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Joshua D. Rosenberg Daneri
Cornell University

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Combatting Skepticism Towards HR

Abstract

[Excerpt] When assessing the essentiality of HR within a firm, one must first ask what is meant by the word “essential” within a business context. The trickiness here, however, is that such a definition is highly contingent on the type and size of a particular firm. If one defines “essential” as “indispensable,” then HR is almost certainly not essential in very small firms. In such instances, the work of HR can be done by other managers and the owners themselves. On the other hand, if one defines “essential” as “adding considerable value,” then innovative human resource policies can create a competitive advantage even in the smallest of firms. Instead of relying on a single definition of essentiality, this essay will focus on the reasons why human resources practices are often called into question in the first place. Furthermore, I will propose recommendations on how to combat skepticism toward HR.

Keywords

human resources, skepticism, function

Comments

Suggested Citation

Rosenberg Daneri, J. D. (2010, April 26). Combatting skepticism towards HR. *Cornell HR Review*. Retrieved [insert date] from Cornell University, ILR School site: <http://digitalcommons.ilr.cornell.edu/chrr/9>

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CORNELL HR REVIEW

COMBATting SKEPTICISM TOWARDS HR

Joshua D. Rosenberg Daneri

When assessing the essentiality of HR within a firm, one must first ask what is meant by the word “essential” within a business context. The trickiness here, however, is that such a definition is highly contingent on the type and size of a particular firm. If one defines “essential” as “indispensable,” then HR is almost certainly *not* essential in very small firms. In such instances, the work of HR can be done by other managers and the owners themselves. On the other hand, if one defines “essential” as “adding considerable value,” then innovative human resource policies can create a competitive advantage even in the smallest of firms. Instead of relying on a single definition of essentiality, this essay will focus on the reasons why human resources practices are often called into question in the first place. Furthermore, I will propose recommendations on how to combat skepticism toward HR.

Perhaps the first roadblock to HR being taken seriously is the fact that many are unfamiliar with what the function actually does. Given the evolution of human resource practices in the past century, the function has transformed itself from being clerical and bureaucratic to being strategic and managerial. As such, much of this ignorance may stem from assumptions regarding the “personnel” practices of yesteryear. Some might extrapolate what HR does based on their limited interaction with the function when applying for a job. For example, everyone who is hired at a large firm will invariably have to deal with recruiters and others who help ensure that the paperwork of the new hire is in order. The practitioners to whom these new hires are exposed comprise only a fraction of the work that HR does. Accordingly, these new hires may assume that the function is primarily concerned with staffing, selection, and advertising an employment brand, when in reality the scope of their work is more diverse. This issue dovetails with another key problem: There is tremendous inter- and intra-firm variability with regard to what HR does.¹

Depending on the company, HR might be in charge of recruitment, staffing, compensation, benefits, employee relations, training, development, career and talent management, labor relations, employee recognition, performance evaluation, internal research, M&A transitioning, succession planning, corporate culture management, etc. Clearly these manifold duties require skill sets that are often non-overlapping. The competencies that would equip one to deal effectively with unionized employees is radically different from those that would make one an outstanding compensation specialist. The same is arguably untrue for other business functions such as finance, where quantitative skills are unequivocally necessary for any of its specialties. Similarly, the legal department would undoubtedly be comprised of lawyers, meanwhile the IT department would be teeming with people bearing computer science degrees and other

similar credentials. This variance of duties and KSA's prompts one to question whether one can pinpoint any generalized HR expertise. Similarly one might wonder whether, in a hundred years, all of the areas listed above would be captured under the umbrella of an increasingly imprecise label. It is not unreasonable to suggest that HR has become a nebulous, catchall term for a wide array of disparate functions.

But even assuming that human resources is a coherent function, its successes are difficult to measure. This only furthers the perception that it is a cost center rather than a value center. One way to solve this issue is for HR academics and practitioners to interact and compare notes. This is already done at Cornell University, thanks to the ILR School's Center for Advanced Human Resource Studies. But it must not stop there: practitioners should read the journals that routinely publish persuasive and empirically-substantiated advice for the profession. Robert J. Grossman suggests that practitioners ignore academic articles because of time pressures, preoccupation with results rather than theory, intolerance of ambiguity, and a perception that much of the research is hard to understand or irrelevant.² However, these studies are not always dense and theoretical—many contain directly applicable, straightforward guidelines. Countless recruiting norms—especially those associated with interviewing—have been deemed ineffective thanks to research. Yet even prominent firms continue these counterproductive practices. When it comes to data collection, personality inventories, and other metrics, it is even more imperative that practitioners be versed in the academic literature. Such tools ought to be psychometrically sound—if not, they are pseudoscientific. If doctors ignored updates in medical journals and used tools that didn't actually measure what they were supposed to measure, would they be able to provide the best services to their patients?

There is more to human resources than “wanting to work with people,” but the onus is on practitioners to deliver the results to prove it. The first step in this process is to learn best practices not from cultural custom and corporate tradition but from rigorous investigation. While HR results may often be intangible, this need not be the case necessarily. Some data are easily quantifiable, such as retention rates and compensation systems. But sometimes indications of success are based on what *isn't* happening: If the workers haven't attempted to unionize; if everybody is proud of the corporate culture and isn't actively trying to change it; if everybody is working above and beyond what is stipulated in their contracts, without needing further incentives. These are all potential clues that HR may be doing its job right, though they may be taken for granted by virtue of their subtlety. Working together with researchers, practitioners can help produce data to show the effectiveness of these seemingly immeasurable outcomes. The rift between academic theory and corporate practice needs to be addressed if HR is to be taken seriously as a value-adding expertise. Otherwise, it will continue to be relegated as a “soft” function reserved for those lacking business acumen or quantitative skills.

In its most strategic manifestations, HR acts as a sort of internal human capital consultant to a firm. Basic tasks once associated with personnel departments are outsourced meanwhile practitioners work with executives from other functions to foster alignment and pursue company-wide objectives. HR moves out of its silo and concentrates its efforts on its impact to not only the employees but also to the customer and to the bottom

line. Needless to say, this strategic type of HR has a more convincing claim as regards essentiality. But this ideal has only been reached in a handful of companies. And even in these companies, it may be hard to show a causal relationship between particular initiatives and successful results. Motivation, productivity, engagement, and job satisfaction are all correlated with many more factors than those within HR's purview. Referring back to my first definition of "essential," the skeptical executive could always say that even this strategic human resource work could be left to external consultants and senior management. The mere fact that companies do exist and thrive without strategic HR departments is an empirical testament to the idea that HR is not indispensable.

But might the same argument not have been made in the early days of marketing? An entrepreneur might have argued that all that was necessary was to open up a shop and let the business "speak for itself." Sure, passing out fliers and coming up with a slogan could potentially improve the customer base, but these activities could hardly be considered essential. All things equal, the restaurant in the small town that was in the better location and served the better food would win out against the pub with mediocre food, a catchy slogan, and endless posters throughout the town. If we fast forward to the current global economy, would this scenario hold true? The proliferation of restaurant chains such as Applebee's and Chili's vis-à-vis higher quality and cheaper local alternatives should be some indication that advertising works. And no matter how amazing, inexpensive, or novel a startup business is, few businesspeople would deny how crucial advertising is in today's marketplace. So is a marketing department essential for a business to merely exist temporarily? Probably not—if the product is good enough. But it is indisputably essential for the firm to stay afloat amid the competition over time.

The task for HR professionals in the upcoming decades is then to make an analogous case to the one made above for marketing: Concede that businesses can conceivably function without HR in the short run, but insist that human resource practices can be a powerful way to defeat the competition in the long run. By standardizing its specialties and bridging the gap between academic research and corporate practice, HR can demonstrate its results more convincingly and earn legitimacy in the eyes of the naysayers. Once this clout is earned, business leaders will better understand what human resources practitioners actually do, dispelling misconceptions and increasing financial investment in the function. Until then, the essentiality of HR will rightfully continue to be questioned. ✎

Joshua D. Rosenberg Daneri is a student at Cornell University, pursuing an MLR at the School of Industrial & Labor Relations. He is one of the founding members of the Cornell HR Review, serving on its Editorial Board. This essay received an honorable mention in the Cornell HR Review 2010 Essay Competition.

1. Philip M. Rosenzweig and Nitin Nohria, "Influences on Human Resource Management Practices in Multinational Corporations," *Journal of International Business Studies*, 25 (2): 229-251, 1994.

2. Robert J. Grossman, "Close the Gap Between Research and Practice," *HR Magazine*, 54 (11): 30-38, 2009.