



CELEBRATING 50 YEARS: HR: TIME FOR A RESET?

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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 is an honor to be asked and I share something in common with *HRM*. We both entered the field of HR 50 years ago. In my case, I began graduate school at the University of California, Berkeley with the intent to earn 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 secured the corporate HR job to which I aspired. In retrospect, it was probably a very good thing I did not become an HR executive. I would have been terrible at it.

The second reason I was glad to write this piece relates to my long-term professional interest in how HR has evolved and developed as both an academic research area and as a corporate function. Much of my research during the last 20 years has focused on the evolution of the HR function and talent management (Lawler, 2008; Lawler & Boudreau, 2009; Lawler & Worley, 2011). I have studied and observed how HR has moved from performing administrative functions to being

a “business partner.” I have had a chance to see the Society of Human Resource Management develop from an organization called the American Society for Personnel Administration with its headquarters in Berea, Ohio, to SHRM with more than 250,000 members and its headquarters in my hometown of Alexandria, Virginia. Clearly, HR has thrived and prospered during the last 50 years—as has *Human Resource Management* as a journal. Yet my research and experience tells me that for the last 20 years or so, HR has not progressed significantly in terms of its strategic role in corporations (Lawler & Boudreau, 2009).

The very popular “business partner” HR model appears to have had some impact on how HR operates and its role in organizations. It has led to HR professionals becoming savvier about business economics, organization design, and finance and it has helped them have a greater influence on business decisions. But—and this is a big but—the transformation of HR from an administrative to a *strategic* function seems to have made little progress.

In many organizations, being a “business partner” means helping line management with staffing and personnel administration. HR helps assure that the right talent is delivered and the right administrative

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support is available to business leaders. In many cases, HR ends up doing a considerable amount of administrative work to take the “burden” off line managers. It may also mean that HR is no longer a BPU (business prevention unit), and it has a seat at the table.

But, being a business partner does not mean that HR has gone beyond being seated at the table to actually setting the table in terms of developing business plans, conducting strategic assessments, and making research-based decisions about human capital and organizational effectiveness. Indeed, on the mundane level, the term “business partner” has become outdated. It sounds much like a “want to be” than a “be.” I cannot imagine other important corporate functions such as Finance saying that they are or want to be a business partner!

So where should HR go from here? I think the time is right for HR to play a key strategic role in most organizations. A number of changes (e.g., new technology, globalization, the growth of knowledge work) have made human capital of many organizations their most important asset. As a result, how it is organized, managed, and developed deserves to be based on decisions that are strategy driven and research and data based. This is only likely to happen if organizations are designed with this in mind. Most HR functions were not created with this in mind; therefore, what is needed is not just some changes aimed at making HR a business partner. Fundamental change is needed in how organizations are designed to make and implement decisions concerning human capital. Let’s look at two alternative designs.

Talent Management

One possible future role for HR is as a truly expert talent manager, not just a selection and recruitment service and a personnel manager. An enormous amount of research has established what makes for effective talent management, but much of this knowledge has not been applied (Mohrman & Lawler, 2011). If it were applied, it could make organizations much more effective. Organizations tend to vastly undermeasure

and underanalyze how they manage their talent (Lawler & Boudreau, 2009); as a result, they often realize a poor return on the talent programs and processes that they do have. They also fail to integrate the many practices and systems that influence talent performance effectiveness (e.g., compensation, work design, training, and performance management). One option for HR, therefore, is to bring to an organization expertise and effectiveness in talent management and to make talent management a key driver of organizational effectiveness.

If a firm decides to implement state-of-the-art talent management, it might choose to simply abandon the human resource name entirely for its staff group that supports talent management and call that department Talent Management. It could report to the CEO if talent is a major issue and source of competitive advantage, or to the Chief Organizational Effectiveness Officer (more about this position next) if it is not.

Organizational Effectiveness

Recently, in some corporations, the HR function has become responsible for areas that traditionally have not been part of HR. For example, sustainability has become the responsibility of some HR vice presidents, as has communications, corporate reputation, community relations, organization design, and organization change. In most organizations, however, HR manages only a few of these areas and the head of HR’s title has not changed to reflect any new areas of responsibility. Such horizontal expansion is a second way HR can gain more influence and play a more strategic role. But is this the best way? I don’t think so.

My suggestion is rather than having HR expand horizontally by taking on more areas, corporations should make a decisive move to integrate those functions that drive organizational effectiveness. It is time to facilitate this integration by giving these functions a common reporting relationship. It is time for organizations to create an organizational effectiveness function that includes social responsibility, communications, strategy,

organization design, and sustainable effectiveness (Lawler & Worley, 2011).

In this case, what happens to talent? Should it report to the head of organizational effectiveness? 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. I am sure the answer should depend on the strategic importance of talent. If talent is the key to an organization's competitive advantage, then it makes sense to have it report to the CEO. This way, talent management will get the attention it needs to be an effective source of competitive advantage. Of course, the key lateral relationship for talent management would be with the organizational effectiveness function. Alternatively, 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 design options I have discussed includes a function called "Human Resources." We could keep the Human Resources name alive, however, by using it instead of Talent Management 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.

What a message to send on the 50th anniversary of *HRM*! Don't worry; such a change is unlikely to happen in the next few years. Thinking ahead, there may come a time when many organizations have moved away from the traditional business partner HR model and reinvented their function as I propose here. Needless to say, it will be interesting to see what HR looks like on the 60th anniversary of *HRM*.

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