

**DBA8001: EMERGING ISSUES IN ORGANIZATIONAL
BEHAVIOUR AND HUMAN RESOURCE MANAGEMENT**

ASSIGNMENT 1

**HUMAN RESOURCE MANAGEMENT
AT THE TABLE, OR UNDER IT?
(Discussion Paper)**

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**SUBJECT FACILITATOR:
DR. ANG ENG SIENG**

**SUBMITTED BY:
TAN JU CHIAE (CLAYTON)
STUDENT ID: B0302334
DBA Candidate
HELP University College**

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1.0 Introduction

The practice of modern day people management studies can be traced back to the 18th century Industrial Revolution and the establishment of the Institute of Personnel Management in 1946 (Bratton and Gold, 2003). This began with the Frederick Taylor's Scientific Management Theory before the more contemporary school of thoughts by Maslow, McGregor and other motivational theories which lead to further studies of Human Resource Management (HRM) intensified during 1980s and 90s (Lewis et. al., 2001). Many critics have labeled the switch from Personnel Management to HRM in practice as nothing more than “old wine in new bottles” (Storey, 1993; Keenoy, 1999; Legge, 2004).

These critics have not stopped the academics as well as Human Resource (HR) practitioners hunting for the missing link bridging theoretical framework and actual practice. These includes the repositioning of HR as business partners while renaming it Strategic Human Resource Management (Francis and Keegan, 2006); Talent Management which focuses on people development (McCauley and Wakefield, 2006; Galagan, 2008); and Human Capital Management which emphasize on people as assets which organizations invest in (Zimmerman, 2001; Wang et. al., 2008). All these argue that HR should rightly be at the table and become the center stage of all decision making and organization change initiatives (Lawler et. al., 2004; Bailey, 2008; May, 2008).

This paper studies the different perspective of HR's functions, importance of it and how to make it more significant. Based on secondary research of journal articles and business publications as well as case studies of several organizations, this paper aims to answer three key questions about the HR profession in today's environment. They are:

- I. *Is HR at the table?* – Is HR's position in any organization on par with the other functions especially the sales and marketing or research and development? This is to determine the influence of HR on decision making in business organizations.
- II. *If it is under the table, is it holding up the table?* – If it is found that HR does not have an equal decision making rights as other functions, how influential are they to

support the organization decision making? Also, how much could HR contribute to the strategies and bottom-line of the organization.

III. *If it is under the table, is it hiding?* – Could HR of today still position itself as an administrative operations center carrying out duties assigned by the profit centers? What contributed to such instances and how could HR reposition itself to be a more visible business partner?

The structure of this paper begins by looking into the various aspects of HR compared to other functions in the organization to determine if they are on par. It will be followed by the discussion on underlying causes to current positioning of HR; importance of positioning HR alongside strategic decision makers; and finally ways to strengthen the position of HR at the table.

2.0 The Position of HR in Organizations

2.1 The Role of HR

Armstrong (2006) outlines the role of HR beginning from reactive service provision to advisory, business partner, strategist and change agent. However, while it is widely known that people related operations such as recruitment, training, compensation, benefits, employee relations and payroll are activities in the HR department; little can be said of organization development, change management or business strategies and planning.

In a survey of Fortune 500 US companies, it is apparent that only 23 percent of organizations' HR drives change management or developed business strategies although more than two-thirds feel that it is an important focus (Lawler et. al., 2004). Research done by Saratoga/PriceWaterhouseCoopers (2006) further reveals that an average organization spent more time on HR services operations such as generalist support (20.4% of total HR time) recruitment (19.8%), benefits (10.5%), compensation (6.7%) and records administration (8.1%); compared to providing strategy and leadership (6.8%) or business partnering (3.7%) (HR Focus, 2006). It is therefore evident that there is still severe lack of commitment from the management to make it happen.

2.2 Organization Structure and Reporting Perspective

The reporting structure explains the perception of leadership team on function of HR department. If HR reports to the CFO, it is likely that HR is seen as a cost center administering payroll; likewise, a reporting to COO positions HR as an operations unit.

While COO, CFO, CTO, CIO have elevated themselves to the C-suite in the last decades; CHRO title has not been widely used until recently. Lately however, HR is gaining ground in many American public corporations with CHRO / EVP-HR / HR Director Positions created (Kaplan and Porter, 2009). The direct reporting to CEO symbolizes the recognition

of HR as a strategic partner on par with the other C-suite leaders. The next question asked, however, is whether the positions created are namesake or does it carry weight.

2.3 Corporate Ranking and Remuneration Perspective

According to Higginbottom (2002), HR is not represented in 75 percent of large firms' main board. It is also revealed that only 27 percent UK board members are aware of studies linking human resource to profitability (Bratton and Gold, 2003); further emphasized the importance of having HR at the table.

Although compensation and benefits is part of HR's responsibilities, it is seldom the decision maker when it comes to compensation of its top executives (Marquez, 2008). With the lack of financial knowledge amongst HR Practitioners today, the Board of Directors often seeks the expertise of external consultant to perform this important task rightly belonging to the HR Director. This may indicate the lack of trust in competencies of internal HR practitioners or lack of empowerment to HR departments in organization critical decision making.

The phenomenon above should not come as a surprise considering sensitivities of compensation data especially with regards to remuneration of HR professionals which is often lower compared to its peers in profit center functions (Kelly Services, 2008); signaling that if remuneration is a measurement of importance, HR has not arrived yet. Nevertheless, it is important to note that salaries in the HR profession has grown by 3.25% in 2008 with increased bonus averaging 6.25% compared to 6% in 2007 despite the economic slowdown (CIPD, 2008). The fact that rewards were intact during slowdown indicates some recognition towards the profession in creating sustainable culture.

2.4 Budget Allocation Perspective

An average HR budget as a percentage of total operating cost for an average organization in 2008 was a mere 1.2%. However, the silver lining lies in the historical data which shows an

increased from 0.8% in 2002 (IOMA, 2009). Having noticed that, HR departments are still among the last priorities in budget allocation especially true when it comes to technology implementation such as HRMS which are often being viewed as luxuries in most organizations (Baeza, 2005). This could well be the reason HR departments spends more than three-quarter of its time on administrative functions, leaving little for strategic and leadership roles.

During recessions, the management gurus endlessly preach the importance of seeing it as an opportunity for re-training employees. However, the reality remains that recruitment is often frozen and training budget reduced during such times (Pitcher, 2008; CIPD, 2009). This highlights the management believes that sales and marketing remains the key over HR interventions in bringing the organizations out of turbulence.

2.5 CEO Background and HR Career Progression Perspective

A CEO who spent a long stint in R&D or Engineering allocates 25 percent higher research expenditure compared to an average CEO from other background; showing the correlation between CEO background and expenses priorities (Weisul, 2002). As such, the likelihood of organizations investing in HR depends on the chances that a CEO rising from the ranks of a HR specialist.

Boone and Kurtz (2001), however, painted a bleak picture of this happening with 19 percent of CEOs coming from the banking background; followed by financial (15%), marketing (13%), operations (13%) and technical (13%) while human resource professionals are minority.

2.6 Background Experience and Employee Movements Perspective

An important observation of HR professionals is that many senior HR positions today are filled by individuals with experience in other lines of business such as sales, marketing,

engineering or operations. This is to ensure that HR department is headed by professionals with business acumen and industry knowledge. Although this is a possible short-cut to bringing HR to the table, it is exposed to biased decision making when HR department is “invaded” by the other departments who may not possess the HR mindset.

Though the “invasion” of HR department is becoming a norm, the same cannot be said about HR professionals advancing their careers in other line of businesses due to the perceived lack of business acumen. Thus, HR department helmed by a non-HR practitioner should be seen as a blow rather than a celebration to the HR profession.

2.7 Organizations with Good HR Practices – Who is the Driver?

Despite evidence above suggesting that HR has not taken the seat at the table, it is inevitable to notice that there are many companies around the globe that are boasting superior HR interventions. Taking General Electric, Google or Proctor and Gamble as examples, they are known to groom talents and focus on people development. How did this happen?

While it is undeniable that strategic HR has begun taking its seat at larger corporations, it is also understood that most of the exceptional HR initiatives are CEO driven, before being entrusted to the Head of HR. General Electric, for example, may have seen Bill Conaty driving HR developmental initiatives (Brady, 2007); but the underlying success could be highly attributed to Jack Welch’s vision for his people. Google’s “talent machine” on the other hand is the creation of culture by its founders and adoption by the management rather than brainchild of HR practitioners (Sullivan, 2007a). Organizations may have begun to believe in the need for HR strategies, but not necessarily dedicated HR strategist.

2.8 SHRM, HRM or PM – Old Wine in New Bottles?

So is the evolvement from personnel management to human resource management followed by appending “strategic” to it nothing more than old wine in new bottles? Contrary to the

critics, SHRM is indeed a vast difference from the days of personnel management. The evolution is slow, but HR has come a long way since its history of managing labour and unions (Bratton and Gold, 2003).

Much of the above evidence discussed pointed to the fact that management is increasingly seeing the importance of strategic HR initiatives. However, if the question is whether the HR professional made its presence felt, it is a straight-forward “no”. HR department is still very much playing a supporter rather than driver of change; non-HR leadership team has in fact remained the strategic driver even in people initiatives.

3.0 Why is HR not at the table?

3.1 Revisit the Role of HR (Who does HR represent?)

Looking into the history of HR, it began during the days of union and labour management, thus was previously only expected to negotiate, drive and discipline. The other historical aspect of HR indicated that HR managers double up as union leaders in the past (Reilly and Williams, 2006). Due to this, HR is often seen as an intermediary not aligned with management objectives, and therefore do not possess much decision making power.

Fast forward to today's environment, HR department needs to play 2 roles with significant conflict of interest. The key question to ask is "who does HR represent?" In order for HR to be effective, it will need to represent the employees but at the same time convey messages from the management. It is possibly the dual-role that causes HR to be unpopular amongst both. The management view HR as over-protective of the employees and depleting organization resources; while employees view HR as the enforcement officers of the organization (Halcrow, 2002). After all, management often delivers bad news such as retrenchments, pay-cuts, reorganization, low-bonus via HR department whereas good news such as promotions and increments are brought by the managers (Halcrow, 2002). This further positioned HR as a tool of the management rather than strategist.

3.2 Revisit the Purpose of a Business Entity

Manufacturing firm, trading company, services industry, financial firm, technology industry – Leaving aside the niche industry of HR consulting or shared services which began to mushroom recently, no business existed to deliver HR. That brings us back to the question – What is the purpose of a business entity? The main objective of any business organization is neither charity nor welfare, it is about maximizing profits.

From the financial perspective, maximizing profits is to increase sales and decrease operations cost; that made the sales people recognized and manufacturing department valued. From the product expertise perspective, the best products generate higher sales; thus financial expertise is valued in the banks as much as engineers are appreciated in technology firms.

While HR's interventions may develop better sales people or technical expertise, in addition to the studies that motivated employees deliver higher efficiency (Krell, 2006; Stanley, 2008); these are merely seen as indirect relation to profitability.

3.3 Return of Investment (ROI) for HR Initiatives and an Analysis of Organizations Key Performance Indicators (KPI)

Unlike the views above, some may argue that there are direct correlations between good HR management and profitability. While these arguments are research proven (D'Arcimoles, 1997; Zimmerman, 2001), many of these ROIs are not easily quantifiable. The sales department could quantify based on sales targets hit; research and development measures patents filed and new products released; finance department presents the company's profit and lost statements. How does HR quantifiably justifies its results? There are organizations that set HR KPIs as turnaround time for recruitment, employee turnover, training hours completed, training satisfaction, campaign response rate. Although these KPIs can be delivered, these achievements in no way explain the benefits to bottom-line (Lawler et. al., 2004). In addition to that, ROIs for HR initiatives are often achieved over time and cannot be measured year-on-year.

Although Kaplan and Norton (1996) introduced Balance Scorecard and Kirkpatrick (2006) introduced four-level training evaluation which includes business results, the implementation and data collection is tedious. The cost involved in data collection and setting the infrastructure in place may not be sufficiently justified by the needs to measure them.

As a result, recent survey shows that although 97 percent of responding companies have attempted balance scorecard, only 27 percent have adopted it (HR Focus, 2003). A separate

research reveals that only 34 percent of organizations measure business impact and 20 percent measures cost-benefit of HR initiatives (Lawler et. al., 2004). Eventually, it is the measurable but irrelevant information that is accomplished, causing more harm to the credibility of HR department.

Finally on KPIs, while the Balance Scorecard include “people” as one of the key areas, managers often do not take them very seriously due to the unquantifiable measurements. Managers who deliver superior results will still be rewarded accordingly regardless of employee turnovers, employee satisfaction or development. After all, employee morale related issues will only trouble the department in long run; by the time the “high-flying” manager would have been promoted elsewhere for his good sales records.

3.4 Who is Responsible for HR Execution?

The role of a manager is planning, organizing, leading and controlling; while the fundamental role of HR human resource planning, recruitment, performance management, development and employee relations (Bratton and Gold, 2003). Based on the roles specified, HRM is in fact a subset of the role of managers. In other words, the execution of HR initiatives should rightly belong to the managers, not the HR departments. In reality however, managers are often to swamp with their technical workload to entertain HR matters.

Many organizations failed to recognize that HR may be a specialist knowledge domain but in fact generalist execution responsibility. A sales manager does not need to do engineering, neither does a research manager do operations; but all managers need to practice HR to some extent.

While a conclusion can easily be derived that the managers’ lack of awareness on their need to practice HR causing the lack of execution, there is a need to look into managers at the complete opposite end too. Since most managers experienced managing people, they tend to believe that they are best in understanding the needs and behaviors of their employees.

Senior managers generally may not see the value-add by having specialist in the HR domain joining them in strategic decision making simply because of the perception that HR can be done by just anyone. Thus, senior managers feel that the table for strategic decision is not for HR department, the room for administrative execution is (Galford, 1998).

3.5 What does HR know about business?

All the above discussed on the lack of management trust and commitments in HRM, as well as the circumstances that created it. The other angle, which is the readiness of HR to be at the table, needs to be studied too to get the complete picture.

It has been easy for HR practitioners to blame the management for not allocating them a seat at the table, but research has on the other hand found that most HR practitioners do not possess much business acumen skills and generally unprepared for strategic role (Halcrow, 2002; Hommel, 2003; Bailey, 2008; Spalding, 2009).

The reason behind this could be the career path of a HR practitioner. HR departments do involve in highly administrative and highly operational roles prior to the existence of HRMS (Baeza, 2005). As mentioned in *section 2.4* in this paper, HRMS has not been very widely implemented in most organizations as it is not seen as mission critical system.

Unlike the sales or technical department, where deep thinking needs to be put into strategizing smaller sales targets or developing parts of a product; the entry level employees of HR departments are exposed to large volumes of paperwork and processes instead. This leaves a wide gap between the junior and senior roles in HR department (May, 2008), also contributing to the “invasion” of HR by other departments at a senior level as discussed in *section 2.6*. Due to lack of business foundation, entry level HR employees are rarely given an opportunity for secondment in profit centres.

3.6 The Lack of Talents for HR Careers

The lack of business acumen in HR department is further compounded with the trend that top talents in business and management do not aspire to take on the role of HRM. Taking-on a position in HRM is often perceived as lack of ambitions, drive to success; or simply looking for work-life balance (Breitfelder and Dowling, 2008). The very much administrative nature of HR departments today has also been driving away potential talents from joining it.

The top career choices for MBA graduates are along the line of financial and consulting (Clarke, 2009); with 17% aspiring to become CEO of a large firm within 10 years (Damast, 2009). Rarely do MBA graduates aspire to join the HR profession (Breitfelder and Dowling, 2008). While major universities have been emphasizing the need for SHRM, top talents are often driven to more glamorous investment, finance and consulting jobs since success stories found in business journals often revolves around these achievers.

3.7 The Web of Related Issues Affecting HR Profession

HR has not made it to the table after decades or discussions by both academics and practitioners. While all parties sees the importance of getting HR involved, little has been done to rectify the issues. There will be enormous commitments needed from all parties to get HR up to speed and reposition itself as a strategic partner to business. *Figure 1 (refer to Appendix)* depicts the inter-dependent causes preventing HR from taking its seat at the table.

4.0 Why is it Important for HR to be at the table?

4.1 Changes in Today's Business Organizations

4.1.1 Speed of Decision Making

Studying deeper into the evolution of HR roles, it is evident that much of these new responsibilities are as a result of the environmental forces of business organizations today. Personnel management which existed during the days of Frederick Taylor's scientific management was suitable then because the industrial age focuses on efficiency in manufacturing or production (Drucker, 1991). This may be true in a factory environment where all humans are treated as part of a machine that only needs to mechanically perform the tasks assigned.

When automation technology became available to replace much of the work in the factory production, human resource and soon human capital management was introduced signifying that employees are valuable instruments to achieve business objectives. At this point however, key decisions are still made top-down where employees remained merely executors.

In today's fast changing work environment today where critical decisions need to be made rapidly, Talent Management or SHRM is important to recognize the abilities of individual employees and their strengths (Drucker, 1999). Treating employees as empowered talents allows an organization to reduce the hierarchy and speed up decisions in a knowledge economy.

4.1.2 Mergers and Acquisitions (Cultural Compatibility)

While it is not common in the past, mergers and acquisitions are something apparent in business communities today. This gives a rise to the need for SHRM to manage the conflicting organization culture and to ensure that relationships between merged

organizations are seamless. Maintaining employee morale during such times is of utmost importance to sustain productivity (Matthews, 2008).

4.1.3 Increase in Number of Employees per Organization

Organization sizes today have increased compared to the past. The largest American employer in 2007 (Wal-Mart Stores) hires 1,900,000 employees; while the top 50 firms has no less than 100,000 each on their payroll (CNN, 2009). With the increase in employees within organizations today, it is increasingly difficult to manage the needs of different individuals, vast behaviors and diverse characters; one size fits all method of management no longer applies.

Also exist with large organizations are the departmental silos. Since the CEO is unable to reach out to all employees personally like smaller start-ups, the cultures of departments are likely to be diverse according to the departmental leaders. The role of SHRM is to set a common standard and consciously cultivate an organization-wide culture and to maintain unity across departments.

4.1.4 Varying Types of Employment Contract

In-line with growth of organizations, structures and types of employments becomes more complicated. SHRM is needed to derive the business values by selecting the best combination of employment contracts (I.e.: Regular employees, contract employees, project-based hire, outsourced hire ... etc) for different functions. The wider range of employment contracts also means different legal implications and regulatory compliance needs to be analyzed to ensure conformance to the labor law of all countries it operates in.

4.1.5 More Educated Employees

Better education today also means that employees are more knowledgeable and well-informed, thus more demanding too. The presence of SHRM could work towards the benefit of an organization by formulating clear strategies in identifying employees' demands and how to meet them in a proactive manner.

4.1.5 Globalization (Bridging Cultural Differences)

Finally, with the globalized economy today; people management is presented with an increasing challenge of diversity. This is especially true to managers of multinational corporations where people of different nations and cultures work in the same team. Without SHRM's careful considerations in educating and bridging the cultural gap, misunderstandings may cause conflicts between team members. Taking Geert Hofstede's cultural dimension for example, most Asian countries are of higher power distance compared to the Western counterparts (Hofstede, 2001). Thus, Asian employees' instruction taking approach as a form of respect may be interpreted as passive and lack of intelligence by American managers.

4.1.6 Virtual Teams / Remote Management

Together with globalization comes the concept of remote or virtual teams, which pose a new challenge in management. Detailed considerations such as time differences, technology needs and other methods of organizing teams need to be taken into account.

All the above explains the challenges posed by new business environment which requires strategic intervention and planning from the HR department. Next section focuses on the people challenge resulting from characteristics of different generations followed by how all HR strategies affect an organization's profitability.

4.2 The 4 Generation of Workforce

The workforce today can generally be categorized into 4 generations – Traditionalist (1922-1945), Baby Boomers (1946-1964), Generation-X (1965-1980) and Generation-Y (1981-2000). Based on *Figure 2 (refer to Appendix)*, the four generations have different workplace characteristics and motivation to work for some generations goes way beyond the traditional compensation and benefits. This is an added complexity which should not be ignored; and

business managers, finance department or operations head may not be sufficiently informed to make people decisions in the absence of SHRM.

Also important to note is that the Baby Boomers who currently makes-up a large portion of the senior management team is fast retiring (Workforce Management, 2007). Many of these are pioneers of the firm who carries with them enormous information and knowledge about the organization's operations. SHRM needs to be closely involved in the succession planning to ensure that the right talents are groomed to take on from them. Knowledge management strategies will need to be thought out to ascertain that the organization's capabilities do not diminish with retirement of key personnel.

In succession planning, Talent Management expertise and SHRM also faces the challenges of high employee turnover relative to the past caused by the competitive job market as well as behavior pattern of employees (Meisinger, 2006; Wilkinson, 2007). Therefore, talent management strategies should not be segregated into individual tasks but should be looked at in totality as a complete structure from recruitment, development, engagement and retention to retirement and succession (Meisinger, 2006). This is to ensure that the investment in developing successors does not go to waste due to lack of integration and continuity. Since compensation of employees is often among the biggest expenditure of an organization especially in the service industry, there is no reason why HR strategies should not be given priority.

4.3 Business Value of SHRM to the Organization

The largest failure or rejection to SHRM implementation is the lack of HR professional's ability to measure return of investment in dollar value. This section shall look into some examples of SHRM initiatives that can be measured against bottom-line.

4.3.1 Recruitment and Retention ROI

During the economic downturn in 2008, alternative recruitment efforts saved some organizations 10% to 25% of recruitment cost (Williams, 2009). This proves that careful consideration and strategic recruitment potentially saves an organization a fortune. Besides, recruiting the right person for the right job increases efficiency and maximizes production. Finally, the cultural fit determines the tenure in an organization; which leads to lower employee turnover and retraining cost. The cost of an employee turnover which includes recruitment, training and lost productivity is likely to be in the range of 1.5 to 2 times the employee's annual salary (Bliss, n.d.).

4.3.2 Employee Engagement ROI

Employee engagement should be measured beyond retention. This is because an organization may consist of disengaged employees who does not leave, or is unable to leave. According to the Gallup research, disengaged employees are costing the American economy \$350 billion annually (Coffman, 2002). Hewitt Associates (2007) further reveals that organizations with high engagement are 78% more productive and 40% more profitable than their industry counterpart. This is because they are ready to go the extra mile for the organization while the disengaged ones may not only be idle but destructive too.

4.3.3 Training & Development ROI

The traditional views of returns on training and development are the improved efficiency and reduced cost of mistakes/wastages. However, it needs to be emphasized that a strategically positioned development plan serves as a career development, succession planning and employee motivation tool. Well organized training schemes potentially reduce staff attrition by 90% compared to no training (Jeffers, 2008). Thus, SHRM aligns employee development based on organizational needs and measured in comparison with cost of substitute programs or external hires instead of number of activities.

4.3.4 Compensation & Benefits Mismatch Issues

Section 4.2 discussed the diverse motivator amongst employees today. With that in mind, SHRM could provide significant value by tailoring employee benefits to suit individual needs. A good performance management and reward system will further ensure that only the good ones are retained (Gostick and Elton, 2007; Willax, 2008), reducing the cost of disengaged employee as well as lost of talent. While the operations department often emphasize on the cost of building versus buying of materials, SHRM provides the management with significant insight on the cost incurred in external talent acquisition versus internal development if analyzed accurately (Cappelli, 2008). Finally, prioritizing SHRM in driving change potentially gain acceptance and satisfy the needs of all parties; which assist to minimize employee union disruption and industrial relation issues which could cost the company a larger fortune.

4.3.5 Balance Scorecard framework

The Balance Scorecard introduced by Kaplan and Norton (1996) proves that strategic non-financial performance such as SHRM initiatives can be measured to financial metrics. Evident in the example of Balance Scorecard Strategy Map in *Figure 3 (refer to Appendix)*, HR strategies such as optimize workforce or increase knowledge can be eventually measured against financial results. Nevertheless, as discussed in *Section 3.3*, it is the enormous effort to recollect data that drives HR professionals away from measuring them.

5.0 How can HRM make it to the table?

Referring to *Figure 1 (refer to Appendix)*, there is a looping web of issues affecting the HR profession which prevents it from being at the table. The key to bringing HRM to the table is to focus on major key cause factors. Many a times, researches have focused on studies to educate managers on the importance of HRM; but what was lacking was intervention to address the cause to these management assumptions. Based on the web on *Figure 1*, it is reckoned that lack of infrastructure investment in HRM and management versus employee model of HR which is causing the looping effect. However, while these are the key areas to address, it needs to be emphasized that they are not the only two factors that should be taken care of. The sub-sections discuss recommended solutions in order of priority.

5.1 Develop Contemporary Approach to HR Structures

First of all, the perception and workload of HR Structure needs to be repositioned. Using the HR department as a tool to deliver bad news has been detrimental to the image both for the management and employees' viewpoint. While HR business partner positions have been created in many organizations, the change will not take effect until it reposition the Head of HR as Chief HR Advisor with direct report to the CEO. This will allow HR to leverage on the CEO's influence as the figurehead to rollout interventions.

For the above to happen, HR needs to adapt a lean structure and remove the administrative or operations role. The three possible ways of doing this is to either outsource HR operations functions; to create a confidential administrative department reporting to Head of Operations; or invest in automation for operations functions (Ulrich, 2007).

Finally, the HR business partners should rightly be part of the business departments with only dotted-line reporting to the Chief HR Advisors. This breaks-down the “us versus them” relationship between HR and other departments. Being directly involved with the business

will also assist HR to develop business acumen skills while having the strategic HR KPIs returned as a responsibility of business department managers.

5.2 Commit on Essential HRIS Infrastructure Investment

As it was mentioned above, operational workload needs to be removed before strategic area will be given importance. Therefore, much of the HRIS investments are indeed essential to increase efficiency in addition to providing quantifiable track of data for strategic analysis and empowerment to business managers and employees for HR self-service (HR Focus, 2000; Bannerman, 2003).

This will be the strongest challenge to overcome since it is part of both cause and effect loop in *Figure 1*. Management will want to see results before committing the investment while truly measurable results will require established infrastructure for data analysis. One strategy to overcome this is to first focus on quick-win results and commit to gradual change.

5.3 Develop HR to Appreciate Business Perspectives

If HR chooses to remain as an independent department, it will then need to work on developing the business acumen skills internally. This can be done by transforming HR to operate like a business unit. Reposition as profit generating consultants and ability to chargeback for services and advisory will help HR professionals understand the profit and lost factor in every organization. An example of this is for the training department to consult department heads, organize training programs and “sell” to the internal customers (Ulrich, 2007); positioning themselves as provider with better value-add compared to external training vendors.

While talents need to be developed internally, growing the HR practice will mean top talents recruitment into the profession is of importance.

5.4 Planning for HR Career Roadmap

In order to eliminate the image of HR as highly administrative, as well as to expose HR to business strategies; entry level strategic HR positions need to be created. General Electric was at the forefront of such initiatives by introducing Human Resource Leadership Program, creating a structured career path of HR professionals with planned attachments with the business units to gain credibility and exposure (Kiger, 2007).

Besides, such a move allows HR professionals a choice of moving into the frontline business and removes the glass ceiling since business acumen and strategic thinking exposure has been attained; putting HR on par with employees or other departments in terms of capabilities.

5.5 Establish Measurements for HR Initiatives

Once all structure is put in place, HR will need to convince with results. The importance of measurements can be justified from two prongs; firstly from the viewpoint that measurable KPIs convince the management of bottom-line values delivered by HR (Couzins, 2003), and secondly measurable targets spur HR professionals to strategize towards meeting the business goals rather than merely developing activities.

It needs to also be emphasized that organizations need relevant HR KPIs beyond just measurable ones. For example, number of training hours per employee does not equate to effectiveness of training; increase in sales post-training does. Also, HR needs to measure the cost of employee turnover annually rather than the percentage (Sullivan, 2007b). The right KPIs remain more important than the number of KPIs established.

6.0 Conclusions

From the various evidence discussed in this paper, HR is clearly not yet at the table. However, it has made significant inroad from the days of being a Personnel Department. The issue remains that while managers are aware of the importance of HR; most managers prefer to invest in short-term results. This is further compounded with the lack of credibility in the HR profession in terms of business acumen and strategic thinking. The scarce strategic HR talents have forced management to depend on their own views (which are often in conflicting nature to HRM).

Having said that, it is important to break the loops in the issues web of HR; bringing HR to the table. With the increasingly demanding employees and high speed of change, strategic HRM must be the focus to drive the organization and minimize adverse effects. Discussions in *Section 4.1* and *4.2* have underlined the complexities of managing people matters today, which should not be left to the business managers alone; while *Section 4.3* have also shown that strategic HRM can affect business bottom-line by reducing cost of recruitment, retention, training, motivation and increasing efficiency.

Providing Head of HR with more significant role as Chief HR Advisor to CEO is among the quicker ways of rolling out HR interventions. In longer run, investment in process automation could free up HR to pursue more strategic functions. This, in addition to a structure career plan, will motivate more talents to join the HR profession and put their capabilities on par with executives of all other departments.

Finally, while HR is a specialist domain, HRM implementation should be the responsibility of all managers ranging from the CEO to the frontline supervisors. Thus, success of bringing HRM to the table lies with the commitments of all managers.

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Appendix

Figure 1 - HR Profession’s Web of Issues (Causes preventing HR from taking its seat at the table)

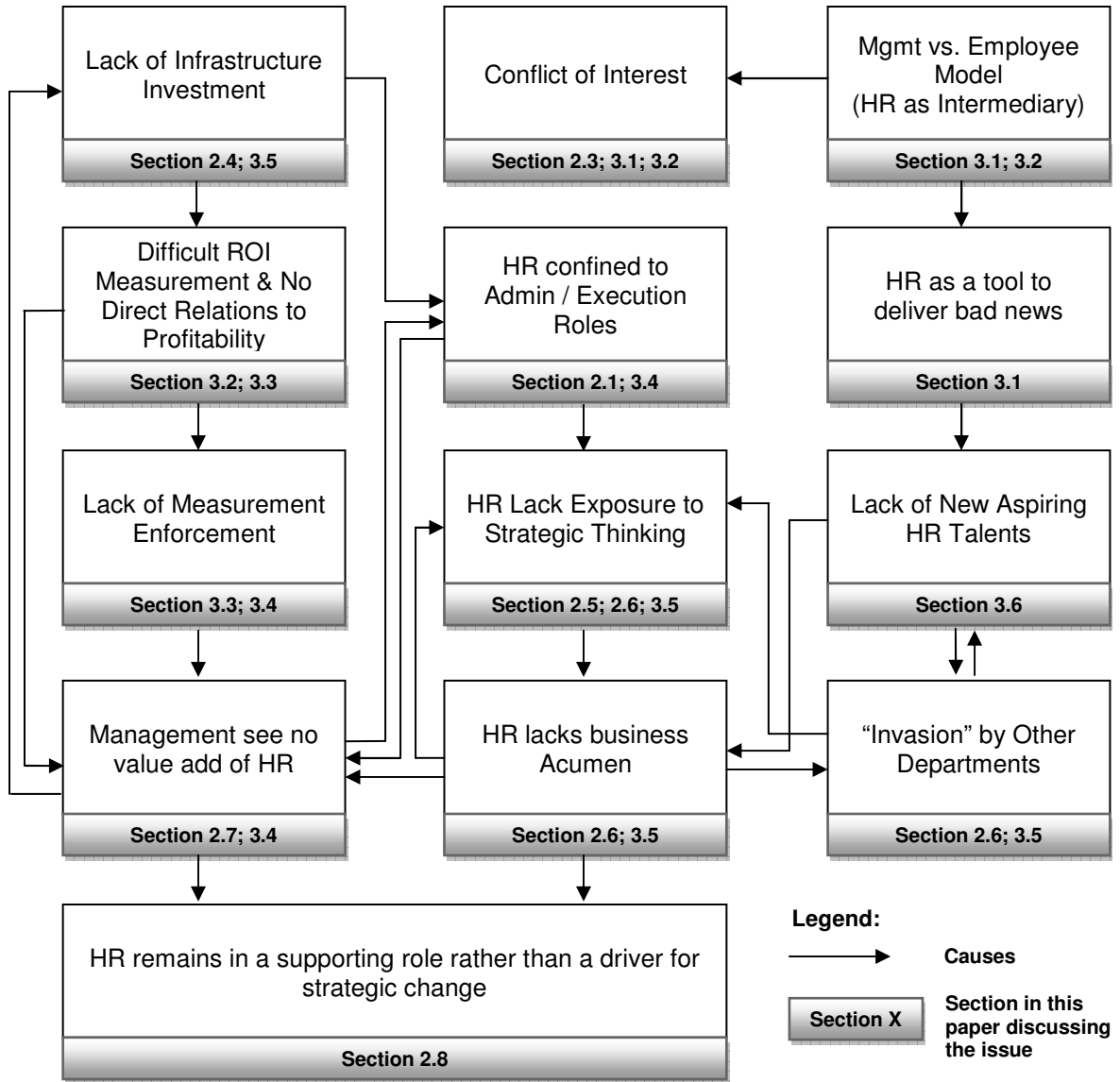


Figure 1: HR Profession’s Web of Issues (Causes preventing HR from taking its seat at the table)

Figure 2 - Workplace Characteristics of 4 Generations (Adapted from Hammill, 2005)

WORKPLACE CHARACTERISTICS				
	Veterans (1922–1945)	Baby Boomers (1946–1964)	Generation X (1965–1980)	Generation Y (1981–2000)
Work Ethic and Values	Hard work Respect authority Sacrifice Duty before fun Adhere to rules	Workaholics Work efficiently Crusading causes Personal fulfillment Desire quality Question authority	Eliminate the task Self-reliance Want structure and direction Skeptical	What’s next Multitasking Tenacity Entrepreneurial Tolerant Goal oriented
Work Is ...	An obligation	An exciting adventure	A difficult challenge A contract	A means to an end Fulfillment
Leadership Style	Directive Command-and-control	Consensual Collegial	Everyone is the same Challenge others Ask why	*TBD
Interactive Style	Individual	Team player Loves to have meetings	Entrepreneur	Participative
Communications	Formal Memo	In person	Direct Immediate	E-mail Voice mail
Feedback and Rewards	No news is good news Satisfaction in a job well done	Don’t appreciate it Money Title recognition	Sorry to interrupt, but how am I doing? Freedom is the best reward	Whenever I want it, at the push of a button Meaningful work
Messages That Motivate	Your experience is respected	You are valued You are needed	Do it your way Forget the rules	You will work with other bright, creative people
Work and Family Life	Ne’er the twain shall meet	No balance Work to live	Balance	Balance

*As this group has not spent much time in the workforce, this characteristic has yet to be determined.

Figure 2: Workplace Characteristics of 4 Generations (Adapted from Hammill, 2005).

Figure 3 – Balance Scorecard Example of Credit Card Company (Adapted from Balance Scorecard Institute, 2008)

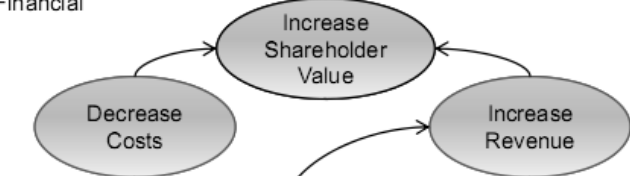

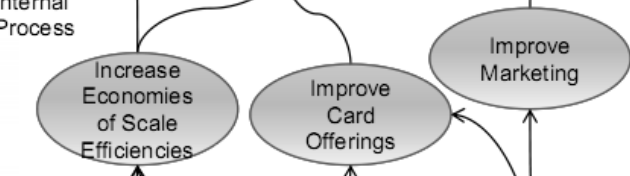

Strategy Map (Simplified)	Strategic Objectives	Performance Measures	Initiatives
	<ul style="list-style-type: none"> • Increase Shareholder Value • Decrease Costs • Increase Revenue 	<ul style="list-style-type: none"> • Increase Shareholder Value • Operating Costs • Revenue 	<ul style="list-style-type: none"> • Acquire a competitor
	<ul style="list-style-type: none"> • Increase Market Share • Improve Brand Image 	<ul style="list-style-type: none"> • Market Share • Brand Awareness Score 	<ul style="list-style-type: none"> • Rewards Program • Expand into Europe
	<ul style="list-style-type: none"> • Increase Economies of Scale Efficiencies • Improve Card Offerings • Improve Marketing 	<ul style="list-style-type: none"> • % Decrease in Redundancies • Revenue from New Card Programs • Marketing Performance Audit Score 	<ul style="list-style-type: none"> • Acquisition Integration Program • Expand Luxury Card Program • New Marketing Campaign
	<ul style="list-style-type: none"> • Optimize Workforce • Improve Use of Technology • Increase Workforce Knowledge & Skills 	<ul style="list-style-type: none"> • Productivity Index • Technology Gap Analysis Score • Training Effectiveness Index 	<ul style="list-style-type: none"> • Staffing Optimization Analysis • Online Billing Upgrade • Service Training

Figure 3: Balance Scorecard Example of Credit Card Company (Adapted from Balance Scorecard Institute, 2008).