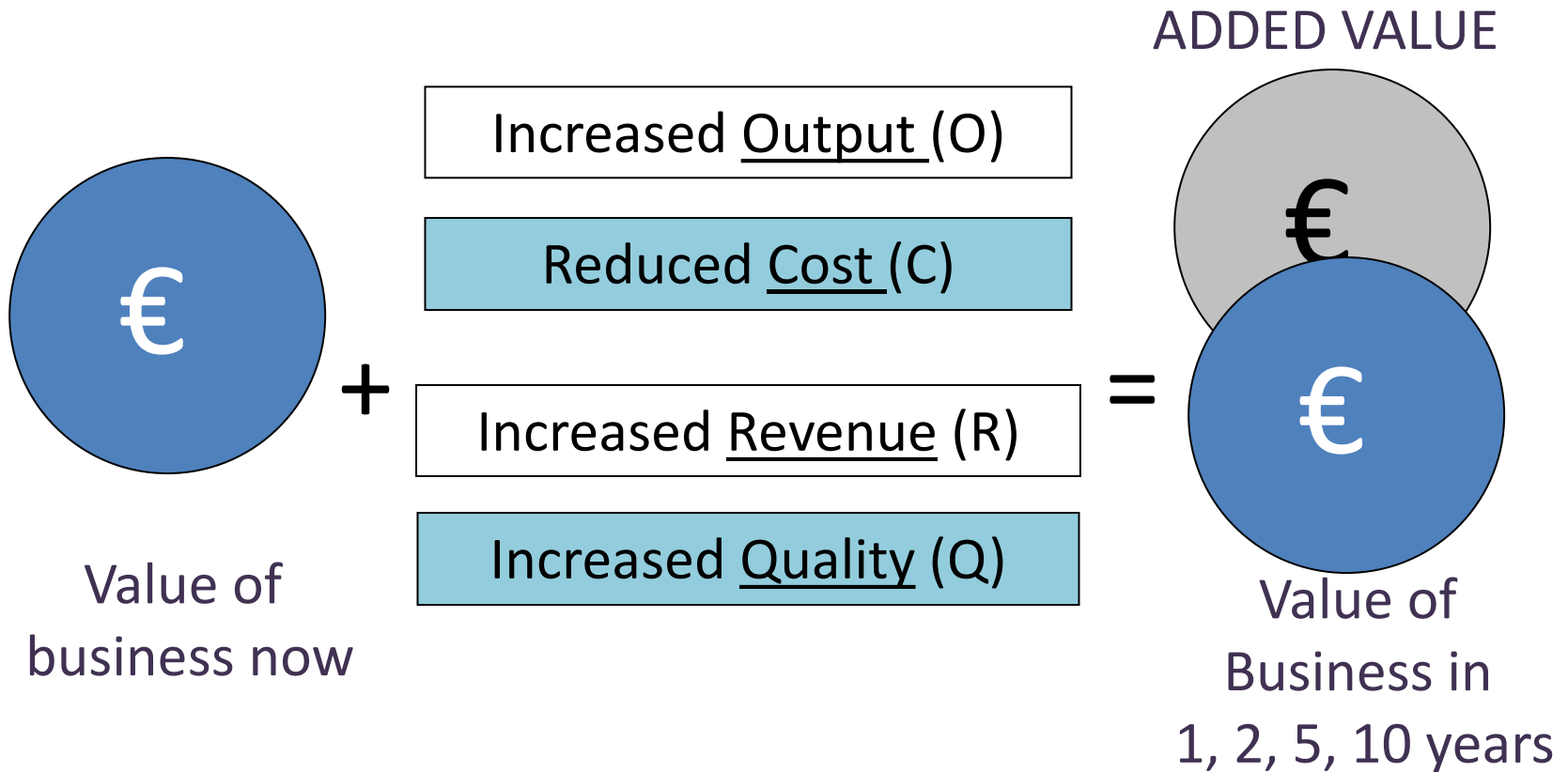
**The advent of
*Human Governance***



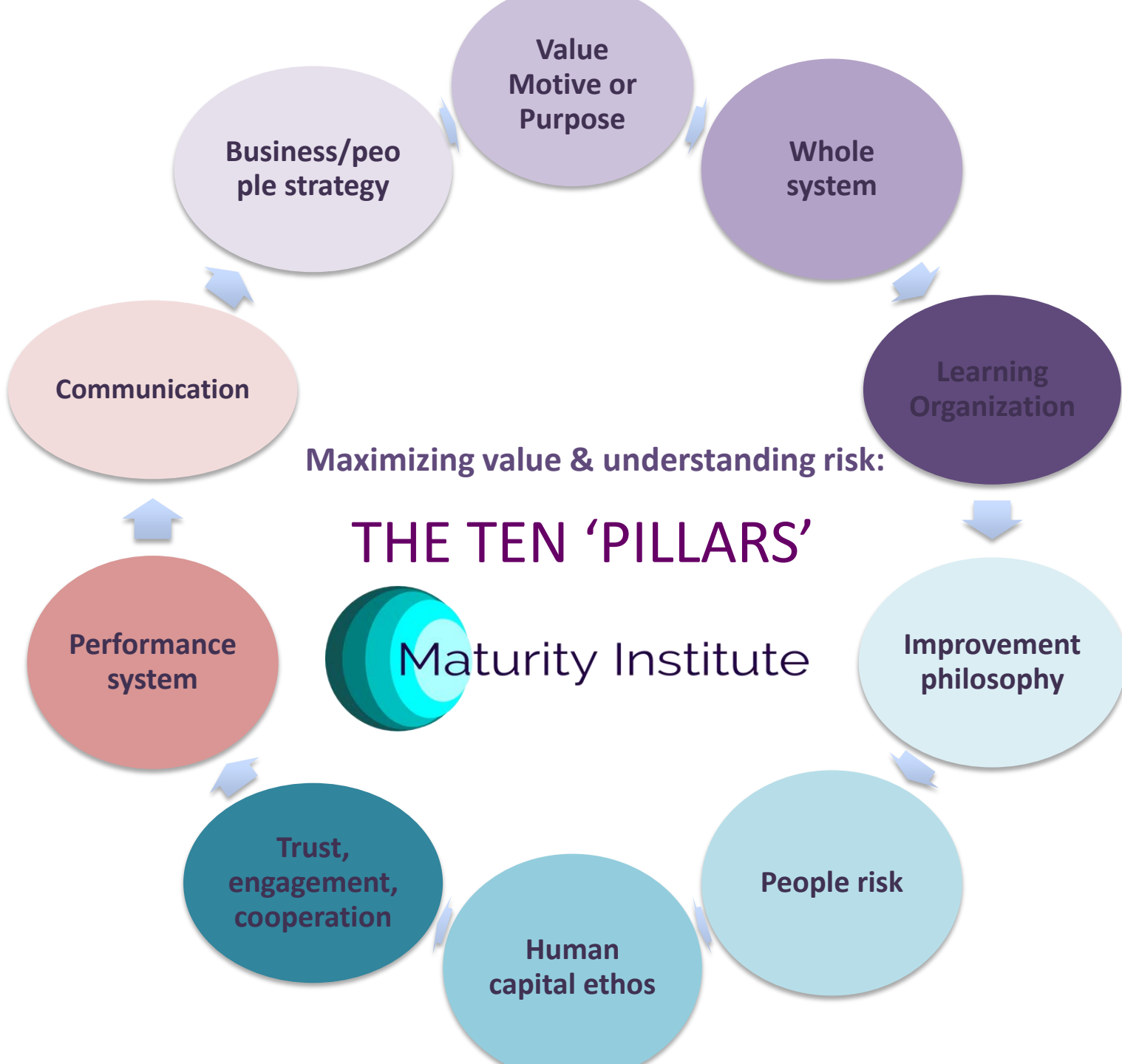
Relationship between Purpose, Value,(Human) Governance



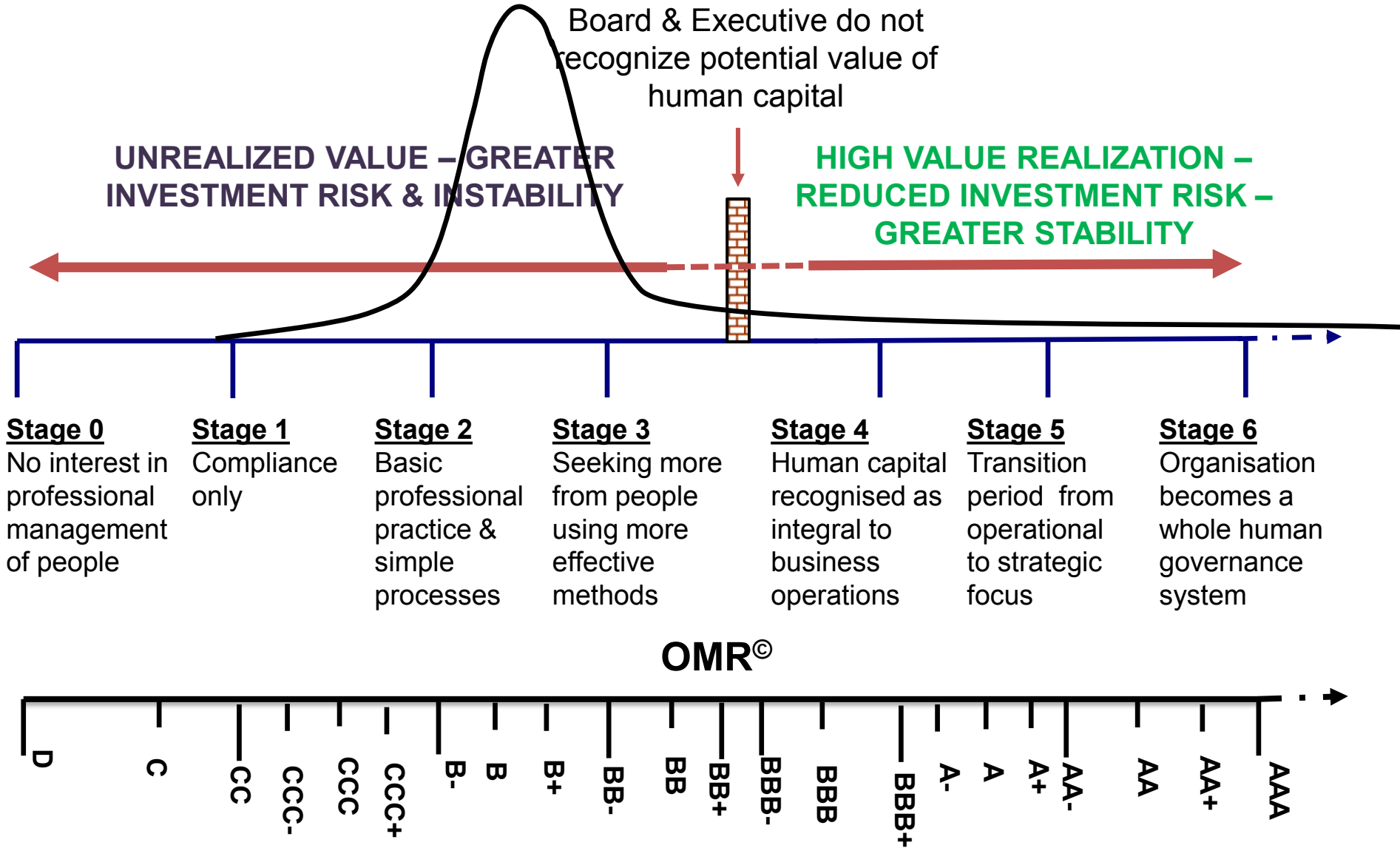
Defining & adding *Value*



Societal value generated by producing the best quality products/services at the lowest possible cost (including any external harm e.g. environmental)



Human Governance OMR Scale



Materiality: market value



Materiality: operating margin

OMI rated BBB or higher	Operating Margin comparison (%)						
Toyota	10.11	VW	6.07	GM	4.52	Ford	2.97
Goldman Sachs	40.24	MS	28.47	JP Morgan	36.69	Deutsche Bank	22.58
Handelsbanken	52.12	Barclays	24.82	Lloyd's	8.44	RBS	21.51
Reckitt Benckiser	25.39	Unilever	16.38	Beiersdorf AG	14.04	L'Oreal	17.18
Admiral	40.46	Aviva	5.69	RSA	6.73	Direct Line	20.87
Whitbread	18.29	Accor Group	11.67	Starbucks	17.61	Greene King	19.33
Costco	3.12	Sainsburys	2.85	Tesco	-0.5	Morrison	0.81

TOYOTA

Value vs supply chain orientation



Leadership with trust

Embedded societal value & responsibility



Human Governance drives higher value, lower risk & 'good' outcomes

High trust, cooperation & informed decision making



Truly inclusive workplaces



Learning, knowledge & innovation



Best/sustainable resource use



“social, economic, environmental, and ethical factors directly affect business strategy—for example, how companies attract and retain employees, how they manage the risks and create opportunities from climate change, a company’s culture, corporate-governance standards, stakeholder-engagement strategies, philanthropy, reputation, and brand management.” – David Blood 2007