

Teaching Guide for “Why We Hate HR”
by Keith H. Hammonds
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HR: Leading People, Leading Organizations



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Summary

In a tongue-in-cheek manner, Hammonds attempts to explain why the HR function has not delivered on its promise to become a strategic partner and why organizations and their employees have little, if any, respect for the work done by the HR department in their respective organizations. Hammonds communicates and expands on four main points to support his claim.

- 1. HR people aren't the sharpest tacks in the box.** Anthony Rucci, EVP at Cardinal Health Inc., summarizes this in one statement, "...business acumen is the single biggest factor that HR professionals in the U.S. lack today." There is a widening gap between the capabilities of those working in HR and the business acumen needed for them to be successful strategic partners in a business organization. The core responsibility of HR is to serve the organization's corporate objectives, therefore, if HR does not understand all aspects of business, it will not be able to do this adequately. The soft skills are not enough. Those skills must be used in context with the strategic function of the organization.
- 2. HR pursues efficiency in lieu of value.** HR departments spend a considerable amount of time reporting efficiency measures such as the percentage of employees with advanced training or the degree of employee satisfaction because they are easier to measure than the impact of those activities on the organization's bottom line. HR departments argue that these activities and metrics are important to know, but those activities/metrics don't exist in a vacuum. Every program and/or activity that the HR department endorses and implements must bring value to the organization and help it achieve high performance. Just as the metric ROI explicates the impact of investments on an individual's or an organization's bottom line, so must HR develop a similar metric to understand the financial impact HR activities have on the success of an organization.
- 3. HR isn't working for you.** The fear of litigation, hence leaving the organization's corporate assets vulnerable, has pushed HR (as the organization's representative) toward a "one-size-fits-all" approach to managing the employees. In this sense, HR, once believed to be an advocate for the employees, is now seen as a bad cop or a tool of top management. HR becomes the "rule enforcer" to ensure fairness across the board. In the age of lawsuits, abject compliance is easier to manage and justify than exceptions to the rule. However, it is inherently unfair to treat all people the same. The contingency approach to understanding organizations clearly argues that the 'one-size-fits-all' approach ignores the unique contributions individuals bring to an organization, which is what drives organizational success in the end. If the HR department reports to the CFO, this reinforces the belief that expenses and liabilities must be managed at the cost of individual differences.
- 4. The corner office doesn't get HR (and vice versa).** For any number of reasons, not least of which is the antiquated notion of the HR department's role as solely the picnic planner to boost employee morale, most corporations do not understand nor empower HR to play a strategic role, even when HR has the ability and desire to do so. The assumption among many CEOs is that there can only be two stances: one that takes a softer approach,

dealing with employee needs, development and commitment, versus the other, which takes a harder approach--the organization's interest prevails over those of the individuals within the organization. The reality is that it is not a variable with only two options. The truth lies somewhere on the continuum between the two extremes--balancing both the needs of the organization and the needs of the employees within it. Many organizational issues can be addressed by first addressing the needs of the employees. As those needs are heard and addressed, organizational performance can be enhanced.

Hammonds concludes the article by highlighting the value HR departments at Yahoo, Hunter Douglas and Cardinal Health, for example, bring to their respective organizations. Libby Sartain of Yahoo doesn't just have a strategic seat at "the table," she built "the table" herself. Betty Lou Smith of Hunter Douglas demonstrated a relationship between high turnover rates and product quality, thereby resulting in improvements in turnover, attendance and productivity.

Lynda Gratton from the London Business School argues there are two main reasons why HR departments have a difficult time making an impact in an organization. First, because business strategies change rapidly, it is difficult for HR to keep up with those changes due to the complexity of many HR systems such as compensation and benefits. Second, because of this difficulty in connecting HR systems and corporate strategy, executives need to work more closely from a place of personal values and principles rather than simply focusing on organizational interests and strategies. By working from a place of integrity and personal values, the organization can avoid ethical conflicts and the executive has a consistent place from which HR decisions can evolve, rather than from the ever-shifting strategy and organizational context. Sadly, few executives are able and willing to do this as this requires an understanding of themselves and the values they stand for. If executives are more concerned with the bottom line than "doing the right thing," they are being driven by others, not their own core values.

Finally, Hammonds adds, as organizations outsource the "administrivia," or the transactional aspect of HR management, HR professionals are not equipped to manage what is left--adding value and contributing to the organization's strategic objectives and bottom line.

Article Critique and Instructor Discussion Points

1. Who is really to blame?

One major criticism of this article is that Hammonds puts much of the blame on HR departments for their inability to contribute to the bottom line of the organization rather than putting an equal spotlight on organizational leaders for keeping HR professionals out of the inner circle where they would have an opportunity to make a contribution.

Hammonds doesn't acknowledge the role organizational leadership plays in marginalizing HR until point #4, almost as an afterthought. It is unclear what came first, the marginalization of HR by senior management or the stagnation of the skills of HR professionals. Certainly, if all senior management *wants* is someone to plan the company picnic and keep morale up, HR professionals would not be to blame as there is no motivation to improve their skills and attempt to have a strategic role in the company.

This does not take away from the onus on HR to come to a better understanding of strategic management, financial statement analysis and customer needs. This alternative perspective does, however, spread the blame across the organization rather than simply placing the blame in HR's lap.

2. The impact of marginalization on attracting and retaining appropriate talent.

Following up on the points in item #1, Hammonds argues that the best and brightest MBA students are not drawn to working in HR upon graduation. Again, if HR is kept at a marginalized level within organizations, this reinforces the notion that HR is a dead-end career path. After spending upwards of \$50,000 on an education, not including lost income for the two years that one studies for an MBA, why would an ambitious business student chose a dead-end career?

Further, the soft skills, HR and organizational behavior, have become minimal topics in MBA education in lieu of the ever-growing focus on functional expertise. However, because MBA education is about training future leaders, it becomes even more imperative that students understand how human behaviors and human resource management can help an organization achieve success, even if that MBA program graduate may never work in an HR department. HR practices are becoming more and more decentralized, and it is the current functional managers who will be doing performance appraisals, recruitment and selection. An organization is inherently a social enterprise, and minimizing within MBA curriculum the challenges human behavior brings to an organization reinforces to MBA graduates that the people stuff doesn't matter relative to functional expertise. Human interaction is the fabric within which the functional areas must exist and survive. In the immortal words of Alice of Dilbert fame (Scott Adams, United Feature Syndicates, Inc. 1996), who has just met a newly minted MBA who has no people skills but yet is highly skilled in finance, accounting and economics, "So, you're a highly qualified leader because...you're good at math?"

3. Why HR professionals historically don't have business skills.

One should understand the history of HR to more fully understand why MBAs are not typically drawn to HR and why HR professionals tend to lack in specific business skills. Until only recently, most HR positions were filled with industrial-organizational psychologists (I/OP), industrial labor relations (ILR) experts and liberal arts majors who liked working with people but had no business acumen and were number-phobic. The only discipline that comes closest to having any sense of business process and function is ILR. The training for ILR experts, however, has historically focused on labor-management relations from the perspective of labor, not the organization or management. Unless and until these programs build in a component of understanding business and organizational process and focus less on validation of selection tools and union collective bargaining practices, HR as a function will continue to stay marginalized.

The Industrial Relations (IR) Institute at the University of Wisconsin-Madison is a great example of the problems HR departments face if they choose not to change with the

times. Approximately 15 years ago, the IR Institute had the opportunity to be brought into the Business School as one of the school's programs. Unfortunately, this change was resisted because it was felt that it would influence and change the essence of the IR program. Sadly, this outstanding and historically important program folded a few years ago. It seems the most successful IR programs, except for Cornell, which remains the premier program, are either located within business schools (University of Minnesota, Carlson School) or have formal joint ventures with business schools (University of Illinois, Urbana/Champaign) to allow for the importance of business processes to be integrated into IR education.

4. The need for performance metrics for HR practices.

The area of linking HR practices to firm performance is at the cutting edge of academic HR research today. The work of Mark Huselid and John Delery, among others, regularly focuses on how HR practices can have an important impact on an organization's bottom line. The metrics exist; they are just not being incorporated into academic programs and professional continuing education certification and reading. A greater connection must be made between academic researchers and the professionals who actually practice these skills every day. Perhaps incorporating knowledge of these metrics into PHR/SPHR certification exams would assist in the proliferation of their use. While both levels of certification do cover strategic HR issues, it is unclear whether the use of performance metrics is an important consideration in the certification process.

5. HR department as messenger or source of message.

Another criticism of Hammonds's is that HR departments play bad cop and sacrifice individuality for compliance and standardization to minimize organizational liability. From reading Hammonds's discussion of this, one would assume that HR made that decision on its own, absent the expressed opinions of senior management and the attorneys who are retained to protect the organization's interests. In reality, HR departments may simply be the messenger, but the directive, no doubt, comes directly from senior management, advised by corporate and employment law attorneys. Hammonds seems to be advocating blame of the messenger and not the source of the message or the message itself. HR professionals focus on compliance and uniformity because they are likely told to do so to protect the financial bottom line, not because they believe uniformity, in and of itself, is an appropriate way to manage the richness and diversity inherent in a workforce.

6. Complexity of keeping pace with changing strategies.

A profound statement by Lynda Gratton at the end of the article gets little attention, however, it speaks volumes to the challenges organizations and HR departments have in managing people within organizations. Because business strategy changes so rapidly, it is difficult for HR departments to keep pace with those changes due to the complexity of compensation and training and development systems, for example. It is difficult and oftentimes unsettling for performance management systems to change as rapidly as the

business strategy from which it emerges. Further, since we can't always operate from the strategic perspective due to situations beyond the control of the HR department, it is perhaps more important to operate from a place of personal values and principles. The problem is, all one has to do is look at the business headlines over the last few years to see that principles, ethics and values have gone out the door in lieu of pursuing the bottom line at all costs. Sarbanes-Oxley has emerged from this morass of ethical dilemmas. Is HR to blame for this? It seems organizations, and Hammonds by proxy, are committing a fundamental attribution error by blaming HR for its inability to keep pace with strategic changes. Again, perhaps senior management should take a look at themselves first before placing all of the blame on the organizational scapegoat, the HR department.

Concluding Statements:

There are many truths in this article: HR professionals need business acumen and skills, performance metrics are imperative for HR practices, and there has to be a balance with concern for people and concern for the organizational bottom line, not one extreme or the other. What is difficult about this article is that it seems to cater to an audience that already hates the HR function. Hammonds plays to their point of view by continually placing all of the responsibility for HR department dysfunction on the back of the HR professionals while giving minimal attention and focus on the organizations that employ them. This article should have been not about laying blame, but about how all sides could come to find a common goal of understanding the important role of HR in an organization and its connection to overall organizational strategy. As long as there remains an adversarial relationship between senior management and HR departments, neither side will be motivated to change perceptions.

Discussion Questions

1. Top management does not understand what value HR departments can play in their organizations. How do we convince them? What role do you believe top management plays in the acceptance or rejection of the role of HR? What types of values, beliefs and practices should they espouse? What kind of company culture would promote and protect these values?
 - The answer to this question is clearly linked to the issue of performance metrics. Top management speaks the language of profit and loss. If HR is to get their attention, it is important to know how to speak that language. Therefore, it is important for HR to understand finance, accounting and economics. Further, HR professionals need to understand how HR practices are linked to company strategy and be able to use performance metrics to make the case that HR practices are a worthwhile investment.
2. What key changes would you make to HR education to ensure graduates have the appropriate knowledge, skills and abilities (KSAs) to link HR practices to business strategy?

- HR professionals educated through business school programs need to ensure they have courses in strategy, finance, accounting, as well as functional HR expertise. By extension, IR programs that focus on HR majors must also link their training to strategy, finance and accounting. Whether they provide these courses in-house or cross-list through a joint venture with business schools, HR education needs to be consistent across the board for those who expect to take positions within a business organization.
3. How might you develop hiring criteria and interview questions to ensure you have a good person-job and person-organization match for this new HR professional?
 - This answer depends on the company's culture, the industry and the company strategy. Person-job match will be linked to the KSAs for the job, as discussed in question #2; however, person-organization match needs to clearly address the applicant's perspective on what it means to have a strategic seat at the table. What types of activities does the applicant believe are essential for HR to perform? Companies that seek to have HR take an important role in company strategy should address those issues clearly in the interview process to ensure the applicant's views and values are consistent with the organization's view and values. Vice versa, applicants who are interested in working for a company should question the role the company expects HR to take in the strategic direction of the company.
 4. How does the gender makeup of HR professionals help or hinder the perceptions of the effectiveness of the HR function?
 - One could argue that because women tend to make up the majority of the positions in HR, the role of HR would be marginalized. "Women's jobs" tend to pay less and are not considered as central to the success of any organization. Adverse impact under Title VII addresses if/where women are "ghetto-ized." Historically, women have found themselves in staff versus line positions, which tend to have less visibility in the organization. Lastly, one could argue that women were directed into HR department positions because of inherent sexual stereotypes that women were better suited to the "people-oriented" positions in HR. That, coupled with the minimal value placed on "women's work," likely played a role in the diminished perceptions of HR departments.
 5. What recommendations can you make to protect the company assets and minimize litigation while still allowing for individual differences and exceptions to the rule when managing diverse employees in your workplace?
 - This question is somewhat difficult to answer, but it makes sense to start with a change in the culture and ethical climate of the organization. A fearful company culture that thinks only of the bottom line--economic responsibility and legal responsibility--while ignoring the difficult grey areas of ethics and corporate social responsibility will only perpetuate the desire for compliance and uniformity because it is easiest to manage. Organizations will do the minimum required versus what may necessarily be the RIGHT thing to do. Organizations that truly understand and value differences and diversity may not be so quick to make compliance the end goal.

6. There is still a perception that HR is personnel. What are the differences? How can you differentiate the personnel side of things, such as benefits or compensation administration, from the HR side of things, such as organizational development or career planning?
- Historically, organizations looked toward professionals who would validate selection tools and manage the administrative aspects of the organization's personnel--hence, the name assigned to that department. Human resource management has evolved over time to encompass those administrative issues, but also now includes more than the transactions needed to keep people paid on a timely basis. Charles Greer, in his book titled *Strategic Human Resources Management*, argues that transactions, which have little strategic value, tend to be more important to employees than to top management. However, issues of career development and planning as well as performance enhancement tend to be more important to top management and carry much more strategic weight in the organization.

<ul style="list-style-type: none"> •Staffing Planning •Benefits Planning •Retirement Planning •Compliance 	<ul style="list-style-type: none"> •Performance Enhance •Consulting •Employee Relations •Labor Negotiations •Executive Compensation •Employee Development •Management Development •Recruitment Interviewing 	High
<ul style="list-style-type: none"> •Payroll •Benefits Administration •Retirement Administration •Employee Records •Relocation Administration •Recruitment Information Processing 	<ul style="list-style-type: none"> •Recruitment Information Processing •Employee Assistance Programs 	Low

Type of HR Activity

Transactional Relationship

From: Greer, C. R. (2001). *Strategic human resource management: A general managerial approach (2nd edition)*. Upper Saddle River, NJ: Prentice-Hall.

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