

The trouble with HR

Jack-of-all-trades and master of none, human resources personnel deal with everything from talent spotting to processing the payroll. HR needs a new identity, says Dr Leandro Herrero

It used to be an old joke. "What can we do with Peter? Not sure, let's transfer him to human resources." HR has always been a function in search of an identity. In its quest, it has grabbed corporate space wherever it could in the hope its existence might be justified.

In some companies, HR staff deal with compensation and benefits. You see them at interview and on the day you leave and hand back the car keys. At the other end of the spectrum, HR seems to be omnipresent, the keeper of rules and regulations. There are all sorts of things in between. Insecure leaders need the HR guy next to them when making 'people decisions' – most of the time to cover their backs. In other firms, HR is a facilitator of meetings and recently some departments have appropriated knowledge management, natural territory for anything connected with human capital.

In most big companies, you can feel pretty confident what the finance department is about, or IT, or any person whose job is based on a function or discipline – the medical team, engineers and so on. But HR has always been a mystery to be resolved anew each time something goes wrong.

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The problem with such an undefined space is that it attracts all sorts of people, sometimes those whose only merit is a connection with the 'people' side of business; they do not necessarily possess any particular competence. Ex-recruiters or ex-headhunters are asked to come on board as HR heads because it is assumed they know about people. Some do, but others don't. In my experience, the bias is towards the don'ts. Shuffling CVs and interviewing candidates to match a client brief is not rocket science. Many recruiters are fully aware they are doing a job their clients could do for themselves if only they had the time. Others may acquire a street-sense for detecting talent – which is not a technique as such, but very useful nonetheless. Despite this ability, ex-headhunters make poor HR managers in my experience, yet they keep being taken on for HR posts because of their pedigree with big names in the recruitment industry. Frequently, it's a fiasco. It's like asking someone who has worked for IBM to fix your wireless computer network. There is no guarantee of success.

Strictly speaking, the most suitable background for HR is the social sciences or the sciences de l'homme (to give it its European name), such as psychology, sociology, social psychology and anthropology. But this is not something one routinely encounters. Other than the above-mentioned ex-recruiters, the field is full of people who have learnt about industrial relations, the laws and regulations around hiring and firing, the mechanisms for understanding what competitors are paying, and perhaps some sort of system for rating staff performance. You will find very little psychology or the social sciences here.

In smallish or medium-sized firms it's not unusual to find staff going to see HR with complaints about their management. Astonishingly, many HR managers are happy to enter into lengthy discussions about this instead of facilitating meetings with the managers in question. Some of these HR managers have no special qualifications to handle such problems since, in many cases, they have never managed anything at all. An HR hat does not necessarily qualify you to deal with human relationships. Whether HR professionals can handle this or not, the reality is that HR has not managed to create an identity for itself. You are unlikely to meet finance people who don't understand numbers or IT staff who don't know much about computers, but there is little guarantee that HR people are going to understand human capital management more than any other manager.

A perennial adolescent

HR's lack of identity and perennial adolescence means it is easily manipulated by management and reduced to a servant-like function that would do almost anything, from processing the payroll to the hiring and firing (the dirty work) and, in some cases, fixing the broken windows. In some corporations, including those in the top 500, the facilities' management department covers buildings, machines, gardens – and HR. So, when companies say "people are our most important asset", the HR team can justify this based on a direct comparison with the firm's trees, toilets, car parks and chromatographers. In small and start-up firms it's not unusual for HR to grow from administration (find me the building to rent, please) to HR (and now fill it with people).

Of late, HR has been rescued by the emergence of organisational development or OD. This function facilitates such things as team development and leadership. But how much of a rescue depends on individual cases. In some companies, OD has grown strong and differentiated itself from traditional HR if only by being populated by professionals with some sort of psychological or organi-

Illustration by Rob Wilcockson



Man or mouse? If HR departments are to create a real identity for themselves they need to break the mould.

sational background. The business world is very split here; there are firms that haven't heard of OD or regard it as a luxury, and those that couldn't do without it. In some cases, HR is simply one function of OD.

In search of an identity

Will HR ever find its territory? And where should it look? Actually, a better start would be where not to look. Compensation and benefits, payroll and so-called administrative HR tasks are not a good starting point. Nowadays, these jobs can easily be outsourced to people who do them for a living and do them well. Recruitment? This is a management responsibility. I understand management would be happy to have somebody filtering and screening CVs, but they would also be happy doing fewer monthly reports. If they are short of time, another manager or a personal assistant can do the screening, if not the recruiters themselves. If the recruitment is done via market advertising and in-house, management itself can do it, or delegate the job to administrative support. If what you need is a proper headhunter, well, get one. But, why have a function that gets them for you? For an external recruiting system to make sense, other than in providing extra pairs of hands, it has to add real value such as providing expertise in the area of culture or team fit. The agency has to go beyond mere 'feeding', in other words, and directly participate in optimising the integration of an individual into a particular team, perhaps using tools and methodologies that the firm itself lacks.

It seems to me that the natural territory for HR lies in talent management, that is, in spotting the talent inside a company, identifying any gaps and, if

necessary, filling them with talent from outside, thus building 'corporate IQ'. That, surely, is pure HR. Under the 'human capital investment model', employees are investors of their own capital in a company and, as such, seek a return (monetary or otherwise). A modern HR function might be similar to that of an investment fund. And HR teams might learn a lot from investment fund managers. Seeing themselves as Human Capital Investment Fund Managers, HR personnel would not own the fund but manage its accumulation and drainage, and have it mature and grow. Their success should be measured like that of any other investment manager: by comparing how much they put in at the beginning of the year with how much they got in return.

Turning full circle

I have deliberately ignored the area of union relations because although it comes under the traditional HR remit, I don't see how management can get away from it altogether. While it is important to have people dedicated to this field, it does not justify the maintenance of a full HR department. And so we have come full circle. If HR was left to its own devices or simply to please management, it would swallow anything, including the management of union relationships, and so remain a department without an identity. By a process of what could be called soul searching, identity seeking or maturing, HR needs to regain ground and prestige. For all the talk about human capital and the knowledge economy, one would have thought HR was a factory producing a new breed of leader. But, if anything, HR is becoming more and more sidelined, with newer functions, such as OD, dealing with its historical baggage.

"You really don't like them, do you?" I hear you say. Well, the truth is that having spent many years in mainstream management, HR has been more of an obstruction than an enabler. But occasionally, the staff involved have been very good. The few HR people I do admire, I admire a lot. But I wholeheartedly believe that something good would happen if the HR community were to stop its semi-apologetic swallowing of anything it is given and stand up with a renewed vision, a *raison d'être* and an identity.

Just to show you that I mean it, I will make a confession. If I weren't head of a consulting firm – my first love – or didn't pursue my second love, teaching, I would probably apply for an HR role somewhere. The problem is that until HR stops being in charge of recruiting, my chances are very slim.

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•**Dr Leandro Herrero writes on a management topic each month in Scrip Magazine. He heads The Chalfont Project, an international professional services firm specialising in organisational consulting for the pharmaceutical industry. The Trouble with Management – a collection of Dr Herrero's Last Words – can be purchased from PJB Publications at a cost of £25.00/US\$52.50/¥4,750. To order, telephone +44 (0)20 8332 8889.**