

# CORNELL HR REVIEW

## **21st Century Human Resources: Employee Advocate, Business Partner, or Both?**

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The human resources (“HR”) field can be segmented into three eras. The first era developed in the late 19<sup>th</sup> century out of labor tensions as public concern grew due to the sometimes violent relations between employers and employees.<sup>1</sup> Some characterize HR’s beginning as a managerial function as well as a steward of the employee experience. As labor and employment laws were enacted HR was also tasked with ensuring firms’ legal compliance. Over time, HR moved into a second era where it developed knowledge in employment staffing activities such as recruitment, training, compensation, and benefits.<sup>2</sup> In the 1980s, the HR function was extended to include the role of strategic business partner.<sup>3</sup> The evolution of HR has been driven by enhanced competition for skilled employees, globalization, increased workforce diversity, and a shift to more technologically grounded positions.<sup>4</sup> This essay explores the tension between HR’s original role as employee advocate, and the later shift toward HR as business partner. This tension not only has important implications for employee expectations regarding how HR will serve them, but more broadly, what they expect from their firms. The conclusion is that these tensions are so fundamental that while the HR “function” must include both, the roles of individual HR professionals should not confuse the two.

HR professionals in the third era are expected to be involved in formulating and implementing business strategy.<sup>5</sup> Nevertheless, HR remains little more than a cost center in many firms.<sup>6</sup> An efficiency-driven mindset makes little sense in companies that drive business strategy in other ways, such as through innovation. Accordingly, many do not believe HR has indeed transitioned from its traditional activities in the second era to the strategic role in the third era.<sup>7</sup> It is important to clarify that the HR functional activities of the second era are still necessary for firms, but in the third era then need to be aligned with the strategic objectives of the organization. Accordingly, strategic business partners act concurrently and in parallel with the traditional HR function rather than fully replacing it. Thus, the third era should not be viewed as replacing the second era but instead as an extension of the second era.

The two distinct roles are herein classified as “Traditional HR” and “Strategic Business Partner.” Together, these distinct but aligned roles make up the “Properly Structured HR Function.” Traditional HR’s role as an employee advocate is still alive. This advocacy role may include raising concerns about how employees will be affected when important firm decisions are being considered. Another example would be if a firm was anticipating a layoff. Traditional HR would insist communication of the layoff to employees be timely and that forums such as town hall meetings be set up so that employees have an opportunity to ask clarifying questions. Traditional HR requires some

level of strategic decision making but at a smaller degree than Strategic Business Partners.

Strategic Business Partners add value to firms by focusing on “the Business” rather than merely on “HR Business.”<sup>8</sup> For example, HR Business might be a customer service representative going through twenty hours of training, while the Business relates to the goal of this HR activity, namely, firm performance. A Traditional HR efficiency focus would emphasize the cost per trainee, while Strategic Business Partners focus would include the impact on strategic success.<sup>9</sup> A modified statement that makes this connection would be that the twenty hours of training led to a certain percent increase in sales revenue.

Strategic HR requires that HR be equipped with the competencies associated with the business issues involved in strategy formulation and organization design.<sup>10</sup> Accordingly, Strategic Business Partners must not only recognize that people play an important role in the success of any firm, but which people do so and how, may vary across firms.<sup>11</sup> Within any business, each role has a different level of importance. Accordingly, all positions can be divided into three categories; strategic, support, and surplus.<sup>12</sup> With the help of line managers, Strategic Business Partners should identify which positions are strategically critical positions within the business.<sup>13</sup> These positions have the most influence on the strategic success of the firm. Support positions have an indirect strategic impact on the business by supporting the strategic positions but surplus positions have little strategic impact.<sup>14</sup>

Similar to the differences in positions’ importance, no two employees are identical. Each employee holds a different place along spectrums of ability, engagement, and aspiration. Inevitably, some employees will have the right combination of these attributes to make meaningful contributions to the firm. Some academics have called the employees with these attributes, “A Players.”<sup>15</sup> Strategic Business Partners must identify who these “A Players” are within the firm, which will likely be less than 20% of employees.<sup>16</sup> While HR may be viewed as a hub for talent management, line managers are critical in the process of identifying and developing the “A Players” by evaluating employees’ performance and potential. Strategic Business Partners should then work towards matching the “A Players” into the strategic positions if they are not already in them.<sup>17</sup>

While Traditional HR continues to act as an employee advocate in its own way, Strategic Business Partners act as employee advocates within a new meaning. In this sense, employee advocacy means allocating more time and resources to “A Players” by providing them with stimulating work, recognition, differentiated compensation, and additional training.<sup>18</sup> To achieve this goal, Strategic Business Partners must solicit support and align Traditional HR functions with Strategic Business Partner advocacy for “A Players.”<sup>19</sup> For example, the Strategic Business Partner might request Traditional HR to assemble the best compensation packages in order to retain the “A Players.”

In effect, the Properly Structured HR Function has a tiered system of time and resource allocation. Traditional HR provides the classic role of employee advocacy for employees

in the support and surplus roles. Employees in strategic positions receive the same support the employees in the support and surplus positions receive from Traditional HR as well as additional support delivered by Strategic Business Partners. Otherwise put, the additional resources and time that “A Players” receive is another layer of employee advocacy in order to enhance their firm-specific skills.

The Properly Structured HR Function is likely only realistic for large firms and may vary by design between industries. Strategic Business Partners may spearhead HR strategy in organizations large enough to have such roles but line managers must be included too. HR processes should be driving business processes to create firm value. It is of course difficult to evaluate how far HR has extended into the role of Strategic Business Partner. Future studies should evaluate how much the paradigm has shifted from a pure HR efficiency mindset to also including value adding strategies. Firms solely focused on cost reduction have room to extend farther into the role of Strategic Business Partner.

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<sup>1</sup> Gould, W. B., IV. (2004). *A Primer on American Labor Law* (4<sup>th</sup> ed.). Cambridge, MA: The MIT Press.

<sup>2</sup> Kaufman, B. E. (2001). Human resources and industrial relations commonalities and differences, *Human Resources Management Review*, 11, 339-374.

<sup>3</sup> Ibid.

<sup>4</sup> Brockbank, W., Ulrich, D., Ulrich, M., & Younger, J. (2012). *HR from the outside in: Six competencies for the future of human resources*. New York, NY: The McGraw-Hill Companies.

<sup>5</sup> Lawler, E. E., III & Mohrman, S. A. (2003), *HR as a strategic partner: what does it take to make it happen?* G 03-2 (430) Center for Effective Organizations. <http://ceo.usc.edu/pdf/G032430.pdf>

<sup>6</sup> Hammonds, K.H. (2007). Why We Hate HR, *Fast Company*, Retrieved from <http://www.fastcompany.com/53319/why-we-hate-hr>

<sup>7</sup> Ibid.

<sup>8</sup> Brockbank, W., Ulrich, D., Ulrich, M., & Younger, J. (2012). *HR from the outside in: six competencies for the future of human resources*. New York, NY: The McGraw-Hill Companies.

<sup>9</sup> Ibid.

<sup>10</sup> Lawler, E. E., III & Mohrman, S. A. (2003), *HR as a strategic partner: what does it take to make it happen?* G 03-2 (430) Center for Effective Organizations. <http://ceo.usc.edu/pdf/G032430.pdf>

<sup>11</sup> Barney, J. B. & Wright, P. M. (1997). *On becoming a strategic partner: The role of human resources in gaining competitive advantage* (CAHRS Working Paper #97-09). Ithaca, NY: Cornell University, School of Industrial and Labor Relations, Center for Advanced Human Resource Studies. <http://digitalcommons.ilr.cornell.edu/cahrswp/150>

<sup>12</sup> Beatty, R. W., Becker, B. E., & Huselid, M. A., (2005, December). A players or A positions? the strategic logic of workforce management. *Harvard Business Review*, 110-117.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

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<sup>18</sup> Martin, J. & Schmidt, C. (2010, May). How to Keep Your Top Talent, *Harvard Business Review*, 55-61.

<sup>19</sup> Becker, B. E., & Huselid, M. A., (2001, June). The Strategic Impact of HR. Balanced Scorecard Report. Boston, MA: Harvard Business School Press.