

Savenaca Narube: Contemporary leadership and human resources management

Keynote speech by Mr Savenaca Narube, Governor of the Reserve Bank of Fiji, at the inaugural Convention of the Fiji Human Resources Institute, Suva, 21 September 2007.

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Salutation

The President of the Fiji Human Resources Institute;
Executive Members;
Ladies and Gentlemen:

Good morning. I am honoured to be invited as a speaker at this inaugural Convention of the Fiji Human Resources Institute. I extend my sincere apology to the President, the Executive Members of the Institute and the participants for not being able to speak to you in person this morning. I was really looking forward to the opportunity. However an unforeseen commitment has required that I travel abroad.

I commend and congratulate the members of the Institute for taking this timely and important initiative to firstly, establish the Institute and secondly, to mount this Convention. The theme is extremely relevant – Our People, Our Future, Our Destiny. I wish you well in your pursuit to develop Fiji's human resources. I wish this Convention all success. I also hope that this will become an annual event.

I speak to you on the topic of ***“Contemporary Leadership and Human Resource Management”***. As you will appreciate, the topic is very broad and far-reaching. Leadership itself is a comprehensive issue and one can talk on it for the entire conference. Human Resource Management is also a very wide topic in itself. I accepted the invitation to speak on this topic because I fully support this Convention. However, it was not an easy choice because the topic, wide as it may, is also somewhat outside my direct area of expertise. I would not pretend for a minute that I know the answers to many of the complex issues of leadership and HR Management. I would therefore confine my comments this morning to my personal experiences and observations on corporate leadership and how HR Management fits into it. Moreover, I would anchor these two issues in the context of change that we are experiencing locally and globally.

Change

Let me talk first about change. Change is everywhere these days. Corporations are being restructured. Processes are being re-engineered. Management is being reformed. Entire economic sectors and industries are being deregulated. No country can stand in the way of trade liberalisation. Preferential trade arrangements are being torn down. There is an active move towards regional integration. In my view, Fiji cannot resist the pressure to integrate into the global economy.

Globalisation is of course the major driver of these changes that are happening or still need to happen locally. Competition in this rather hostile environment is the key. If you cannot compete, you perish. Survival is paramount.

Leadership and HR Management are therefore evolving in response to these changes. How do you lead a firm to financial and economic success under these conditions? To me the answer is simple – your human capital holds the key. It is also the answer to globalisation and competitiveness. Even with the state-of-the-art machines and the best processes, without a performing HR, the firm will struggle. But sadly, as we all know, improving the performance of our people is perhaps the hardest thing to do in the universe. A host of

factors need to converge to get the people loving what they do and doing the best that they can. Leadership and HR Management are at the heart of this pursuit for better performance.

Leadership

Leadership has generated a lot of discussions and research over time. I see numerous books on leadership advocating different types of models. One of the books on leadership that I read recently puts it rather interestingly that ***“The secret to leading people and living and working with them is found in the space between their ears”***. The book went on to explain that leadership is all about training people to think. There is a lot of truth in what Buddha once said that ***“What we think we become”***. Other leadership models advocate leadership by principles, servant leadership and others. But there are some traits of leadership that are common to all these models and we come across many of these in our careers. I will come back to these common areas later.

Leadership has evolved over the years. Many, many years ago physical labour was predominant and the leadership model was more like ***“just do what I say”***. There was a comment back then that when you come to work leave your brain at home! Management was supreme. You just do what you are told – no questions asked.

Things have of course significantly moved on from that master-servant model. The computers have taken over the mundane routine work. Internet is here. In this modern climate, the coercive leadership model in my view no longer works. Why? I think that one of the major reasons is that workers are now better educated and better informed than they were then. They are also more independent. They know that they can take alternative options. The global job market has opened up. The modern leadership style needs to attend to these factors. Leaders not only need to be knowledgeable, they now need to lead a very knowledgeable team.

Talking about leadership also brings up debates on issues such as: Are leaders made, or are they born? My view is that they can be both. While a leader can be born, they can sharpen those talents through proper training and experience. Leadership is also situational. For example, good war time leaders do not necessarily transcend to good peace time leaders.

Attributes of leadership

Let me now return to the attributes of leadership which no doubt many of us know.

In my experience, passion has a lot to do with good leadership. Passion is sometimes not well understood. To me, before becoming passionate one must do two things:

1. First, you must know your destination. You cannot be passionate about processes. Computers do that these days. Rather, you must be passionate in getting to where you want the organisation to be. It's the Vision. It's the future. I came across a recent quote from a Mr Ted Levitt which puts this very well that ***“The future belongs to people who see possibilities before they become obvious”***.
2. The second thing one must do is to know when you have arrived at that destination. It is very difficult to be passionate about getting somewhere when you do not even know when you have arrived. Measurement and information are therefore critical. Someone once said that you cannot achieve what you cannot measure.

With these two prerequisites you can then get excited about your Vision and be passionate with it. You must become personally convinced and confident that you will get there. Moreover, you must display your commitment and confidence, not only most of the time, but at all times – particularly when things are not looking bright.

Leaders must not lose sight of the bigger picture. Do not allow the details to bog the vision down. One thing that staff in the Reserve Bank will tell you, is that I take every opportunity to preach our Vision and remind them of the bigger picture. I do this when I meet our new recruits. I do the same thing at every address I give to Team RBF. Mind you, details do have a place and a time to deal with them. But I find that it is more rewarding if you challenge your team to work these details out themselves.

I find that leaders must continuously stretch the boundaries of the corporate space and get your team out of their comfort zone. When you challenge the status quo you get very interesting answers. The most common one I have come across is that this is what we have been doing for years. Only when they are out of their comfort zone would they be inspired. Inspiration is the pinnacle of personal victory. I fully subscribe to a quote by a Richard Florida that says: ***“People do not need to be managed, they need to be unleashed”***.

Related to this stretch targets is the situational leaders that I mentioned earlier. Sometimes it is relatively easier to lead when things are rosy. But leaders are challenged most when things are tough. The saying that ***“When the going get tough, the leaders get going”*** is very appropriate. When the situation is tough, tough decisions needs to be made and there is a high premium on being level-headed, keeping emotions under control and being an optimist. For instance in this current crisis, I have been stressing to Team RBF that we need to stay sharply focused on our Vision and to be absolutely professional on how we approach our work.

Times are obviously tough in Fiji now. Our biggest economic challenge is to maintain external financial stability at a time when the economy is declining. Without financial stability, the country will be in a much precarious position. I always stress to my colleagues that we have an important national mandate to keep at the Reserve Bank. Therefore, the Bank had to take decisive and proactive steps to protect our financial position. Over the last four years, the Bank had raised interest rates, reduced liquidity and tightened exchange controls. One thing we can be sure about is that raising interest rates and tightening exchange controls are never going to be popular. But unfortunately they are necessary. Long term stability is always superior to unsustainable short term gains. We try as much as we can to tell the public why we do the things we do and I am pleased to say that our policies appear to be taking effect. Foreign reserves are holding up well.

Another book on leadership emphasises that good leaders are those that teach others to lead themselves. At the end of it all, the team itself says that they did it themselves. I am a firm believer of this principle. Danny Cox in his Employees Handbook on Leadership quotes ***“The ultimate reward for a leader of people is to be able to say, “I saw someone grow today, and I helped.”*** I believe that the ultimate challenge for us leaders is to be able to effectively grow our people and being able to say, I helped someone grow today. When a leader has trained two or three people who are able to take over his or her job, in my view, he or she is an excellent and successful leader.

Inspiration and purpose are clearly the foundation upon which employees look for in a leader. They look for a leader that brings inspiration and meaning to their work. We spend more time at work than with the family. Do our workers enjoy coming to work everyday? The answer of course will not be all yes. But if you can get the majority to be saying that they love to go to work each day, I think you are doing better than most. I am always stressing to my team that relationship is the most important issue at the work place. Leadership is all about relationship. Values play a critical role. At the top of my list of Values is **Respect for each other** irrespective of levels of seniority. In the Bank, we have adopted five values and professionalism and respect are two of them.

A leader is also solution focused. A common challenge that I usually pose to my colleagues is that they should not only come to me with problems but also solutions. I do not hold a monopoly on solutions. That always gets them thinking. An interesting side effect is that the problems started declining.

Human Resources Management

Let me now turn to Human Resources Management – HRM. Over time reference to “human resources” has evolved.

It started with the word “labour”. Economist will tell us that labour is one of the three factors of production – the other being land and capital. But obviously this is rather a technical label of people.

The reference quickly shifted to “administration” that deals with the management functions of staff such as recruitment, compensation and evaluation. This was obviously the first attempt to introduce some “human” recognition of the resources. It then evolved into “personnel” and then “human resources”. More recently it has changed yet again to “intellectual or human capital”.

When I look at the evolution of these references to people, there are two things that strike me:

First – there is a growing understanding that we are dealing with people rather than physical assets. Only people have intellect or emotions not machines or financial assets.

Second – there is more appreciation that we are dealing with capital. The term “human capital” reflects the notion that we must grow this “capital” by investing in capacity and relationship building.

How does HRM fit into good leadership?

They are connected by people like you and me. HR deals with people. Leadership deals with people. How often do we hear the phrase that **people** are our most valuable assets? As I said before, people are the key to achieving our Vision. As HR professionals, your work centres on people. You motivate people to bring out their very best.

In the world of work today, leaders are recognising the contribution and importance of HRM in an organisation. HR professionals are being regarded as *strategic partners, employee champion, administrative expert and agent of transformation* and are assuming broader roles in overall organisational strategy formulation and policy development. Therefore HR professionals are now required to have a much broader range of skills. You are required to have some business sense, follow economic and financial logic, possess IT skills and even be a counsellor. The HR Manager of the twenty first century is required to go beyond the traditional function and task and become involved in more strategic responsibilities.

Values

I talked earlier on about values. As HR professionals, one of your roles is to help management inspire everyone in your organisations to walk the talk on corporate values. These values must filter down to all aspects of the organisations. We try to do this in a few ways in the Reserve Bank. Firstly, we try to gauge from the interviews the possible alignment of the interviewees to our organisational values. Secondly, we induct our new recruits on these values as soon as they enter the organisation. Thirdly, we have established a mentoring system. Fourthly, we have now integrated the organisational values with the formal recognition and reward system of the Bank. Alignment to these values now determines the rewards that one will receive at year end.

Respect and recognition

It is very obvious from the surveys and feedbacks that our people want to be treated with respect. They want to feel that they are valued. They want to feel that they are recognised for

their contributions. We have found that non monetary incentives inspire, just as much as monetary rewards do – a pat on the back, a nod, a handshake, a staff notice an achievement, special announcement, a thank you note, a signed certificate and so forth. We are trying to avoid recognition systems that create competition and comparisons and in turn are destructive to the values of our business.

Human Resources Management capacity

There is an obvious and urgent need to build capacity in HR in Fiji. A survey by PricewaterhouseCoopers has identified a huge skill gap in this area. Therefore, the setting up of the Institute and this Convention are excellent contributions to this capacity building. In addition, I am told that HRM is taught in our local universities from Diploma, Degrees and even at Masters level. The Institute is also contributing to this capacity building. I understand that FHRI holds seminars, workshops and panel discussions or talanoa sessions to allow the sharing of HR information among members. FHRI allows membership not only to those already in a HR profession, but to students of HR as well. I understand that a Professional Development and Recognition Model or grading system that recognises members' qualifications and competencies is being developed by FHRI and is due to be implemented by 2008. The benefit for such a model is that it will raise the profile of HR practitioners and support professional accreditation and public recognition. I also encourage the Institute to undertake academic research on HRM topics. I urge the Institute to continue and expand on these training initiatives and they deserve our full support.

Professional standard

Let me briefly say something on professional standards. We in the Reserve Bank as the financial supervisor develop a lot of these standards. I suppose that the Institute will also need to do the same.

A study in 2000 of HR professionals in five US HR-related organisations concluded the need for HR professional standards as:

- **Integrity**
To practise the profession with high levels of loyalty, integrity and fairness
- **Legality**
To respect individual rights and obey all laws
- **Proficiency**
To maintain and improve professional competence
- **Professional loyalty**
To support the profession and not misuse professional affiliations for personal business gains
- **Confidentiality**
To respect the confidentiality of privileged information

I would also like to urge the Institute to create and maintain a database on the global best practices of HR development and to share these widely in Fiji.

Conclusion

I wish to conclude by saying that nothing of what I have said today is profound wisdom. Rather, they really are common sense. What I believe is the key to putting all these together is the team spirit that will help propel behaviours and attitudes towards the desired direction in our organisations. Building this team spirit must of course start from the top.

On building this team spirit, I urged my Team RBF staff earlier this year that although the country was going through difficult times, this was not the time for the Bank to be pulling apart because of different philosophies. This is not the time to take sides. On the contrary – this is the time for working together and keeping to our Vision of Leading Fiji to Economic Success.

I wish to leave you with the thought that we need to build this team spirit at the national level. We need a Vision. From an economic viewpoint, such a Vision could be the prosperity for all the communities. National leadership will need to build this nation as a team. They should call for goodwill, hard work and commitment. As a nation of people working together, I am confident that we will come through as we had done in the past.

I again wish the Convention every success and trust that you will have a fruitful and rewarding day of discussions.

I thank you for your attention.