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THE CHANGING FACE OF THE PERSONNEL DEPARTMENT

Part III — Why We Hate HR

In Part I of our series on The Changing Face Of The Personnel Department, we visited HR professionals during their day-to-day, front line experiences. In Part II we heard from the world of academia and considered how HR departments often have socialist characteristics.

In Part III of this four part series, we will analyze today's HR department from the perspective of the business world.

Consistently Under Delivers?

Keith H. Hammonds, an editor for Fast Company, a major business publication that focuses on workers and their organizations, presented his critique in a 2005 report. "HR" says Hammonds, "has given 20 years of rhetoric about being strategic partners and leaders with a seat at the table. But they haven't made it. They are neither strategic, nor leaders and they are not seated at the table where business decisions are made."

The human resource trade, says Hammonds, has established itself "at best as a necessary evil, and at worst a dark

bureaucratic force that blindly enforces nonsensical rules, resists creativity and constructive change" "It is the corporate function with the greatest potential. In theory, it is the key driver of business performance and also the one that consistently under delivers."

In a 2005 survey by the Hay Group, a worldwide compensation firm, only 58 percent of employees rated their job training as favorable. Only 41 percent felt that performance evaluations were fair and only 40 percent thought their companies were doing a good job of retaining the best workers. Most said that they did not know what it took to get ahead in their company.

Hammonds says that "in a knowledge economy. Those with the best talent win." Those with the least talent may not survive. "Human resources should be making the best of our human resources, finding the best hires, nurturing the stars and fostering a productive work environment. That's what they should be good at. That's what they should be doing."

Instead, HR is literally “looking at the brink of their obsolescence.” Their expertise is in administration. They are administrators of pay, benefits, retirements, employee assistance etc. But these are precisely the activities that companies are farming out. What will be left is the far more strategic role of raising the technical and intellectual capital of the company.

In general, Hammond suggests that today’s HR is not very well suited for that. He explains his position in the following four points:

1 HR Is Not Attracting The Best And The Brightest.

Hammonds bluntly states, “If you are an ambitious young thing, newly graduated from a top college or business school with your eye on a rewarding career in business, your first instinct is not to join the human resource dance.” At the University of Michigan’s Ross School of Business, which arguably boasts the nation’s top faculty for business issues, just 1.2 percent of the most recent graduates chose HR as their field.

Although the HR field does attract very intelligent people, they do not tend to be business people. Garold L. Markle, an HR executive at Exxon and Shell Offshore, says, “HR doesn’t tend to hire a lot of independent thinkers who stand up as moral compasses.” Some are exiles from the corporate mainstream who were not successful in more significant roles,. HR can become a “low-risk parking spot” for them says Markle.

Many enter the field by choice and with the best of intentions, but for the wrong reasons. “They like working with people

and they want to be helpful- - noble motives that thoroughly tick off some HR thinkers.” Arnold Kanarick, who has headed the HR executive positions at two large corporations, said, “When people have come to me and said, ‘I want to work with people’ I say ‘Good, go be a social worker.’ HR is not about being a do-gooder. It’s about how you get the best and brightest people and raise the value of the firm”

The Society For Human Resource Management (SHRM), the largest HR organization in the world, says that while the educational level of business professionals continues to rise, HR professional’s educational levels are shrinking. Today they have a considerably smaller percentage of people who have any education beyond a bachelor’s degree.

In a SHRM survey, HR professionals were asked to rank the value of academic courses to their profession. They ranked “Interpersonal Communications” at 83 percent, “Employment Law” at 66 percent, “Change Management” at 35 percent, “Strategic Management” at 32 percent and “Finance” at 2 percent. That’s almost backwards to what most corporate executives would say.

2 HR Chooses Efficiency Over Company Values

Why? Because it’s easier, says Hammonds, and it’s easier to measure.” Dave Ulrich, a Professor at the University of Michigan, recalls meeting with the top HR people and their Chairman from a major bank. “The training executive said that 80 percent of employees have done at least 40 hours in classes.” The bank Chairman said, “Congratulations, (but)

you're talking about activities your doing. The question is, what are you delivering?"

Ulrich is one of the HR profession's best-known gurus and he admonishes HR managers to take on more strategic roles in corporations. However, they "typically undermine that effort by investing more importance in activities than in outcomes." That's putting process over product. "You're only effective if you add value. That means that you're measured not by what you *do*, but what you *deliver*."

"Human resources can readily provide the number of people it hired, the percent of performance evaluations completed and how satisfied employees are with the benefits." Says Ulrich, "But rarely do they link any of this data to business performance." What is the ROI of the HR department?

3. HR Operates Defensively

Although performance reviews are very useful tools when they're done continuously throughout the year and accompanied with feedback and coaching, the annual performance review process is not nearly as effective. Why? Because it's primary purpose has become a CYA process. It's a defense mechanism. There's a good reason for this of course. After 40 years of increasing government influence and regulations, some think you must have government permission to terminate an employee. With EEO, FLSA, OSHA, HIPPA, FMLA, sexual harassment and violence in the workplace issues, any good employment attorney will tell you that CYA is good business practice and documentation is it's name.

But is that the purpose of HR? Is that where our value is, in paperwork and

bureaucracy? HR people need to be capable of focusing on the business results while navigating the government regulations. That's difficult, because the two are not always compatible. Why? Because the laws are seldom designed by people who understand business. They understand how government works with its employees, and those government employees often write the laws. These are not profit and loss people. They're very bureaucratic, heavily unionized, paper-oriented and often have no end results to produce or to be measured by.

HR cannot be an equal partner in meeting the company's goals if its focus is on standardization, uniformity, bureaucracy and the equal distribution of rewards while the workforce is instead becoming more individualized and complex. Making exceptions is time consuming, difficult to manage and can be expensive. HR departments often fear that one exception will open the floodgates.

But making exceptions is exactly what HR should be doing, not because it's nice for employees or it's easier, but because it drives the business. Companies keep their best employees by acknowledging their distinct performance, not by squeezing everyone into narrow, more manageable boxes. In today's HR, if a top performer is recommended for any increase above 4 percent the recommendation will usually be sent back.

4 HR Is Re-Active Instead Of Pro-Active

Libby Sartain, Chief People Officer, is in total charge of HR at YAHOO. She arrived there with two great advantages. First, she earned a reputation as a pro-active, creative maverick during her 13 years running HR at Southwest Airlines.

Second, she was given carte blanche from the top to do whatever it took to create a world-class organization. She didn't just have a seat at the table; she actually helped build the table. She instituted a weekly operations meeting that she coordinates with the COO. The purpose of this meeting is to examine operational results, relate that to skills and talent, identify needs and plan ahead.

Talent is always at the top of the agenda and at the end of each meeting the team discusses the development of the organization's key individuals. HR is the igniter of, the purpose for and the machine that drives this meeting.

"That meeting" says Sartain, "sends a strong message to everyone at YAHOO, that "they're responsible for more than shuffling papers and getting in the way. We view human resources as the caretaker of the largest investment of the company. If you're not nurturing that investment and watching it grow, you're not doing your job." Many think her meeting is the most valuable meeting the company holds.

HR tends to operate in three arenas:

1. Keeping the flow of paperwork and process going.
2. Taking on assignments handed down from the top.
3. Putting out fires.

None of these activities are pro-active, none are leadership roles and none really improve the company's value.

Part of the problem is that governing administration processes is by its very nature procedural and slow. But business operations and strategies change quickly. That should send a message to HR that it needs to get out in front of these issues.

HR needs to measure its results in the field and on the bottom line. It must become responsible for the end result of the workforce it represents.

A survey by Hewitt Associates found that 94 percent of large companies are already outsourcing at least one HR activity. They also report that by 2008 they plan to add training, recruiting, payroll and health and welfare.

To repeat an earlier observation, "The problem" says Hammonds, "if you're an HR person is this, the tasks companies are outsourcing tend to be what you're good at, and what's left is not (yet) exactly your strong suit"

Still, HR is populated with intelligent people and they are in a unique position to improve the company, the employees and themselves. Will these advantages be ignored?

In our fourth and final issue of The Changing Face Of The Personnel Department, we will see if the experts can answer this question, "What Can We Do About It?"

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