From Picnic Organizers to Strategists: Turn of the Wheel for Human Resource Managers

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Abstract

Human Resource (HR) managers traditionally have not occupied a very significant position and Human Resource Management (HRM) activities have often appeared to be disjointed and haphazard, giving little consideration to the organization’s strategy. However, recent developments have provided HR managers with the opportunity to move from their typecast role of picnic organizers to becoming strategic partners. This paper delves into the terrain of changing roles of HR executives by undertaking an analysis of the extant literature. It presents a review of various typologies of HR roles. It then highlights the emerging evidences vis-à-vis the changing HR roles. The paper further discusses the key strategic domains where HR executives are making their presence felt. The paper drives home the point that the mixed bag of empirical evidence on HR roles suggests that while the value of HR executives has indeed been elevated in recent years yet in several organizations they are still grappling with the challenge of proving their mettle. On the basis of the above discussion, various research propositions are presented for future research.

Keywords: Human Resource Management (HRM), HR Roles, HR managers, Strategy, Role Typologies

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Introduction

As tremendous shifts take place in the economies, the world gradually moves from a ‘planning’ mentality to a ‘market’ mentality. Survival in the present transnational economy is conditional. This has engendered the need to think in terms of competencies, skills and capabilities. Ulrich (1997) opines that winning springs from organizational capabilities, skills, knowledge and competencies of people. Strategist Michael Porter (1991) stressed that human resource management is a key to obtaining competitive advantage.

Consequently, the role of HR specialists has gained immense significance. However, research on the characteristics of specialist HR positions prior to 1990s has tended to identify only traditional HR activities (Hunt & Boxall, 1998). Mackay & Torrington (1986) found that industrial relations was the most common activity while Rubenowitz (1968) reported that most of the time personnel managers were involved in procurement and pay related activities. Millward & Stevens’ (1986) analysis of the UK Workplace Industrial Relations Surveys (WIRS) of 1980 and 1984 led to similar conclusions. Flannery et al. (1996) reported that managers in other functional areas saw HR department as an impediment to organizational change, as they had no understanding of the strategic management issues. The above studies throw light on the fact that the HR managers traditionally have not occupied a very significant position and HRM activities have often appeared to be disjointed and haphazard, giving little consideration to the organization’s strategy.

However, socio-economic developments worldwide have provided HR managers with the opportunity to become strategic partners (Dyer & Holder, 1988; Schuler, 1992). “There have been major developments within the world of work over the past few decades which have combined to alter our understanding of how best to meet the needs for a well-qualified and highly skilled workforce” (Clarke, 2006:190). Such contextual changes augur for an ever-increasing strategic role of human resource managers (Miles & Snow, 1984).

It is interesting to note that HR Department is now considered to be a potent powerhouse for strategic management. Apocryphal tales of HR executives graduating from organizers of company picnics to strategic decision makers are exemplum of the increasingly intrinsic and vital role that HR has assumed in the present scheme of things.

Typologies of HR Roles

Various authors have presented typologies of HR roles. Tyson (1987) described the increased fragmentation of the personnel function as its ‘Balkanization’. He distinguishes between three ideal types of HR roles: (1) The clerk of works model- administrative support activity (2) The contract manager model- fixing day-to-day
employee problems. (3) The architect model: creating and building the organization as a whole by influencing the corporate plan.

Carroll (1991) envisaged a shift in HR roles in order to contribute to organizational effectiveness e.g. (1) Delegator: This role entails shifting certain HR responsibilities to line management. (2) Technical expert: This function encompasses highly specific HR skills in certain areas (3) Innovator: As innovators, HR managers recommend new approaches to solving problems.

Storey (1992) developed a typology based on: (A) action orientation (interventionary versus non-interventionary); and (B) strategic versus tactical choices/considerations. These two dimensions lead to the following four HR roles: (1) Advisors are like internal consultants to line and general management (2) Handmaidens are primarily customer oriented in the services they offer to line management (3) Regulators are more interventionary in that they formulate employment rules (4) Change makers seek to put relationships with employees in line with the business needs. Based on empirical data, Caldwell (2003) re-examined Storey’s typology and concluded that the regulator role has declined and advisor and change agent roles have become entrenched.

Jackson & Schuler (2000) talked of six HR roles: partnership (knows the market and business), change facilitator (has a long-term vision of the business), enabler (has the ability to build commitment), strategic (is involved in strategic decisions), innovator (knows the number and type of skills needed) & monitoring (is comfortable with both hard and soft data).

The typology developed by Ulrich (1997) is by far one of the most popular ones. It also uses two dimensions, people versus process and strategic versus operational, to highlight various HR roles: (1) Administrative expert: design and delivery of efficient HR processes (2) Employee champion: upholding the concerns of employees (3) Change agent: managing transformation and change (4) Strategic partner: aligning HR strategies with business strategy. The latter two roles are strategic in nature. Exhibit 1 illustrates this typology.
Buyens & De Vos (2001) developed a framework in which the involvement of the HR function is represented at different stages of the decision-making process using the idea of Cook & Slack (1991). If the HR function is involved at the first stage of decision-making (i.e. problem definition), it is value-driven or anticipative HRM; if at second stage (i.e. development of solution), it is called as active adaptation or timely involvement; if HR is involved in the third stage (i.e. implementation), it is called as passive adaptation or executive HRM and if it is the final stage (i.e. control), it is a case of reactive HRM. The above framework can be applied to each of the four HR roles/domains of Ulrich (1997). For instance, if HRM is seen as a change agent, its impact would depend on what stage they are involved in the change process. Exhibit 2 illustrates this framework of HR roles in the light of stages of decision-making.

Exhibit 2: HR Roles and Decision-Stages

In a longitudinal survey conducted in the US, Brockbank & Ulrich (2002) identified five areas of HR competencies: (1) **Strategic contribution**: HR professionals are involved in the business at a strategic level. (2) **Personal credibility**: HR professionals need to deliver results and establish a reliable record. (3) **HR delivery**: HR professionals carry on both traditional and operational HR activities (4) **Business knowledge**: HR professionals must develop business acumen (5) **HR technology**: HR professionals need to be able to leverage technology for HR practices.

In the Global Human Resource Competence Study (HRCS), the research team-Brockbanck & Ulrich (2002)- reported significant impact of all five domains on the perceived relative ranking of the HRM managers and a positive effect of four domains, except for HR technology, on financial competitiveness of an
organization. They suggest that strategic contribution is the most important HRM domain. Replicating the study, Boselie & Paauwe (2005) in a survey of HR professionals and line managers of multinational companies in Europe, found that personal credibility and HR delivery have a positive effect on the relative ranking of the HR function. According to non-HR respondents, strategic contribution is the competency that will lead to financial competitiveness, while HR managers consider business knowledge to be crucial.

Legge (1978) referred to HR manager as the ‘conformist innovator’ who accepts the dominant utilitarian values within the organization. An alternative way is the ‘deviant innovator’ approach, whereby the personnel specialist identifies with a set of norms that are distinct from, but not necessarily in conflict with the norms of organizational success (Legge, 1978).

However, there is difference of opinion on the use of role typologies. Caldwell (2003) claimed that using typologies like the one of Storey (1992) or Ulrich (1997) potentially incorporates intrinsic weaknesses, because the generic roles within these frameworks do not capture the increasingly complex and multi-faceted nature of HR roles. Caldwell (2003) opined that making use of a 2X2 matrix has the charm of simplicity but on the other hand generates the problem of oversimplification by disguising the complexity of practical reality.

**Changing HR Roles**

More recently, the need to relate HRM and strategy in the academic literature has increased due to resource-based theories (Prahalad & Hamel, 1990; Barney, 1991 etc.), which assume that HR is critical to attaining sustainable competitive advantage (Mueller, 1996; Barney & Wright, 1998). This implies that HR professionals are at the centre of the organization today. Pfeffer (1994) suggests that HR departments must change their focus from activities to outcomes. This re-definition of the HR role requires that the HR manager adopt more of a business partner role (Dyer, 1983; Schuler, 1990; Beer, 1997; Ulrich, 1997; Bowen et al., 2002 and Sheehan, 2005; ). HR executives have a crucial role in designing HRM systems that will elicit desirable employee behaviors (Schuler & Jackson, 1987).

The profile of the new HR manager has been the focus of several researchers (e.g. Sisson & Scullion, 1985; Marginson et al., 1993; Hendry, 1990 and Tyson & Wikander, 1994). Schuler (1994) asserted that effective firms in competitive environments will have world-class HRM departments. Ulrich (1997) opined that the successful organization needs HR specialists with capabilities of designing effective work practices.

Brockbank (1999) opined that the challenge for the HR professional is three-fold: examine and understand the business context, design high-value added agendas
and ensure that broadly defined HR practices are aligned around these agendas. Schuler (1990) identified the following HR roles to become more prominent: business person, shaper of change, consultant, strategy formulator and implementer, talent manager, assets manager and cost controller.

Clark’s (1999) study found that firms responded to heightened competitive pressures through contribution of the corporate human resource function to bottom line performance. A 1992 survey of the top HR executives in 151 Fortune 500 companies found that a majority of the top HR executives have significant input in corporate decision-making. In a majority of the Fortune 500 companies, the head of the HRM is an officer (usually a vice-president) who answers directly to the CEO. In many companies, the head of HRM sits on the board of directors, or the planning committee or both (Chew & Sharma, 2005).

On the basis of a study in US, Huselid, Jackson & Schuler (1997) concluded that technical HR capabilities were not as important as strategic HR capabilities. Wright et al (1998) found a strong correlation between HR involvement in strategic matters and HR effectiveness. Hope-Hailey, et. al. (1997) concluded that the recognition of the strategic importance of HRM as a contributor to business performance has risen.

One study found that HR strategy drives on an average 15 percent of profit performance for a company (Roberts, 1995). Based on a survey of senior managers in the British electronics industry, Karami, Analoui & Cusworth (2004) concluded that involvement of HR in business strategy leads to enhanced organizational effectiveness. Based on the above findings the following research proposition can be formulated:

**Proposition 1**: Involvement of HR executives in strategic decision-making leads to enhanced organizational performance

**Key Strategic Domains**

In light of the changing business scenarios, the role of HR executives has become progressively more important in a number of strategic areas. Four such frequently talked of areas/domains that have attracted growing attention of researchers are discussed here:

**Role of HR executives in global expansion**

The globalization of business activities has created an increased pressure to link HRM with firm-level outcomes (Chadwick & Cappelli, 1999). The literature highlights the increasingly vital role of HRM in multinationals’ strategies (Brewster & Scullion, 1997; Huselid, Jackson & Schuler, 1997; Wright and Snell, 1998; Harvey et al., 1999; Scullion, 1999 and Scullion & Starkey, 2000).
MNCs which fail to develop appropriate HR strategies will not be able to implement their international business strategies effectively (Bartlett & Ghoshal, 1989; Taylor & Beechler, 1993; Harvey, 1996). The growing relevance of the global operating context for corporate actions mandates corresponding globalization of the corporate HR manager’s task domain (Harvey, 1996 and Novicevic & Harvey, 2001). The contention of Pucik (1992) is that globalization leads to a more strategic role for HR managers. According to Black & Ulrich (1999), the role of the HR professional in delivering global strategy is to:

- raise, define and clarify the capabilities required to win globally
- invest, design and deliver HR-practices that ensure these capabilities.

Given the critical role of a company’s global talent asset base, the role of HR must become more strategic (Brake, 1999). A study of HR managers (Roberts et al., 1998) identified three major challenges concerning globalization: getting the right skills, spreading up-to-date knowledge and developing talent on a global basis. Researchers e.g. Pucik & Katz (1986) and Doz & Prahalad (1986) suggested that HR managers be sensitive to local conditions as well as maintain a global corporation-wide perspective.

In a study of thirty companies, Scullion & Starkey (2000) found an emerging agenda for corporate HR in international firms which focuses on senior management development, succession planning and developing international managers. A number of case studies reported by Ghoshal & Bartlett (1995) have shown that the success of global firms depends on the corporate HR’s capabilities to design and deploy efficient management systems across subsidiaries. This leads to the second proposition.

**Proposition 2**: HR managers acquire a more strategic role in MNCs than in organizations that operate domestically.

**Role of HR executives in Mergers & Acquisitions (M&As)**

The number of M&As has risen substantially, as has awareness of the HR executive’s role in facilitating merger success (Baytos, 1986). The fact that a great many M&As fail to live up to expectations is often attributed to improper management of the human component (Bastien, 1987). The need for handling both tactical and strategic HR issues is crucial during M&As.

A number of articles have appeared in practitioner journals that have emphasized the pre- and post-merger roles of HR executives (e.g. Baytos, 1986; Cartwright and Cooper, 1992; Schuler & Jackson, 2001). Bjo¨rkman & Soderberg (2006) reported on an in-depth study of the M&A processes in the Nordic countries illustrating how the HR function is easily left with a secondary non-strategic role in M&A processes.
Chew & Sharma (2005) found a positive relationship between HRM effectiveness and financial performance on a sample of Singapore-based companies involved in M&A.

Tanure & Gonzalez-Duarte (2007) examined why and how HRM may take on a more strategic role within M&As on the basis of a case study of a leading Dutch bank. The case has evidenced that HR managers should seek to undertake a more active and strategic role in M&As contributing effectively to the performance of the organization. The third proposition is thus derived.

**Proposition 3**: Mergers where HR managers are involved in due diligence process turn out to be more successful than those where they are not.

**Role of HR executives in Total Quality Management (TQM)**

A vast majority of researchers agree that HR issues are at the heart of any quality improvement program (Storey, 1994 and Chen, 1997). Interestingly TQM programs have the potential to increase the strategic importance of HRM function (Storey, 1994 and Wilkinson et al., 1994). Quality can be an issue that brings senior managers and HR executives together to move from just HRM to strategic HRM. A major role in the quality improvement effort puts HR in a position to contribute directly to the bottom line (Bowen & Lawler, 1992). HRM plays a major role in TQM initiatives by providing training, facilitating change, empowering employees, instituting team-based reward system and communicating to workers their role in quality (Blackburn & Rosen, 1993; Chen, 1997 and Mallak et al., 1997). HR professionals participate in the various phases of the quality programs and play a vital facilitating role (Snell & Dean, 1992). Research evidence shows that in organizations which were awarded the Malcolm Baldrige National Quality Award, the HR function’s role was indispensable. In such organizations, the HR professionals were part of top management team and fully participated in the quality strategy (Blackburn & Rosen, 1993). This leads to the next proposition.

**Proposition 4**: TQM initiatives where HR managers play a vital facilitating role turn out to be more successful than where they are not.

**Role of HR executives in Change Management**

Contemporary organizations are putting lesser emphasis on the hierarchical structures and moving towards a more democratic system. Organizations are experimenting with new options in organizational structure and design. Boundaries such as time and space have become less confining. Today’s organization spans several discontinuities (Watson-Manheim et. al., 2002). Rightsizing, restructuring, turnarounds are widespread as organizations continue to operate in complex
environmental conditions (Zeffane & Mayo, 1994). In their quest for power, organizations are adopting innovative strategies for change management. In future, more and more human participation will be required (Pattanayak, 2002). All such trends have serious HR implications.

McCune, Beatty & Montagno (1988) suggest that HR managers become more expert and proactive in monitoring product life cycles, the business environment, and organizational strategy in order to anticipate needed changes in advance. Since these initiatives require extensive training, performance linked rewards, cross-functional collaboration and employee motivation; HR function assumes a significant strategic role (Snell & Dean, 1992 and Stewart, 1993).

There has been a great deal of attention given in the literature to the facilitative role that HRM can play in organizational change (Dyer & Holder, 1988; Schuler, 1992 and Boxall & Purcell, 2003). Gennard & Kelly (1998) have emphasized how important it is that personnel management is well established within the power structures of an organization. This reinforces the argument that HR executives need to develop an understanding of business issues. The fifth proposition is based on the above facts.

**Proposition 5:** Change management initiatives in which HR managers are involved in all phases turn out to be more successful than where they are not.

**Levels of HR Roles**

Various researchers have talked of different levels of HR roles. This view is based on the idea that all functions of HR executives have some strategic element (Tichy et al. 1981; Olian and Rynes, 1984; Torrington & Hall, 1996; Huselid, Jackson & Schuler, 1997). These researchers believe that every function of HRM has some strategic element. Strategic HRM includes both higher level organizational dimensions as well as operational level action dimensions. (Huselid, Jackson & Schuler, 1997). Torrington & Hall (1996) mentioned that every element/function of the HRM process has some strategic aspects.

Anthony (1965) classified management levels into three classes- strategic, managerial and operational. These three levels deal with, though not solely, three distinct but complementary types of decisions. Tichy et al. (1981) listed the human resources activities associated with these levels hence implying that all functions of HRM have three levels of tasks and roles. According to Tichy et al. the operational level is best served by a traditional functional personnel department. The managerial level must be organized to cut across the operational sub-functions and the strategic level requires an elite senior manager who undertakes long-term HR thinking. Table 1 depicts these levels of HR roles.
Table 1. Management Levels and HR Roles

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Recruitment &amp; Selection</th>
<th>Benefits &amp; Rewards</th>
<th>Performance Appraisal</th>
<th>Training &amp; Development</th>
<th>Career Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Specify the characteristics of people needed in the long-term and alter internal and external systems accordingly</td>
<td>Determine how rewards will be linked to long-term business strategy based on potential world conditions</td>
<td>Make early identification of potential and develop means to appraise future dimensions</td>
<td>Plan developmental exercises for people to run future businesses and enable adjustment to change</td>
<td>Develop long-term system to manage individual and organizational needs and link it to business strategy</td>
</tr>
<tr>
<td>Managerial</td>
<td>Validate the selection criteria and develop recruitment marketing plans</td>
<td>Set up medium-term compensation plans and benefits package</td>
<td>Set up validated systems that relate current conditions and future potential</td>
<td>Establish self and management development programs</td>
<td>Identify career paths and provide career development</td>
</tr>
<tr>
<td>Operational</td>
<td>Plan and set up recruitment and selection systems</td>
<td>Administer wage and salary program and benefits package</td>
<td>Set up periodic appraisal system and daily controls</td>
<td>Provide for specific on and off the job training</td>
<td>Fit individuals to specific jobs and plan next career move</td>
</tr>
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</table>


Fisher (1989) identified issues relevant to senior HR executives and the operating level HR managers. Issues primarily of concern to the former include attuning HR policies to the organization's strategy, managing human resources in an international context, dealing with mergers and acquisitions, and downsizing. Daily issues of more concern to operating level HR practitioners include selection, training, compensation, and performance appraisal.

Proposition 6: All functions of HRM have three different levels of tasks and roles for HR managers i.e. strategic, managerial and operational.

Rise of HR: The Global Reality

There is some divergence of opinion on the emerging roles of HR executives. While some argue for an increasingly critical role of HR executives in strategic decisions (e.g. Hendry, 1990; Schuler, 1994; Beer, 1997 and Ulrich, 1997), it is many a times asserted that HR specialists, senior or otherwise, are not typically key players in the development of corporate strategy (Huselid, Jackson & Schuler, 1997; Hunt & Boxall, 1998; Sparrow & Marchington, 1998 etc). Commentators generally argue
that the contribution of HR managers is strongly oriented to the implementation, rather than the making of strategic decisions (Hunt & Boxall, 1998).

Research by Huselid, Jackson & Schuler (1997) has shown that HR managers may not be meeting the challenge of their new role. These researchers found that most HR managers were very proficient in the delivery of HRM capabilities that relate to traditional activities but were found to fall short in terms of strategic HRM capability. Sparrow & Marchington (1998) have similarly observed that those involved in the HR function fail to understand the demands of their new role and lack confidence in their ability to become strategic business partners. Lengnick-Hall & Lengnick-Hall (1988) suggest that the role of HR specialists in strategic management tends to be limited to implementing strategic decisions. Swiercz & Spencer (1992: 35) also asserted that “most corporate strategies are still formulated without full consideration of potential HRM contributions”.

Considerable variation exists across Europe on this issue (Sparrow & Hiltrop, 1994). Research on the issue of board-level representation by personnel directors in the UK and in Europe indicated a relatively weak position of personnel in the corporate office (Miller, 1987). While another survey of European companies found that the HR function is represented at board level in 49 per cent of organizations employing more than 200 employees (Brewster, 1994).

The first and second Company-Level Industrial Relations Survey (CLIRS) conducted in the UK, revealed that it was at the implementation stage that personnel managers were most likely to be involved (Marginson et al., 1993). Reinforcing this interpretation, Storey’s (1992:186) study of fifteen large UK organizations suggested that personnel managers were far more likely to adopt a regulatory role than that of a ‘change-maker’. Most major change programmes in the arena of human resource management, let alone elsewhere, had originated outside personnel.

Purcell, on the basis of case-study evidence, argued that there had been a considerable downgrading of the corporate personnel department (Purcell, 1985; Purcell & Gray, 1986). However, research undertaken at Warwick University on the largest 100 private-sector employers in the UK indicated that the tendency for corporate personnel departments to be downgraded was not universal and that several corporations had large corporate personnel departments undertaking a wide range of activities (Sisson & Scullion, 1985).

The Price Waterhouse/Cranfield survey reported that approximately 50 per cent of HR managers across Europe felt that they were involved in the development of corporate strategy from the outset (Brewster, 1994: 28). There was some variation among countries, from a low of 32 per cent in Italy to a high of 65 per cent in
Norway (Brewster, 1994). The finding that this sort of variation exists across Europe is supported by Sparrow and Hiltrop’s (1994) work.

Ozcelik & Aydinli (2006) explored the strategic role of HRM in Turkish, Spanish and German companies. Signs of convergence could be found between the companies in Turkey, Germany, and Spain on the strategic role of HRM. Owing to this change in the function’s role, there has been a shift from activities such as data storage and arrangement of personnel files to the administration of employee procedures.

Hiltrop et al. (1995) observed that HR managers in The Netherlands and Italy tend to focus on cost control owing to the predominantly finance background of HR managers. On the other hand, HR managers in Germany are from the legal background and thus more concerned about interpreting rules and regulations. In Spain, a variety of factors have contributed to HRM having a low status over the years, but HRM departments now seem to be increasing in status (Saborido, Rendon, & Castro, 1992). The same need to orient HRM toward a higher, more strategic role has also been evidenced in Italy (Sirianni, 1992 and Camuffo & Costa, 1993). Similar trends in the orientation of HRM have been noted for The Netherlands (Jaap, 1996), Ireland (Gunnigle & Moore, 1994), and Mexico (Teagarden, Butler, & Von Glinow, 1992).

The evidence from US studies on this question is also mixed. Some studies highlight the limited influence of HR managers on corporate strategy (Lengnick-Hall & Lengnick-Hall, 1988; Swiercz and Spencer, 1992), while other studies suggest a more influential role for top HR executives (Tsui & Gomez-Mejia, 1988). Similarly, while it has been argued that the status of HR managers has risen (Ferris et al., 1991; Schuler, 1990 and Ulrich, 1997), other studies suggest that the HR function remains low in influence (Finegold & Frenkel, 2006).

Thurley argued that there was “a more open relationship of business and personnel strategies” in the US than in the UK (1981: 27). In a US study, Tsui and Gomez-Mejia (1988) reported that 73 per cent of top HR executives in 900 large companies served on their firm’s executive management committee. Ferris et al. (1991) have argued that HR management’s stature in the US has risen as an acknowledgement of its contribution to overall organizational effectiveness.

Schuler’s (1994) study found that the HRM department was growing in importance in the United States. In contrast, in Japan, where there is a long-established belief in the importance of people to organizational success, line managers are expected to regard HRM as one of their own major responsibilities. The HRM department played only a modest role in overall HRM activity in Western European and Australian firms. The study found that global respondents see HRM increasing in importance, with responsibility for HRM to be shared with line managers.
Certain other research evidences are not as bright. An exploratory study of eight biotech start-ups in US and Australia found that most do not employ HR professionals or have a lower-level HR administrator. Only one company had a senior strategic HR person (Finegold & Frenkel, 2006). Bowen et al., (2002) empirically examine how highly regarded the HRM departments were. Across the nine countries studied, the status of the HRM departments seems to be reasonably high, with means ranging from 3.20 (Indonesia) to 3.87 (Australia). The status of HRM is highest in Australia and significantly different from U.S.

On the basis of a longitudinal Australian study Morehead et al (1997) show that, in 1990, 34 per cent of Australian workplaces had a specialist people manager (variously referred to as ER, IR or HR manager). This increased to 46 per cent (69 per cent of employees) by the time of the 1995 survey. This suggests that these managers were assuming increasing responsibilities, perhaps of a strategic nature. In respect of New Zealand, an Institute of Personnel Management (IPMNZ) survey identifies a general consensus that HR must become more strategically oriented. (Hunt & Boxall, 1998).

Hunt & Boxall (1998: 765) explored the qualifications, work histories, role orientations and strategic contributions of senior HR specialists in New Zealand. These practitioners were typically found to “subscribe to Legge’s notion of conformist innovation”. Primarily, this was attributed to the fact that the senior HR executive was part of a strategic management committee.

Liberalization of Indian economy has brought to the fore issues related to HR management (Sodhi, 1994; Krishna & Monappa, 1994 and Venkata Ratnam, 1995). This new scenario has created opportunities for HR issues to be associated with business strategies (Ahuwalia, 1994; Sodhi, 1994; Venkata Ratnam, 1995). This is all the more challenging because the Indian work-force has a very diverse socio-economic background (Jain & Venkata Ratnam, 1994). The scene is further aggravated by the pro-labour stance of most labour legislation (Tayeb, 1995 and Venkata Ratnam, 1995). The performance of the HR function has therefore become more important than ever (Budhwar & Sparrow, 1997).

Singh’s (2003) study in the Indian setting revealed that the HR role has gained currency in the last decade. Sparrow & Budhwar (1997), questioned 137 Indian personnel directors and found that they attached the least value to structural empowerment. Studies by Pattanayak (2001) and Diwedi (2002), focused on the HR role and its impact on organizational performance. Khandekar & Sharma (2005) carried out an empirical research in India that revealed that HR capabilities are positively correlated to organizational performance.

There is some indication that the HR function in some companies is becoming more strategically oriented than before (Hope-Hailey et al., 1997). However, the available
empirical evidence suggests that most HR functions still play predominately a tactical role and that HR professionals have low status and influence in many companies (Truss et al., 2002).

There are several reasons ascribed for the still low status of HR departments in certain organizations. First, the traditional area of technical and administrative responsibility for the HR function appears to be too narrow to influence strategic decisions (Baron and Kreps, 1999). Second, there is generally lack of confidence in the skills and competence of HR management (Deloitte & Touche, 2003). Third, the popular argument of HR effectiveness lacks both empirical and practical legitimacy to enhance the corporate HR’s image (Galang et al., 1999). Fourth, even in the cases of comprehensive corporate change, such as cross-border mergers and acquisitions, the HRM-related strategic decisions are made post hoc (Jennings, 1994). Fifth, HR managers are usually isolated from major strategic decisions unless some industrial relations issue is involved (Schuler, 1989). Finally, HRM issues, even when strategic, are considered by top management to strategy implementation phase and not strategy formulation phase (Russ et al., 1998).

McKinsey & Company’s much publicized ‘War for Talent’ (Chambers et al., 1998) study during the tight labour markets of the late 1990s found that while 78 per cent of corporate executives believed that HR should be a strategic partner only 27 per cent felt HR was effectively playing that role. A more recent study (Deloitte & Touche, 2003) of CEOs and HR Directors suggests part of the problem may be a talent gap: 52 per cent of CEOs agreed that they cannot find enough top quality senior HR managers to fill a strategic role.

Despite increasing strategic roles of HR executives, the administrative responsibilities of HR departments have not been wiped away. Tyson’s (1987) clerk of work and Ulrich’s (1997) administrative expert and employee champion roles still function as important “hygiene factors for HR departments” (Boselie & Paauwe, 2005: 564). In a range of case studies, carried out among Dutch-based multinational companies (Paauwe, 1996) established that HR managers and their departments are allowed to fulfil more strategic and change oriented roles. However the basic HR processes (e.g. staffing, rewarding, appraisal) were considered equally important.

This mixed bag of empirical evidence suggests that while the value of HR executives has amplified in several organizations, in others they are still grappling with the challenge of proving their mettle as effective strategic decision leaders.

**Proposition 7**: HR managers are involved only at the implementation stage of strategic decision-making
Conclusion

It is envisioned that a global human resource leadership will be required to meet new-age challenges. Researchers and commentators have highlighted various issues that HR executives need to keep in mind for efficacious strategic partnerships.

To be an effective and relevant actor, the HR department has to redefine its traditional role and become an effective influencer. Specifically, corporate HR has to identify and establish effective and relevant avenues of its influence that are related to the firm strategy (Novicevic & Harvey 2001). The main challenge facing the HR manager implies placing a lot of emphasis upon keeping moral standards in terms of fairness and legitimacy (Winstanley & Woodall, 2000. “For the near future we expect the HRM manager to be an entrepreneur, who is willing to take risks, is customer oriented, has business knowledge and specific HR knowledge, is responsible and accountable for HR results, is open minded, and knows how to motivate and persuade people and implement and facilitate change” (Boselie & Paauwe, 2005: 565).

The HR managers need to balance the strategic and tactical role of HRM. In the short-term, they are required to ensure that administrative tasks are performed in an efficient manner. In the medium term, the challenge rests on talent building and retention. While in the long term, they need to devise strategies to attain sustained competitive advantage through people power.

In order to form a more collaborative partnership with the strategic management process, HR executives will have to re-examine their skills to meet the challenges (Teo, 2000). With increased globalization, it is important that HR is managed strategically so that companies can compete globally. However, firms need to ensure that their technical HRM effectiveness is also of a certain standard before developing strategic HRM effectiveness (Chew & Sharma, 2005).

In an attempt to explain the failure of HR managers to become strategic business partners, writers such as Beer (1997) and Ulrich (1997) have suggested that the career background of the HR manager may be required to undergo a change. The statements and rhetoric of HR professionals are not enough to effect the substantial transition required from personnel management to strategic HRM. HR professionals need to be familiar with as many functional areas in the organization as possible so that they can make fully informed, considered contributions to any strategic discussion. (Sheehan, 2005).

Being involved in strategy formulation enhances the chances to have HR concerns reflected in the strategy (Dyer, 1983; Bennett et al, 1998). If HRM wants to create added value for the company, it has to become a full strategic partner with the
business in achieving strategic goals (Schuler & Jackson, 1987; Schuler, 1992; Truss & Gratton, 1994 and Mabey & Salaman, 1995). Authors like Dyer & Shafer (1999), Boxall & Purcell (2003) and Paauwe & Boselie (2003) argue that HRM is not primarily about performance, but about issues like willingness to change and improving flexibility and adaptability of the organization.

The HR function traditionally has spent more time professing than being professional. The HR function has been plagued by myths that keep it from being professional. It is time to talk less and do more; time to add value, not write value statements; time to build competitive, not comfortable organizations; time to be proactive, not reactive. It is time to perform, not preach (Ulrich, 1997).

Success in the emerging environments hinges on the pivotal role of HR executives in steering human resource capabilities towards attainment of organizational objectives. Adopting such a stance requires a gradual and steady process of transformation. It is a globally accepted fact that systems cannot be built overnight. “They evolve gradually, taking roots, over time” (Khan & Azmi, 2005). Organizations need to build and develop an inherent desire to excel. It requires challenging old assumptions and creating newer layers of assumptions—those that fit-in with the escalating environmental demands. The challenge is to continuously evolve and not get caught behind.

References


