



Your HR Department Is Having an Identity Crisis

Forget payroll and benefits, and say hello to happiness and culture

by Rebecca Greenfield

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For two years, Marti Wolf was human resources director at MailChimp. As of March, she got a new title, chief culture officer, and the new HR director reports to her.

In other words, HR got demoted.

The American human resources department has been struggling to define its identity for some time. The issue has become urgent. "If there is one word to describe the state of human capital departments today, that word might be 'paralysis,'" a 2012 McKinsey report said. "There cannot be a [human resources] leader alive who doesn't sense the urgency and the size of the challenges facing the function."

Those challenges stem mainly from the automation of traditional HR roles such as payroll and benefits. "We're seeing those things become less important," says Alex Alonso, vice president of research at the Society of Human Resource Management.

It's not that getting paid and insured isn't important to employees. A 2014 [survey](#) (PDF) by SHRM found that for 60 percent of respondents, compensation was the most important aspect of job satisfaction. That same survey found that over half of respondents also rated benefits as "very important."

But a lot of that work has been relegated to apps and websites. "If you think of payroll systems and HR systems, they didn't exist 30 years ago. There is a great degree of automation," Alonso says.

For HR departments, that leaves ... what?

At MailChimp, an e-mail marketing service, and elsewhere, the focus has shifted to culture. "By MailChimp investing in a role dedicated to culture and giving an additional resource for an HR director under me, I can stay out of the weeds," says Wolf. She had already been overseeing internal company culture initiatives, such as MailChimp University and weekly coffee hours, in addition to more traditional HR responsibilities. Now she focuses solely on "nurturing a culture of creativity," according to a memo announcing her new role, and she manages a team that includes such positions as employee happiness ambassador—who plans those coffee hours, the office holiday party, and community service outings—as well as the HR director.

HR professionals are working harder than ever to create an environment that employees value enough to work hard—and not look for other jobs. A survey out [this week](#) (PDF) found that employee turnover and engagement are the top two focuses of human resources professionals.

[Multiple studies](#) have linked engagement to worker performance. The more interested employees are in the company and their work, the thinking goes, the better they will be at their jobs. A 2011 Gallup survey [found](#) that the lower productivity of "actively disengaged" workers leads to \$300 billion in losses in the U.S. each year. Companies that keep and attract the best talent tend to perform better, [studies have shown](#).

"The reason you're seeing the rebranding of HR is that we're seeing [that] the big differentiator between good organizations and organizations that aren't successful is having top talent and being able to retain that top talent," Alonso says.

Not to mention that replacing employees costs money. "People thriving is not just an HR strategy but a business strategy," says Meredith Haberfeld, founder of ThinkHuman, a management consulting firm.

Culture has become inextricably linked to success, thanks mostly to Google and Zappos. Google has had a designated position for company happiness, a "Jolly Good Fellow," going all the way back to 2006; Zappos Chief Executive Officer Tony Hsieh has written the playbook (and a [book book](#)) on using company culture to build a big, profitable business. Having seen the successes of these culture-centric companies, executives have started to push HR to focus more on employee happiness and retention. "They are driven to these projects because of pressure from the business owners," says Eric Mosley, CEO of Globoforce, an employee-recognition platform.

That's what happened at MailChimp. "Ben [Chestnut, MailChimp's CEO] wanted to make this my primary role because that is how important culture is to him," Wolf says.

The obsession with culture can go too far.

"I hear a lot of horror stories," Mosley says. He declines to give specific examples but says it's about authenticity, or a lack thereof. "It's managers telling people to have fun. It always comes down to Big Brother style, easily identifiable manipulation," he says. Employees might appreciate a [company-wide book club](#), say, but nobody wants to participate in forced fun, such as a [twist on Michael Scott's Dundie awards](#) or a forced poker night. "People get very cynical and very disheartened," Mosley says.

Indeed, companies that simply give people wacky titles have little success at connecting culture to the bottom line. "In spite of the happiness title that gets thrown around, it's really about something deeper," ThinkHuman's Haberfeld says. "This is not about massages and tequila Fridays. It's about an underlying context at the most senior levels that drives decisions and actions and is woven through the entire culture."

She cites the efforts of an unnamed "large, nearly billion-dollar retailer" that has poured attention and resources on a rebranding of its HR department. "Some really lovely things have happened," she says, but it hasn't helped the company turn around flagging sales. "It's like icing on a mud pie to just rebrand."

Real benefits don't come from HR departments forcing culture on employees, but from a broad buy-in to that culture. That's something HR departments can only facilitate, not create.

(An earlier version of this article misspelled Meredith Haberfeld's name.)