

Would Roger Martin consider HRM to be a profession?

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To be frank, the academic literature on what makes a profession is not very accessible. Here is something of a different take on the topic. For some time, there has been an ongoing debate in the *Harvard Business Review* as to whether business management is, or should be, a profession. The debate started with an article written by Khurana, Nohria, and Penrice in 2005 entitled *Is business management a profession?*¹ A cogent rebuttal was published a few years later by Richard Barker in a 2010 article entitled *The Big Idea: No, Management Is Not a Profession.*² The debate drew commentary from many sources, one such commentary was by Roger Martin in an HBR Blog dated July 2010 entitled *Management is not a profession — but it can be taught.*³ In this blog, Martin laid out his profession calculus:

So my basic calculus is as follows: If quality can't be determined in advance and cost of failure is high, the market in question will attract regulation. And if the product/service is delivered by a single identifiable individual, it will become a regulated profession. If it doesn't attract regulation, it doesn't matter a whit whether an activity is deemed by its participants to be a 'profession.'

It is this calculus and its application to Human Resources Management (HRM) which is the subject of this article.

Martin laid out a two-step model. The first step is whether a market (product or service) will attract regulation based on the two criteria noted above; then having determined that regulation is necessary or beneficial, the next requirement is that the service must be delivered by a single identifiable individual. When all three conditions are met, regulation will be at the practitioner level and a regulated profession will follow.

Martin did grant that "it's true that quality is hard to determine in advance"⁴ when it comes to business management but concluded that business management could not be considered a profession because "the cost of failure is not considered to be high" and that business management is a "group activity rather than an individual one."⁵ Thus, business management failed two out of three requirements for being considered a profession.

Interestingly, for Martin regulation becomes the defining characteristic of a profession—if an activity doesn't attract regulation it really doesn't matter what those engaged in the activity think of themselves.

What follows is a discussion of Roger Martin's profession calculus as it applies to HRM but working backwards. The fact is that, in Ontario, HRM has 'attracted regulation' and that this has led to the

¹ Khurana, R., Nohria, N., & Penrice, D. (2005, Feb 21). Is business management a profession? *Harvard Business Review*. Retrieved July 16, 2015, from <http://hbswk.hbs.edu/item/4650.html>

² Barker, R. (2010, July-August). The big idea: no, management is not a profession. *Harvard Business Review*. Retrieved July 16, 2015, from <https://hbr.org/2010/07/the-big-idea-no-management-is-not-a-profession>

³ Martin, R. L. (2010, July 1). Management is not a profession — but it can be taught. *Harvard Business Review*. Retrieved July 16, 2015, from <https://hbr.org/2010/07/management-is-not-a-profession.htm>

⁴ Ibid.

⁵ Ibid.

creation of a regulated profession. The Members of the Ontario Legislature felt that the activity of human resources management was in need of regulation⁶, and not only at the activity level but at the individual practitioner level as well. The same goes for Quebec as HRM is included among the professions established by the *Professional Code*. Indeed, HRM may soon attract regulation in other provinces as well. How well, then, does human resources management fit Roger Martin's calculus?

The first term in Roger Martin's profession calculus is that the buyer can't determine the quality in advance, otherwise known as *information asymmetry*. The idea here is that regulation makes sense, or may even be necessary, when buyers (clients and employers) can't judge the quality of the service before making the decision to buy the service (and sometimes buyers can't even judge the quality of the service after the service was rendered).

This is not the reason why the Ontario legislature chose to make HR a regulated profession, however. Typically governments do not intervene to regulate when they believe that the users of the product or service have the wherewithal to look after their own interests. For instance, no serious consideration has been given to regulating functions such as marketing, purchasing, and project management. In the case of human resources however, the Legislature did opt for regulation and the reason is the impact of HR activities on employees. The intent of the Legislature was to protect employees, not to protect employers who hire or otherwise engage HR professionals. This could be called the triangle model.

Figure 1: The Triangle Model



This same triangle model is the idea behind the regulation of public accounting. Public accounting is licensed not to protect the organizations that engage the services from auditors, but to protect the public (investors and potential investors) from organizations that might misrepresent the state of their affairs. Capture is a term that refers to the situation where professionals identify with and advance the interests of their employers or clients and lose their professional independence.⁷ Here, professional regulation can be understood as an anti-capture measure. The idea is that the risk to the public is mitigated by making professionals in professions vulnerable to capture accountable to

⁶ Registered Human Resources Professionals Act, 2013. Human Resources Professionals Association. (S.O. 2013 C.6) Retrieved from the Legislative Assembly of the Province of Ontario on July 16, 2015, from http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=2750

⁷ Dinovitzer, R., Gunz, H., & Gunz, S. (2014). Unpacking client capture: evidence from corporate law firms. *Journal of Professions and Organization*, 0, 1–19.

professional standards set and enforced by an external and independent professional regulatory body.

The regulation of HRM, like the regulation of public accounting, is driven more from an anti-capture rationale than an information asymmetry rationale. What professional capture and information asymmetry have in common is that they both create risk for the public.

The second term in Roger Martin's profession calculus was "cost of failure." Of course, there is always a cost to failure; the idea here is that the cost of failure must be sufficient to attract regulation. In a sense, all government intervention is based on some cost of failure or risk, although sometimes the risk is more of an opportunity cost.

It is interesting to note that in debating the bill that would become the *Registered Human Resources Professionals Act, 2013*, the costs identified were more at the societal level than the individual level. The Ontario Legislature identified the professionalism of HR professionals as a causal factor in the productivity of the Ontario economy. It may also be that the organizational and individual costs when HR activities fail to be done in a professional manner were taken for granted by the Legislature.

Interestingly, Roger Martin argued that the cost of failure for business management was not sufficient to attract regulation. From this author's perspective, the cost of failure for business management seems no less than the cost of failure for HRM. I would suggest that the reason why business management is not regulated is something other than a low cost of failure. It could be argued that business managers are motivated by the avoidance of failure. There is nothing that government or a regulator can do about failure, and there is no need to increase the motivation to avoid failure. On the other hand, the government can act to mitigate some of the impacts of business management failure by providing social safety nets. There is also a difference between failure and conduct—failure cannot be regulated but conduct can. The conduct of business managers is subject to all sorts of regulation, but not individual or professional regulation; which brings us to the third term in Roger Martin's profession calculus—whether regulation is aimed at individual practitioners.

The first two terms in Roger Martin's calculus set up the need for regulation, the third determines whether this regulation will be at the level of the individual practitioner. Roger Martin's third requirement is that in addition to the determination that a market requires regulation; the product/service must be delivered by an identifiable individual practitioner.

It is a matter of fact that the workplace and the employment relationship are areas that have attracted a fair bit of regulation. Clearly governments, past and present, have felt that these are areas that are in need of regulation; but what about the third requirement? Even in matters relating to the employment relationship and the workplace, legislation speaks to the employer, and not to a specific identifiable individual practitioner.

What we have here is two-tiered regulation. First, there is regulation of the employment relationship and the workplace and then there is regulation of the practitioners who deliver these services.

Indeed, there are some HR professionals who questioned the need to regulate HR professionals given that the employment relationship and the workplace were already the subject of so much regulation.

The argument was made on the floor of the Legislature that regulating HR professionals complemented the legislation that already regulated the employment relationship and the workplace. The Legislature saw HR professionals as the key implementers of this legislation, and by strengthening the professionalism of HR professionals, this legislation would be implemented more consistently. This perspective is consistent with the anti-capture rationale outlined above. The idea was that the regulation of HR professionals would strengthen their resolve to resist pressures to deviate from a consistent application of employment relationship and workplace legislation.

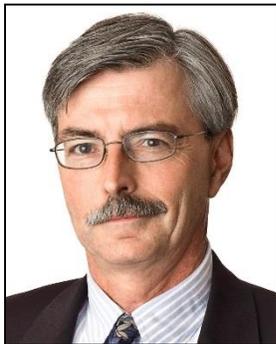
Roger Martin believed, in contradistinction to the argument above, that business managers could not be held individually accountable for their activities because business management was a group activity rather than an individual one (except perhaps for the position of CEO). This is a curious statement as it suggests that business managers cannot be held accountable for their actions. Again, this may reflect a confusion of behaviour and results. The performance of a business may be the result of a group activity, but this does not mean that individual managers cannot be held accountable for their behaviour.

It should be noted that there is a difference between *regulation* and *profession*. Roger Martin's article makes the point that it is difficult to be taken seriously as a profession if the profession does not attract regulation. However, regulation at the individual practitioner level in and of itself is not sufficient to create a profession. Sometimes the state acts to regulate those who practice an occupation without creating a profession. This can happen as a response to abuses that have occurred. For instance, in Ontario, private investigators and security guards are licensed under the *Private Security and Investigation Services Act, 2005*.⁸ The point here is that, if the Legislature was of the opinion that business managers were abusing their positions of authority within organizations, the Legislature could move to regulate business managers without creating a self-regulating professional body. Business managers would be required to register with the government and likely be required to take a course before being allowed to take a management position. The Legislature could move to regulate business managers, but hasn't and it is unlikely that it will. The calculus, however, is likely to be political. There is not this sense that the levels of abuse on the part of business managers is at a level that requires intervention (unlike paralegals, immigration consultants, private investigators, and security guards whose abuses had become problematic). Second, these forms of abuse are already covered by legislation and enforced by the courts—although a sluggish form of regulation. But most importantly, there is no great desire on the part of business managers to be regulated. This means that regulation would have to be imposed on business managers. This move would likely encounter a lot of resistance. Therefore, the political hurdle for regulating business managers is very high.

⁸ Private Security and Investigative Services Act, 2005. (S.O. 2005, c. 34). Retrieved from the Government of Ontario website on July 16, 2015, from <http://www.ontario.ca/laws/statute/05p34>

To be fair, I have no idea what Roger Martin would say about HRM as a regulated profession, whether he would consider HR professionals to be in the same category as business managers, or whether he believes that the regulation of HR professionals confirms or disconfirms his profession calculus. One thing that is fairly certain is that the Ontario Legislature does think that HR professionals fall into a different category than business managers. While the Ontario Legislature does expect business managers to abide by the laws that govern employment relationships and the workplace, it would appear they expect more of HR professionals. The Ontario Legislature expects HR professionals to be steadfast implementers of employment relationship and the workplace legislation because of their professional status. The same is true of the Quebec Legislature, and will also be the case in other provinces should their Legislatures decide to regulate HRM.

About the Author



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