

CEP Magazine – May 2018

What is the role of a Human Resources department?

By Ted Banks and Sharon Ray

Sharon T. Ray (sharon.ray@sthompsonassociates.com) is CEO at S. Thompson & Associates in Chicago, IL, and **Ted Banks** (tbanks@scharfbanks.com) is Partner at Scharf Banks Marmor LLC in Chicago, IL.

The media coverage over the last several months has highlighted the issues around reporting sexual harassment misconduct. Every company and industry is different, of course, so it may be misleading to try to generalize the factors that allowed this conduct to continue. But there are certainly some questions that should be asked. Were the problems due to a management culture that put profits above all else? Could it be due to the lack of a credible system to report wrongdoing without fear of retaliation? Could it have been due to a pervasive societal bias that has tolerated this conduct? Could it have been due to an HR department that viewed its job as protecting management, no matter what the cost to individuals or the long-term cost to the company? Most likely, some or all of these factors played a part.

A common element in most of the reported cases is a failure to act by an organization's HR department. Every experienced compliance officer knows that one of the key determinants of whether you have a successful compliance and ethics program is whether you have a good working relationship with the company's HR department. Your HR colleagues can support a number of the processes, such as hiring employees who have no propensity to violate the law, communicating the importance of compliance and ethics as a key company value at new employee orientation, making certain that compliance training is delivered to the appropriate employees based on their roles, enforcing a system of incentives and punishments for compliance violations, and making certain that allegations of wrongdoing are fairly investigated without fear of (or actual) retaliation. The growing number of women coming forward with reports of sexual abuse in the workplace made it fairly obvious that in the companies where this conduct was allowed to persist, the HR department was not at the forefront of trying to protect employees from abuse.

Why have the HR department?

Traditionally, once a company reached a certain number of employees, it made sense to create an HR department to manage some of the personnel functions, such as job interviews, coordination of employee benefits, training, and compensation. If a company became large enough, responsibilities might be transferred to another department, such as payroll. Additional responsibilities might be added, such as records management, which many HR departments undertook as an outgrowth of HIPAA and other privacy responsibilities.

But HR had a unique role in the relationship with employees, because it was often the first interface that a new employee would have with the company. It would also be the last place they might interact, because the HR department usually handled terminations and exit interviews. Along the way, the HR department would also get involved in managing relationships between employees and the management staff. It would work with managers to administer disciplinary actions based on reports of misconduct. This would often require investigations of claims, and well-run departments would make certain that they had the expertise to investigate allegations and determine the proper way a company should respond to an allegation.

Unfortunately, in many companies, the resources devoted to HR were also frequently cut as managers sought

ways to save money. Training courses, or the entire training function, disappeared. Specialists in various HR functions were replaced by generalists, and the process of manually reviewing the qualifications of applicants and personal interviews were replaced by online résumé submission and the online interview. Generalists were often assigned responsibility for multiple locations, and combined with doing more functions via computer—algorithms replaced people wherever possible in many companies—building personal relationships with employees became a thing of the past. In some cases, HR departments were eliminated altogether.

And what about support for the compliance and ethics program? An effective compliance and ethics program really depends on a good relationship and shared responsibilities with HR. Unfortunately, as HR resources are reduced, the ability to support compliance and ethics might well be sacrificed so that other, closer-in traditional HR functions could be supported.

So, what happens when an employee has a problem? Many departments seem to have tried to avoid getting involved if it would reflect badly on the company or on certain officers. The net result was a continuation of bad behavior of varying degrees, with the victimized employee (usually, but not always, female) paying the price.

This document is only available to members. Please [log in](#) or [become a member](#).

[Become a Member](#) [Login](#)