



TenStep Supplemental Paper

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Tired and Testy!

The rationale behind HR losing its charm as a career of choice

Key Learning Points

- Outdated degrees, a lack of business-minded people, an absence of independent thinkers and the warped policy of being politically fair is eroding HR's charm
- In this knowledge and competition era, an organization's chances of survival improve drastically only when HR makes exceptions

That organizations with the best of talent stay ahead in the knowledge economy is almost a cliché. Yet in a 2005 survey by a consultancy group, only 40 percent of employees believed that human resource executives succeeded in retaining top performers. Worse still, 59 percent rated performance appraisals as unfair and nearly 42 percent viewed job training unfavorably.

If these percentages are to be given any credence it means that HR is doing a bad job at finding, developing and keeping talent. Is the HR rhetoric about being strategic business partners then an eye wash? Can HR boost and maintain an organization's intellectual capital? At one time coveted blue-eyed boys, the reputation of human resource executives in most organizations is now at stake.

For the entire hullabaloo about winning the talent war, organizations are accusing HR of:

- Adopting methods that create mountains of paperwork for even the smallest of transactions
- Conducting time consuming and often useless performance appraisals
- Following repetitive and wasteful people processes
- Communicating unintelligible information

Till recently HR claimed proficiency in the administration of pays, benefits and retirements in its defense. Now even these routine tasks are being outsourced at lower rates. This leaves HR with little else than finding talent and nurturing a conducive work environment. HR thus continues to earn a reputation of being the consistent underperformer. This article attempts to find why HR is so unsuited for what its primary functions are.

Reason: Working in the rut and by rote!

To most HR executives, conducting annual performance appraisals is almost a sacred ritual. Managers rate their employees as excellent performers, while HR hesitates to acknowledge even performances that merit more than pre-decided, organization wide salary increases.



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Since HR prides itself on its efforts to benchmark salaries and increases against industry standards, it is seldom enthused to pay star performers huge dividends. In short, as an HR specialist rightly says, "Human resources forfeits long-term value for short-term cost efficiency."

Over board with fairness

Most HR executives are keen followers of a rather warped concept of "bureaucratic fairness". A manager in a leading finance company complained that their HR executive was keen on abolishing most vice president titles. This, even as the finance industry churns dozens of vice presidents with discounted services! The reason- "Because in commercial business, the vice president is a rank reserved for the top officers," said the executive. As amusing as it sounds, HR's enthusiasm to ensure that one size fits all is affecting both their effectiveness and reputation.

'Bureaucratic fairness' is more about compliance than equality. As a professor in this field says, "This drive to achieve bureaucratic fairness is partly about compliance, but mostly because it is just easier. Make one exception, HR fears, and the floodgates will open." It is easier to follow standard and routine solutions than make exceptions.

To most bureaucrats and managers, making an exception involves extra time, expenses and control. Most opt for the simpler ways, which ease the adoption of the one size for all policy. As Libby Sartian, Yahoo's chief people officer says, "We view human resources as the caretaker of the largest investment of the company. If you are not nurturing that investment and watching it grow, you are not doing your job."

In this knowledge and competition era, an organization's chances of survival improve drastically only when HR makes exceptions. For instance, it is important to treat top performers differently as they are considered key business drivers. "We should send the message that we value our high-performing employees and we are focused on rewarding and retaining them," says Dennis Ackley, an HR consultant.

Reason two: Wrong values

CEO: "Congratulations, that is a lot of training that you have done."

Training manager: "Yes sir. Nearly 90 percent of employees have attended at least 50 hours in classes."

CEO: "Well, that sums up your activities. My question is what have you delivered?"

The best of managers would be baffled. As it is easier to measure, HR focuses on efficiency than value addition. However, as part of their responsibilities as strategic partners HR must shift focus from measuring activities to assessing the impact of its outcomes on the bottom line. As Dave Ulrich, an HR professor says, "You are only effective if you add value. That means you are not measured by what you do but by what you deliver."

In their roles as strategic business partners, HR must deliver value to employees, line managers, investors and customers.

Reason three: Brain drain



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Management professors in leading business schools agree that the 'best and brightest' are not enthused about HR careers. Ambitious toppers with plans of rewarding careers believe that an HR specialization may not help climb the corporate ladder soon enough. So, who goes into HR?

"HR does not tend to hire a lot of independent thinkers or people who stand up as moral compasses," says Garold Markle, an HR executive. In most cases, HR executives are rebounds - those who could not excel in strategic roles, but did not deserve termination! Most businesses, top performers and students view HR as a 'low-risk, low-demand' career. Such careers appeal to mediocre or poor performers and students. However, as the top lot eyes challenging professions, HR as a career lacks luster.

A study revealed that while HR does attract few 'intelligent' graduates it suffers from a deficiency of business-minded people. HR gets its share of employees whose first choice is to work with and help people. As noble as these intentions are, HR thinkers believe that using HR as a synonym for charity and social work ruins its effectiveness and does nothing to redeem its image. An HR head Arnold Kanarick says, "HR is not about being a do-gooder. It is about how do you get the best and brightest people and raise the value of the firm."

Widening gaps

Educational qualifications of most senior HR professionals are antiquated. A survey by the Society for Human Resource Management (SHRM) revealed that most hold degrees earned way back in the early nineties. Only a handful have improved their qualifications to meet the increasing business and legal demands.

Today, an organization's success is guaranteed provided HR thinks "business". However, most HR professionals fail to answer questions such as - Who are the organization's core customers? What challenges do they face? Who are our direct competitors? What do we do better than them? As a result, most professionals fail as strategic business partners.

Wrap up

As business strategies are more dynamic in nature, it may not be possible to realign HR strategies whenever an upheaval takes place in the business environment. However, HR can attract talent and think 'business' to create competitive advantage.