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HR: Time for a Reset

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HR: Time for a Reset?¹

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When Theresa Welbourne asked me to write a short piece to celebrate the 50th anniversary of Human Resource Management my response was positive, immediate and enthusiastic for two reasons. First, on the personal side it was an honor to be asked and I realized that I share something with HRM. We both entered the field 50 years ago. In my case I began graduate school at the University of California, Berkeley with the intention of getting a master's degree in I-O psychology so that I could become an HR executive. That did not work out and as a result I never got the corporate HR job that I aspired to. In retrospect it was probably a very good thing I did not become an HR executive. I think I would have been terrible at it.

The second reason I was glad to write this piece has to do with my long term professional interest in the evolution and development of HR as an academic research area and as a corporate function. Much of my research over the last 20 years has focused on the evolution of the HR function and talent management (Lawler, 2008; Lawler and Boudreau, 2009). I have had a chance to study and observe the movement of HR from being an administrative function to being a "business partner". I have had a chance to see SHRM develop from an organization called the American Society for Personnel Administration with its headquarters in Berea, Ohio to SHRM with over 250,000 members and its headquarters in my home town Alexandria, VA. Clearly HR has thrived and prospered during the last 50 years as has HRM.

¹ Invited paper, 50th year of publication: Human Resource Management

My research and experience tells me that for the last 20 years or so, HR has not progressed greatly in terms of its strategic role in corporations. The very popular “business partner” HR model does appear to have had an impact on HR’s. It has gotten HR professionals savvier about a number of business issues and made the HR function a more important contributor to the business operations of corporations. But, and it is a big but, the transformation of HR to a more strategic role seems to have made little progress and to have stalled.

In many organizations being a business partner has become helping line management with staffing and personnel administration. HR helps assure the right talent is delivered and the right administrative support is available to business leaders. In many cases HR ends up doing a considerable amount of HR administrative work in order to take the “burden” off line managers. It may mean that HR is no longer a BPU (business prevention unit) and that it has a seat at the table. But, it does not mean that HR has gone beyond having a seat at the table to setting the table in terms of business plans, strategic analysis and research based decisions about human capital. At the more mundane level, the term business partner has become very much outdated. It sounds too much like a “want to be” rather than a “be”. I cannot imagine other important corporate functions of (e.g. finance) saying that they are a business partner!

So where should HR go from here? If a reset occurs, what should the reset be? Great question, but it does not have a single clear answer. Indeed, the best place for HR to go may be to one of several different models depending upon the organization design and business strategy that exist in the corporation that HR function is a part of. Let’s look at some alternatives.

Talent Management

One clear future role for HR is as a truly expert talent manager. There is an enormous amount of research that has been done on what makes for effective talent management that has not been applied. If it were applied it could make organizations much more effective.

Organizations tend to vastly under measure and analyze how they manage their talent and as a result often get a poor return on the talent programs that they have. One option for HR, therefore, is to bring to organizations much greater expertise in talent management with the objective of making talent management a key organizational effectiveness differentiator.

If a firm decides to do state of the art talent management, it might choose to simply abandon the human resource name entirely for its staff group that does talent management and simply call it Talent Management. It could report either to the CEO if talent is a major issue and the major source of competitive advantage or to the Chief Organizational Effectiveness Officer, more about this position later.

Organizational Effectiveness

Recently, in a number of corporations, the HR function has taken responsibility for areas that traditionally have not been part of HR. For example, sustainability has become the responsibility of HR VP's in some corporations as has communications, reputation, community relations, organizational design and organizational change. In most organizations only a few of these areas have been given to HR and the name of the function has not been changed to reflect its new areas of responsibility. This horizontal expansion of HR is one way for HR to gain more influence and play a more strategic role, but is it the best way? I don't think so.

My suggestion is that rather than have HR expand horizontally by taking on more areas, corporations should simply face up to the fact that there are a number of areas of how organizations operate that need to be integrated and that it is time to facilitate this integration by giving them a common reporting relationship. It is time for them to introduce an organizational effectiveness function that includes social responsibility, communications, strategy, organizational design and sustainable effectiveness (Lawler, 2011).

What about HR? Should it be included in the organizational effectiveness function, or like finance and marketing typically do, should it report directly to the CEO? I am not sure there is a universally best answer to this question.

Depending upon the organization's talent level at the senior executive level and the nature of its business, I can see either alternative being appropriate. I can see organizations having a function called talent reporting directly to the CEO and I can see a talent function reporting to a senior vice president for organizational effectiveness. The major criterion I would use to decide whether talent should report to the CEO or to an Organizational Effectiveness Vice President is the centrality of talent to the organization's strategy. If talent is key to the organization's competitive advantage then it makes sense to have it report to the CEO in order to assure talent management gets the attention it needs in order to be a source of competitive advantage. Of course, the key lateral relationship for it would be with the organizational effectiveness function. If talent management is not identified as a key source of competitive advantage then being part of organizational effectiveness makes sense.

Conclusion

Neither of the two organization structure options I have mentioned include a function called human resources. Okay, we could keep the human resources name alive by using it instead of talent for the first alternative approach I suggested. But, I think that would be a mistake. It is time for a new identity. Personnel Administration has come and gone; maybe it is time for Human Resources to depart as well.

Wow, what a message to send on the 50th anniversary of HRM! Don't worry, it is unlikely to happen in the next few years, but thinking further ahead, there may be a time when a number of organizations have moved away from the traditional business partner HR model and reinvented the function as I propose here. Needless to say it will be interesting to see how they have done it and what HR looks like on the 60th anniversary of HRM.

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