Perceptions of the value of the HR function

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This article explores the added value of the HR function as it is perceived by three groups of managers: top managers, HR managers and line managers. Despite the fact that literature about strategic HRM focuses almost exclusively on the value of the HR function as a strategic partner, it was assumed that its perceived value for the business would not be restricted to the area of strategy formulation and implementation. Several 'result domains' can be distinguished in which the HR function can deliver value to the business. Based on our review of the literature, the degree of strategic involvement of the function was used as a second perspective to investigate its perceived added value. To examine our propositions, a qualitative study was carried out in which 97 HR managers, 38 top managers and 178 line managers participated. The results confirm our thesis that the perceived value of the HR function contains more than just the fulfilment of its role as a strategic partner. Based on our results, an integrated model for the perceived value of the function has been developed.
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During the past decade, organisations have come under increasing competitive pressure. Intensified international competition, slower growth and declining markets have forced companies to reduce costs and focus on the added value of people, processes and structures. This new competitive reality facing organisations calls on different capabilities. How can an organisation be created that adds value to its clients, investors and employees? The HR function is increasingly seen as one of the key functions in the development and implementation of strategic responses to these pressures (Ulrich, 1997b; Yeung and Berman, 1997). Academics, consultants and practitioners argue that, 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 (Mabey and Salaman, 1995; Schuler and Jackson, 1987). The majority of the models and theories of a strategic HR function, however, are normative in nature (Guest, 1997; Legge, 1978). They prescribe the optimal way of functioning in order to create a major added value. But, as Legge (1978: 16) points out, 'no amount of advocacy of policy based on best practice will alter the nature of personnel practice in companies if the managers responsible for implementing such policy lack the power to do so.' Empirical work on the way the HR function realises its strategic mission in practice is scarce, although some interesting studies have recently been published in both UK and US literature (Bennett *et al*, 1998; Gratton *et al*, 1999a; Lam and Schaubroeck, 1998; Martell and Carroll, 1995). The results of these studies are promising, but at the same time they demonstrate that the 'strategic definition' of the HR function is subject to highly diverse interpretations in reality.

The strategic role of the HR function can be studied from several perspectives: case studies of how business strategies are translated through HR strategies (*eg* Golden and

Ramanujam, 1985; Gratton *et al*, 1999a), surveys about HR managers' or top managers' perceptions of the HR function (*eg* Bennett *et al*, 1998; Wright *et al*, 1998) and surveys or case studies about how employees experience the function (*eg* Mabey *et al*, 1998). In this research we focus on the way management – HR management and top management as well as line management – perceive the HR function, and more specifically on how these three groups define its added value and involvement in decision-making processes.

The aim of this research is to obtain a better understanding of how the value of the HR function is perceived in the reality of organisations. Management's vision of the function can be expected to provide us with a reliable picture of the status it currently has as a strategic partner in organisations, and will allow us to draw conclusions on the way its strategic role is specified by the three groups of managers. As such, this research is a first step for further exploring the way this perceived added value is translated into concrete actions. Based on a literature review and an explorative, qualitative study, a model is developed integrating the different outcome areas and stages of involvement in which the HR function can deliver value in order to realise a strategic partnership with the organisation.
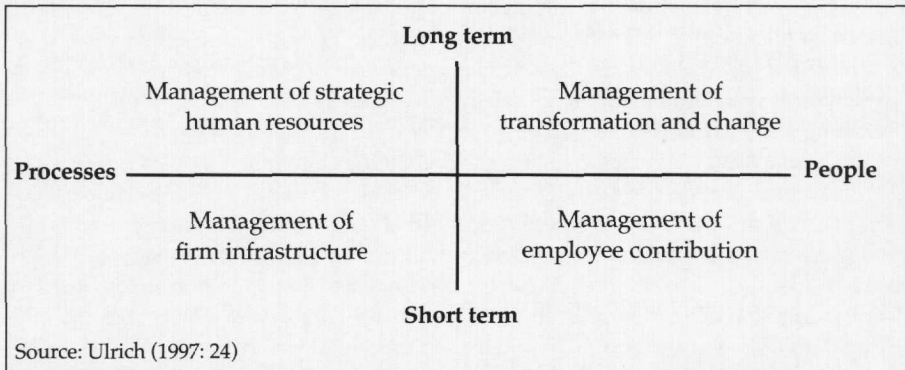
DELIVERING VALUE THROUGH STRATEGIC HRM

Strategic HRM is defined as the linking of the HR function with strategic goals and objectives of the organisation in order to improve business performance and develop organisational cultures that foster innovation and flexibility (Truss and Gratton, 1994; Tyson, 1997). The field of strategic HRM has grown extensively in the last 15 years. Schuler and Jackson (1999) describe its evolution from personnel management as a two-phased transformation, the first from personnel management to HRM, the second from HRM to strategic HRM. While the more classic term 'personnel management' referred to 'the optimum utilisation of human resources in pursuit of organisational goals' (Legge, 1995: 3), a central feature of the notion of strategic HRM is 'the creation of linkage or integration between the overall strategic aims of the business and the human resource strategy and implementation' (Gratton *et al*, 1999).

The term HRM itself is not new; one can find examples of its use in the 1950s, especially in North America. But it is only since the 1980s that it has come to be used to denote a radically different philosophy and approach to the management of people at work (Storey, 1992; Hendry and Pettigrew, 1990). Legge (1995) describes how the personnel function used to be seen as an essentially operational responsibility unconnected with strategic management, unable to demonstrate a unique contribution to the organisation's success. According to Legge (1995), this has resulted in a vicious circle for personnel management, causing problems of credibility, marginality, ambiguity and a low status in the organisation. As a response to the criticism that there was a lack of a strategic approach towards employment issues, a more managerial-oriented model emerged in the 1980s, in which personnel specialists integrated their activities more closely with top management and with the long-term strategies of the organisation (Tyson, 1987). The apparent novelty of HRM lay in the claim that, by making full use of its human resources, a firm would gain competitive advantage (Guest, 1990). Following from this, it was argued that HRM was too important to be left to personnel managers but was instead a key strategic issue demanding the attention of all managers. In this respect, many scholars in the 1980s elaborated on the argument that HR policy formulation should be at the strategic level (Fombrun *et al*, 1984; Tyson, 1987). However, other authors have questioned whether this strategic link

is really necessary for the development and implementation of effective HR policies; this discussion has considerably characterised the academic discussion on the concept of strategic HRM in the 1990s (*eg* Guest, 1990; Legge, 1995).

As Purcell (1999) has pointed out, scholars in the field of strategic HRM have developed different perspectives on the way the concept should be interpreted and investigated. He considers two major perspectives, known as the 'best-fit' and 'best-practices' approaches to HRM. The best-fit approach focuses on the way through which the HR function realises the business strategy and on the relationships existing between HRM – in general or its distinct policies and practices – and business strategy. The accent is on vertical integration of the function with the business (Gratton *et al*, 1999b). Fombrum *et al* (1984) provided the first major statement of what they called the 'matching model' of strategic HRM, arguing that organisations should make their HR strategies match or fit their business strategies. The best-practices approach is more recent and focuses on the components of HRM or the 'HR bundle' (Huselid, 1995; MacDuffie, 1995; Purcell, 1999). In this respect authors have described and examined the interrelatedness of various HR interventions such as selection, training, reward and development – also called horizontal integration of HRM. Purcell (1999) describes the emerging body of empirical evidence as being in favour of a model of best practice in HRM. This model proposes that the use of high-performance work practices – 'high-commitment management' or HCM – and a good internal fit of HR activities (Huselid, 1995) lead to better business performance. However, there is little agreement among researchers on what practices and policies do lead to better performances. According to Legge (1995), the value of HRM for the business is affected by both the extent to which HR policies and practices achieve integration with business strategy (best-fit model) and by the extent to which they are characterised by internal consistency, commitment, flexibility and quality (best-practices model). In this sense, she elaborates on the model proposed by Guest (1987). Mayrhofer *et al* (2000: 18-21) describe how the notion of strategic HRM can contain two core meanings. The first refers to the link between organisational strategies and HRM (*ie* the best-fit approach). Here, the focus is on the place the HR function has or does not have in the overall process of strategic decision making in the organisation. The second concerns the strategic orientation of the HR function, *ie* the functional areas themselves. In this case, the discussion is about the existence of various HR strategies and about the strategic orientation of the diverse core functional areas of HRM, such as recruitment, selection, training and development, appraisal and compensation. This relates more closely to the best-practice approach.

Both perspectives are also implicitly represented in the work of Ulrich and his colleagues. From a more practical perspective, Ulrich (1997a) argues that the debate about the value of the HR function (or its 'reason of being') should focus on what the function contributes to the business instead of on its activities. The value of the function is not defined by what happens inside it, but by what its users or customers receive from it, *ie* its deliveries (Ulrich, 1997a). In this respect, Ulrich and his colleagues (Ulrich *et al*, 1995; Yeung *et al*, 1995; Ulrich, 1997a) have developed a framework for describing the added value of the HR function (see Figure 1). They consider four key roles or 'result domains' that HR professionals have to fulfil. HRM has to deliver results in each of these domains, since each is equally important. The two axes of the model represent HRM's focus and activities. Focus ranges from short term/operational to long term/strategic, while activities range from managing processes (HR tools and systems) to managing people. The combination of both axes results in four HR roles: management of strategic human resources ('strategic partner'), management of transformation and change ('change agent'), management of the employees ('employee

FIGURE 1 *Added value of the HR function: four result domains*

Long term

Management of strategic
human resources

Management of
transformation and change

Processes ——————————————— People

Management of
firm infrastructure

Management of
employee contribution

Short term

Source: Ulrich (1997: 24)

champion') and management of administration ('administrative expert'). Ulrich emphasises that HR professionals do not have to fulfil each of the four roles themselves; depending on the processes designed to reach the goal, line managers, outside consultants, employees, technology or other delivery mechanisms may share the work. The allocation of HR activities to different parties will vary depending on the organisation.

The four roles are described as four result domains in which the HR function creates value for the organisation. Management of strategic human resources covers activities aimed at the alignment of HRM and the business strategy. Management of transformation and change ensures that the organisation has the capacity for change, while management of employee contribution listens and responds to employees and provides them with the necessary resources to perform, corresponding with what Torrington (1989) has called the role of the personnel specialist as an 'organisation man', who tries to develop a more open, effective organisation culture, both between managers and between management and workforce. Management of firm infrastructure concerns the organisation of an efficient HR administration and is comparable with the role of 'legal wrangling' as defined by Torrington (1989).

According to Ulrich, management of strategic human resources is only one of four domains in which the HR function can deliver value to the business. A broader range of valuable HR roles is encompassed than that incorporated in many theories on strategic HRM, which mainly focus on the HR function as a strategic partner.

STRATEGIC PARTNERSHIP VERSUS STRATEGIC INVOLVEMENT

When discussing the value of the HR function for the organisation, the distinct components or domains in which it can deliver value are not the only relevant perspective. In today's organisation, where flexibility, creativity and innovation are key issues, the processes of decision making, discussion and communication throughout the whole organisation have become more important (Cyert and Williams, 1993; Dean and Sharfman, 1996). By being involved in these strategic processes, the HR department can have an impact on the processes of decision making within the organisation. The way in which, and the moment when, it becomes involved in decision-making processes can therefore be considered to be a second relevant criterion for discussing its value.

The question of how the HR function relates to business strategy has been much debated and discussed in literature on strategic HRM and more specifically in 'best-fit' models (Fombrun *et al*, 1984; Miles and Snow, 1984). Hendry and Pettigrew (1986: 4)

have summarised this approach, describing HRM as comprising four elements, each focused on reaching integration with the business strategy:

● the use of planning;
● a coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, often underpinned by a 'philosophy';
● matching HRM activities and policies to some explicit business strategy;
● seeing employees as a strategic resource for achieving competitive advantage.

As Truss and Gratton (1994) and Gratton *et al* (1999b) point out, one of the underlying assumptions of this matching or best-fit model is that organisational strategy precedes HR strategy. Elements of the corporate strategy will dominate the HR strategy, although external forces such as the market, sector, life cycle or type of organisation are assumed to affect the adoption of specific strategic HR practices (*eg* Fombrun *et al*, 1984; Schuler and Jackson, 1987). Gratton *et al* (1999b) have criticised this top-down approach:

> From a conceptual position it could be argued that the concept of a top-down, unitarist planning process is overly simplistic, ignoring the political processes, the fact that organisations do not move sequentially from one predictable stage to another, and that many pursue multiple rather than single strategies. This 'classical' top-down approach to strategy development may fail to take into consideration the realities of organisational decision-making processes.'
> **Gratton et al, 1999b: 8**

In accordance with this critique, in the 1980s several authors in the UK had already developed models for the way in which HRM is enacted in the reality of the organisation (Legge, 1995). These roles go further than a pure implementation of strategic issues. For instance, Tyson and Fell (1986) considered three roles – described as modes of operation – that HR specialists can take, depending on HRM's contribution to the 'building of the business': 'clerk of works', 'contracts manager' and 'architect'. These roles refer to the expectations existing in the organisation about how HRM should act; depending on the organisational context, these expectations will differ and consequently HR specialists will enact different roles. More specifically, these expectations depend on four parameters: the decision-making approach of senior management, the planning horizon adopted for personnel activities, the degree of discretion afforded to the personnel specialist and the extent to which such specialists are involved in creating the organisation's culture. Storey's (1992) typology of personnel management styles also considers different types of strategic integration. His model is based on two cross-cutting dimensions: strategic/tactical and interventionary/non-interventionary. Based on these, he suggests four main styles of HRM: 'handmaidens' (tactical and non-interventionary), 'advisers' (strategic and non-interventionary), 'regulators' (tactical and interventionary) and 'changemakers' (strategic and interventionary). According to Legge (1995), different styles of HRM are associated with different organisational and market configurations.

An examination of more recent empirical work reveals that there are indeed a variety of interrelationships between HRM and strategy. For instance, Golden and Ramanujam (1985) identified four types of linkage between strategy and HRM, representing four levels of integration of HRM in strategic decision making: the administrative linkage, where HRM has no strategic role but only administers the management of people, the one-way linkage, in which strategy informs HRM, the two-way linkage, where strategy and HRM both influence each other, and the integrative linkage, in which HRM is considered to be an integral part of the business and where there are active attempts to integrate employee needs and business goals. Since these findings are based on one case study, they require further elaboration. Bennett *et al* (1998)

found a relationship between strategic integration and strategic organisation type. Organisations classified as 'analysers' according to Miles and Snow's (1984) typology reported higher levels of integration of HRM than both 'defender' and 'prospector' organisations. Moreover, in organisations where top management viewed employees as strategic resources, integration was significantly higher than in those where employees were not considered in this way. In a comparable study, Wright *et al* (1998) found a strong positive relationship between the involvement of HRM in strategic management and line managers' evaluation of the effectiveness of the function. This relationship was stronger where skilled employees were perceived as a core competence.

The results of these studies indicate that it can be relevant to take into account the involvement of HRM when investigating its perceived value. However, the studies reported here still focus almost exclusively on the involvement of the HR function in the strategy formulation and implementation process, without reference to the core areas of HRM discussed by Ulrich (1997a).

Involvement as indicator of perceived value

As outlined above, the role of the HR function as a strategic partner of the organisation can be fulfilled in different ways, varying from involvement in strategy formulation to mere implementation of strategic decisions. Although each type of involvement can be important for the realisation of effective HR policies, early involvement can be important since it will be at the level of problem formulation that different actors can influence this definition and therefore also influence the proposed solutions for it. The earlier HR professionals are involved in this process, the greater their impact on strategic decisions can be. Being involved early in strategy formulation enhances the chances to have HR concerns reflected in the strategy (Dyer, 1983; Bennett *et al*, 1998). Therefore, the stage of involvement can be considered as a relevant indicator of the integration and appreciation of the HR function within the organisation. Dyer (1983) argues that strategies are formulated in two ways: first, through a formal process of strategic planning taking place on a regular basis and, secondly, through much less formal processes taking place on an *ad hoc* basis. The latter is called 'strategic adaptation' and characterises the majority of strategy formulation processes. For HR managers, this implies that they should be aware of both formal and informal strategy formulation processes if they want to be involved at an early stage.
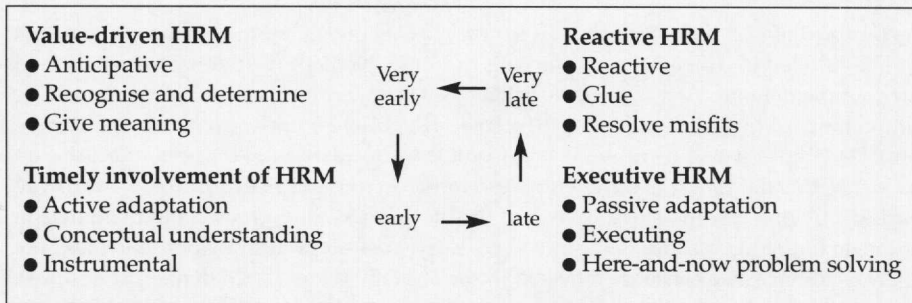
Dyer distinguishes four types of linkages between HRM and formal strategy formulation processes: parallel, inclusion, participation and review. The parallel (or sequential) linkage involves a separate strategic HR planning process, aimed at documenting the HR implications of strategic plans. Inclusion is similar in design to parallel preparation, but the HR planning process is seen as an integral part of the strategic planning process. Participation is a less formal planning process in which HR managers play a meaningful role in discussions of strategic alternatives and decision making. Review means that HR managers examine strategic plans for feasibility as far as human resources are concerned, while having the power to challenge the plans if they do not fit with HR concerns. This typology indicates several degrees of integration of the HR function with strategy formulation but empirical evidence is lacking to support his view. Moreover, Dyer does not mention the further involvement of the HR function in consequent implementation and evaluation of strategic decisions.

We can summarise the above discussion by concluding that, although several authors have focused on the type and degree of involvement of the HR function in strategic decision-making processes, existing theories concentrate almost exclusively on its involvement as a strategic partner, without reference to the core areas of HRM as

they have been discussed here. Furthermore, the discussion concentrates mainly on HR involvement during the stage of strategy formulation, suggesting that this is the main or only stage in which the HR function can deliver value without considering other stages of involvement.

Based on the above reasoning, we have developed a framework in which the involvement of the HR function is represented at different stages of the decision-making process (Buyens and De Vos, 1999). We prefer to speak about 'decision making' instead of 'strategy formulation', since we want to encompass more HR-related decisions than only those referring to organisational strategy. This means that the framework covers decisions regarding highly diverse HR issues, ranging from those involving the HR strategy to administrative ones. The four stages of problem definition, development of a solution, implementation and control (Cook and Slack, 1991) are the building blocks of the model, which is represented in Figure 2.

FIGURE 2 *Involvement of HRM in decision-making processes*

Value-driven HRM
● Anticipative
● Recognise and determine
● Give meaning

Very early ← Very late

Reactive HRM
● Reactive
● Glue
● Resolve misfits

↓ ↑

Timely involvement of HRM
● Active adaptation
● Conceptual understanding
● Instrumental

early → late

Executive HRM
● Passive adaptation
● Executing
● Here-and-now problem solving

Assuming that the decision-making process starts with the observation of a discrepancy between the actual situation and a desired situation, the HR function can be described as 'anticipative' if the HR professional is involved at the first stage. 'Timely involvement of HRM' refers to the HR professional who is actively involved in the decision-making process by creating instruments and supporting the line managers responsible for implementation. If the involvement in a decision is restricted to the implementation of HR activities without any active input from the HR professional, this is 'executive HRM'. 'Reactive HRM' implies that the HR professional is consulted only for control or if solutions do not work out as expected. Although anticipative HRM will have the most impact on a decision, we propose that HRM can deliver value at each stage of the decision-making process. Different capabilities will be needed to deliver value at each stage.

The framework can be applied to each of the four domains in which HRM can deliver value (Ulrich, 1997a). For instance, if HRM is seen as a change agent, what is the impact of HR professionals on the change process? At which moment are they involved in the discussions about a change process (*eg* the implementation of a new information management system)? Are they involved from the very start, or is their role restricted to the implementation of those decisions that have a direct impact on employees? We argue that involvement of the HR function is possible at different levels and stages in the organisation's policy and that this involvement can be different depending on the specific nature of the decision. We propose that this model of involvement can be used as a relevant perspective for studying its value within an organisation. The degree of involvement with different types of decisions made is

considered to be an indicator of the importance and value that other actors attach to the input from the HR department.

Based on our review of the literature, it is the objective of our empirical study to investigate how the value of the HR function is perceived by the three groups of actors involved in decision-making processes within the organisation: top managers, HR managers and line managers. The focus is on the perceived outcomes of HR policies and practices and the value that they are perceived to create for the organisation according to these actors. The comparison of the perception of different parties will make it possible to delineate the degree of convergence or divergence concerning the value of the HR function. The global results for the three groups will allow us to draw conclusions on how the added value of the HR function is perceived by practitioners involved with HRM from different perspectives. These explorative results can be used as a starting point for the refinement of our framework and for conclusive, quantitative research.

METHODS

Given the complexity of the research theme, a qualitative, cross-sectional research design was used. We did not construct specific hypotheses but instead preferred to obtain a qualitative picture of the way the value of the HR function is perceived by the three groups of managers. Our findings can then be used for formulating and testing hypotheses regarding the strategic involvement of the function. Our research population consisted of three categories: HR managers, top managers and line managers. For each category, a sample was composed. The samples of top managers and HR managers were randomly and independently selected, based on a directory containing all organisations located in Belgium. Of these, 120 HR managers were selected and contacted; 97 of them agreed to participate, revealing an 81 per cent response rate. Sixty top managers were contacted, with 38 willing to participate (63 per cent). The sample of line managers consisted of 178 people attending a seminar on HRM. Together, our total sample consisted of 313 subjects.

It was our objective to describe the perceptions of a sample of HR managers, top managers and line managers across organisations; we did not want to make an in-company comparative study of their visions. Moreover, we wanted to ensure a maximum of openness from all participants; this could be diminished if participants expected their answers to be compared with those coming from other, 'superior' people in the organisation. For this reason, the three samples were selected independently, although some incidental overlaps of participants coming from the same organisation could not be prevented. In total, 256 organisations were represented; the breakdown of organisations according to industry and size is described in Table 1 (*overleaf*).

Procedures

Data were gathered through in-depth interviews, focus groups and a questionnaire containing open-ended questions. Interviews were conducted individually using a semi-structured questionnaire containing open questions together with some models on the added value and involvement of the HR function. All interviews were conducted by one of the four members of the research team, recorded and typed out afterwards. Focus groups consisted of eight participants on average per session and the same questionnaire was used as for the individual interviews. In accordance with the Delphi technique, participants were asked to write down their answer to each question before starting a group discussion (De Pelsmaeker and Van Kenhove, 1996).

TABLE 1 *Breakdown of sample according to industry and size*

Industries	Percentage of organisations (total sample)
Energy	1
Chemical products	8
Metal	13
Food	19
Textiles	6
Other manufacturing	3
Building	5
Wholesale / retail	3
Financial	13
Transport and communication	14
Services	6
Non-profit services (government, health)	9
Size (number of employees)	
< 200	17
200-499	26
500-999	27
1,000-4,999	23
> 5,000	7

Consequently, participants were invited to comment on their answer within the group and to firm up abstract or general statements. Three or four trained observers from the research team took extensive notes which were used for analysis afterwards, together with participants' written answers. The questionnaire on the added value of the HR function was only administered to the sample of line managers, who had to write their answers down on the answer sheet.

HR managers were contacted by telephone and asked if they were willing to participate in research on the added value of the HR function, and could choose between an individual interview or participation in a focus group with other HR managers. In the event, interviews were conducted with 49 (51 per cent) of them, while 48 (49 per cent) participated in focus groups. Top managers were contacted by telephone and asked if they were willing to be interviewed about their perceptions of the added value of the HR function in their organisation; all were interviewed individually.

Line managers filled in a short questionnaire containing open questions on the added value of the HR function while they were attending a seminar on HRM – organised by the research team – in groups of, on average, 30 participants. At the beginning of the seminar they were asked to describe how they saw the value of the function in their organisation. Five groups participated in the study. During all interviews and focus groups, it was an ongoing concern to ensure that participants gave answers that were as concrete as possible. Interviews took on average two hours; focus groups were organised in evening sessions, taking on average four hours.

Measures

The questionnaire used during the individual interviews and focus groups contained open questions about participants' perceptions of the added value of the HR function in their organisation. A first part consisted of questions asking subjects to describe how

they saw the added value of HR practices such as personnel administration, planning, staffing, training and career development. They were asked to describe the contribution each of these activities made to their organisation and to comment on how much each of them was valued within the organisation. Questions were formulated as follows: 'How would you describe the contribution that existing recruitment policies and practices make to your organisation? Do not focus on what those policies and practices consist of, but instead concentrate on their results for the organisation. How would you evaluate them in terms of their added value?'

A second part consisted of more general questions about the added value of the HR function – 'How would you describe the added value of the HR function in your organisation? What are the main domains in which the HR function delivers value?'; about the degree of its strategic responsibility; and about its involvement in strategic decision making. The latter question was answered using the model of strategic involvement discussed earlier. Finally, Ulrich's (1997b) model on the value of the HR function was presented and subjects were asked for their comments on the applicability of these models to the function in their own organisation.

The same questionnaire was used for HR managers and top managers. Only minor adjustments were made in order to adapt the formulation of the questions to the perspective of the respondent (HR manager versus top manager). The same questionnaire was used during individual interviews and focus groups with HR managers. For the sample of line managers, a different questionnaire was used which was much shorter; they were invited to write down their vision of the added value of the HR function within their own organisation, and were asked which HR practices they valued most and how they would specify the strategic role of the function within the organisation.

Analysis

Data obtained from interviews and focus groups were analysed in three phases. First, all interviews and focus groups were typed and/or transcribed. Secondly, for each question a qualitative analysis of the answers was carried out at the level of the sample. Thirdly, results from these analyses were compared across each of the three samples whose members answered a particular question. Ulrich's model on the added value of HRM was used for analysing the way subjects described the added value of the HR function (Ulrich, 1997a) and answers were compared with a detailed description we made of each of the four areas Ulrich distinguishes between. First, this was done for answers on the added value of the HR function at the general level. Afterwards, questions concerning the contribution of particular HR activities were analysed. For analysing the involvement of the HR function in strategic decision making, the model discussed earlier was used during the interview, but only for HR managers and top managers. Subjects were asked for their general recognition of the model and to give concrete examples of the involvement of the HR function at each of the four stages. They also gave a general impression of where they figured the general positioning of the function was in their organisation.

RESULTS

Given the explorative nature of the research, it was our primary objective to get an understanding of how the added value of the HR function is perceived by HR management, line management and top management. Ulrich's (1997a) model proved to be a useful instrument for analysing and categorising the content of the answers

subjects gave regarding their perception of the function. Given the qualitative nature of the data, no quantitative analysis has been done. A first observation was the degree of congruence between subjects' answers both within the three groups of managers and between them. A major part of the answers could be summarised into 15 categories referring to most frequent responses. In the Appendix, these categories are illustrated by a brief description, together with some examples of typical answers.

Next, these categories were compared with the four domains of added value Ulrich distinguishes. It was relatively easy to group the 15 categories into four broader outcome areas corresponding with Ulrich's domains; this regrouping is presented in Table 2.

These results indicate that managers in the field do recognise the value the HR function can deliver by acting as a strategic partner. At the same time, however, this observation has to be differentiated, since our data show that strategy is not the only domain in which the function is perceived to deliver value. Management of transformation and change, of employees and of firm infrastructure also come forward as important areas in which the function appears to have value. However, some remarkable differences between subject groups could be observed. A first difference relates to the value attached to the management of firm infrastructure. For a majority of the line managers, the added value of the HR function was mainly situated in this domain, more specifically in the provision of functional HR services such as selection and training. This domain was clearly of less importance for top and HR managers.

TABLE 2 *Grouping of response categories along the four result domains for HRM*

Result domain	Response category
Management of strategic human resources – *HRM as strategic partner* (68 citations)*	Translation of business strategy into HR policies and practices Coaching of line management people managers Implementing rather than advising role
Management of transformation and change – *HRM as change agent* (79 citations)*	Balancing organisational and individual needs Developing the right time frame for change processes Coaching of cultural changes Overcoming barriers to change
Management of employee contribution – *HRM as employee champion* (54 citations)*	HRM with heart and soul Human potential as driving force Valuing the employee Heartbeat of the organisation Bridge between employee and organisation
Management of firm infrastructure – *HRM as administrative expert* (49 citations)*	Managing costs Delivery of functional HR services Social and legal issues

* Refers to the number of times subjects' responses could be classified in that category

This indicates that line managers still have a rather traditional view of the HR function, contrasting with the general tendency to devolve many HR practices such as selection, training and career development to the line. Apparently, line managers still consider those practices as a major HR responsibility instead of defining them as a part of their own responsibilities.

The domain most frequently mentioned by top managers was management of transformation and change. This corresponds with the increasing importance of change management and restructuring – often leading to downsizing – for the majority of organisations, caused by increased competitive pressures and changing technology. Change management has become a major concern for top management, and they see the HR function as one of the means through which change programmes can be developed and implemented successfully. HR managers most frequently mentioned management of the employee as the area in which the HR function delivers value to the organisation; the individualisation of the employment relationship and a growing need for competent and motivated people could explain this concern. This domain was also considered important by many top managers. Line managers cited far fewer value-delivering activities of the HR function that could be situated in this domain. Although several managers also described contributions of the function situated in the domain of management of strategic human resources, this was obviously not the major area in which it was perceived to deliver value; this is true for all three groups This finding confirms our proposition that the question of the value of the HR function to the business cannot be answered correctly by focusing exclusively on its strategic role.

We can conclude that, according to the participants in our sample, the HR function can deliver value within different areas, ranging from administration to strategy formulation. Top managers, HR managers and, to a lesser extent, line managers stressed that the added value of the HR function is not restricted to the strategic domain but that there are several other areas in which value can be, and has to be, delivered. This confirms the multiple-role model designed by Ulrich (1997a).

Involvement in decision making

A second perspective was the HR function's involvement in decision-making processes. The model we developed was presented to top managers and HR managers but not to line managers. Subjects were asked whether they could apply this model to the way in which they experienced the strategic involvement of the HR function. They were invited to illustrate each of the four stages of involvement and to indicate the relative importance they accorded to each stage, based on their perception of the HR function in their own organisation. When asked about the strategic involvement of the HR function in general, before presenting the model, almost every participant stressed that it was involved with strategy formulation and implementation. When presenting the model, it became clear that this involvement could have very different meanings. In Table 3 (*overleaf*) we summarise the added value the HR function has at each of the four stages.

Although almost every HR manager and many top managers stressed the importance of anticipative HRM, they saw it more as an objective which they had not fully realised at the time of interview. As for timely involvement of HRM, top managers as well as HR managers stressed that this is an important stage at which the HR function can deliver value to the organisation. Several top managers said that they valued the input of the function at an earlier stage, but that their final decisions would not be based primarily on HRM's input. Instead, they saw it as the responsibility of the HR function to concretise and translate these decisions, taking into account their

TABLE 3 *Involvement of HRM in decision making: added value at the four stages of involvement*

Main categories of added value for each stage	Examples of responses
A. *Anticipative HRM (72 citations)*	
1. Influencing policies based on expertise	'We think about problems through the lens of HR'
	'Co-operate in working out new strategies'
2. Guarding fundamental values	'Guarding those values which are the cement of the organisation'
	'Play the devil's advocate when strategic issues are discussed'
3. Initiating change	'Challenge traditions'
	'Work proactive with the line'
4. Other	'Long-term vision'
	'Involvement from day one'
B. *Timely involvement of HRM (68 citations)*	
1. Preparing employees for change	'Associate changes with basic securities people need'
	'Create a culture ready for change'
2. Coaching others (line and employees)	'Coach'
	'To guide the people management activities of the line'
	'Process consultant.'
3. Translate decisions into action	'Co-ordination of implementation'
	'Responsible for obtaining results'
	'Proactive problem-solving'
4. Developing and offering tools	'Providing support'
	'Develop instruments for the line'
5. Other	'Active participation in the concrete development of solutions'
	'Understanding and integrating decisions taken at an earlier stage '
C. *Executive HRM (43 citations)*	
1. Informing and communicating about decisions	'Informing employees or line managers about decisions that have been taken'
2. Relationship with trade unions	'Negotiations'
	'Moderator – in-between'
	'Inform and motivate trade unions'
3. Service delivery	'Offering possibilities for training'
	'Using the right HR instruments'
	'Operational contribution'
D. *Reactive HRM (36 citations)*	
1. Resolve conflicts	'Act as a fire-fighter'
	'Searching solutions for marginal problems'
	'Intervene in conflicts between the line and employees'

* Refers to the number of times subjects' responses could be classified in that category

implications for employees. Both top managers and HR managers recognised that, in reality, the function is often working at the stage of executive HRM, and they acknowledged that it has an important contribution to make at the level of implementation and information delivery. At the same time, however, they said that value created at this stage needs to be integrated with an involvement at an earlier stage. Exclusively concentrating on this stage of involvement would lead to a pure implementing role for the HR function that, in the long run, would be of lesser value to the organisation; this was most often heard during our interviews with top managers. Finally, all respondents acknowledged that it would be unrealistic to state that reactive HRM does not exist. If decisions do not work out as they were expected to do, then HR professionals can contribute by resolving *ad hoc* problems or conflicts. Together, our results on the involvement of HR professionals in decision making indicate that the global value of the HR function will depend on its involvement at each of the decision-making stages. Involvement at the anticipative level only creates value if HR professionals are also involved during the stages of problem definition, implementation and follow-up. When one neglects the operational aspect, the chance of a successful realisation of the decision in practice is diminished. But the HR function can only gain a meaningful position in the whole organisation if it is also recognised as a valued partner at a higher position. At this stage, its responsibility reaches further than the communication of decisions and the extinguishing of fires. The successful fulfilment of these activities serves as an argument for an earlier involvement.

DISCUSSION

The qualitative data collected in this study indicate that top, line and HR managers recognise that the added value of the HR function is not restricted to fulfilling the role of a strategic partner. On the other hand, added value is not only created by strategic involvement at the earliest stages of decision-making processes; the moment at which the function can deliver value for the organisation will depend on the nature of the strategic issue and on the HR domain.

Based on these findings, we propose a framework in which the perceived value of the HR function is presented taking into account the four domains in which HRM can deliver value, as well as the four stages of involvement in decision-making processes that could be distinguished. This framework is presented in Figure 3 (*overleaf*).

The employee is depicted in the core of the circle, as a pivot on which the HR policies have to be based. The four domains in which the HR function can offer added value are centred on this core. An integrated HRM, which delivers value to the organisation, implies that this added value is created in each of the domains. In order to have an impact on the decision processes, the HR professional has to be involved in decisions as early as possible. We consider four positions depending on the stage at which HR professionals are involved with each of the four HR areas. The exterior circle is not static, but moves around the four HR roles. We therefore want to indicate that each HR role can be more or less involved in a decision-making process. We can conclude that the perceived value of the HR function in a particular organisation will depend not only on the roles it fulfils but also on the way in which the function is involved in the whole organisation. The results of our research show that the integration of the HR function in diverse areas related to HRM, together with its involvement throughout the stages of decision-making processes, is a major determinant of its perceived value within the organisation.

The results of our study have to be viewed in light of a few limitations. First, the explorative and qualitative nature of the research must be taken into account when

FIGURE 3 *Integrated involvement of the HR function*

interpreting the results; our results need to be considered as a first step for further research aimed at confirming our findings. The information obtained through interviews is highly subjective in nature. Given the research objective – examining the perceived added value of the HR function – subjectivity might be an inherent characteristic of the research design. However, there is a need for cross-validation on a different sample of subjects and using different research methods. A second limitation lies in the fact that we did not take into account organisational variables such as size or industry. Although we did take into account some representativeness over industries and size categories, we did not consider these factors when analysing our results. It might be that the value of the HR function is perceived differently in different industries or in organisations of different size.

CONCLUSIONS

One decade ago, Schuler (1990) had already stressed the opportunity for the HR function to shift from an 'employee advocate' to a 'member of the management team'. He stressed that this requires that HR professionals be concerned with the bottom line, with profits, organisational effectiveness and survival. It means addressing HR issues as business issues. Our data suggest that top management does value this role by perceiving the HR function at the value-driven stage of the involvement model. We argue that, in order to become a member of the management team, HR professionals have to be centrally involved with the business, not only at the level of strategy formulation and implementation but also as employee champion, administrative expert or change agent. As Schuler (1990: 51) argues, 'the ideal organisation has the HR manager jointly working with the line manager solving people-related business issues.'

Ulrich's model (1997a) calls for a focus on what the HR function delivers rather than on what it does. Indirectly, the four domains used to describe its added value relate to the discussion about the linkages between HR strategy and HR activities. Reality teaches us that planned HR strategy is not always equal to implemented HR strategy. When we look at much of the rhetoric on strategic HRM, this is focused at the level of strategic

integration of HRM and the role of the HR function as a strategic partner. This contrasts with our daily experiences of HR professionals working at highly diverse tasks, some of them being purely administrative – *eg* screening application letters – and others being highly strategic – *eg* development of a competency management system. Both can be equally valuable if we look at their contribution to the organisation, represented by a line manager waiting for qualified job candidates he or she can interview or by the top management team developing a competency-based strategy. Our results tend to confirm this proposition and they come close to Tichy *et al*'s (1982) advice to reorganise the HR function to reflect the operational and managerial as well as strategic needs of the business. According to Tichy *et al*, the operational level is best served by a traditional functional personnel department, fulfilling the classical functions like selection, compensation *etc*. The managerial level must be organised to cut across the sub-functions identified at the operational level, and the strategic level activities require an elite senior HR manager who is supported by strong managerial HR services (1982: 59).

Legge (1995) has defined strategic integration of HRM along three dimensions: the integration of HR policies with business strategy, the integration and consistency of employment policies aimed at generating employee commitment and internalisation of the importance of human resources on the part of line managers. Strategic integration means more than simply matching HR policies with business strategy. The extent to which human resources are perceived to be of central importance for the business will determine the perceived added value of the function within the organisation. In turn, this will probably have an impact on the involvement of the HR function in strategic decision making. Her emphasis on integration or consistency among HR practices and policies is congruent with our findings that strategic HRM is only one way of describing the involvement of the HR function with the business.

An important contribution of this research is situated in its focus on how the HR function is perceived by major partners within the organisation. This perception will determine its place in the organisation and consequently the way the global term strategic HRM is recognised. The model we developed can be used by organisations to map the added value of their HR function. Once this picture has become clear, it can be used in a next stage as an instrument to indicate result domains for the HR function and to evaluate its functioning or to screen future employees of the HR department.

As indicated before, the added value of the HR function is relative, varying between companies. A next step in the research should be the examination of the variables which come into place in order to predict the value and involvement of the HR function in a specific organisation. When these variables are detected, the research model can be further developed and used in practice, not only to evaluate the HR function but also to change it in the desired direction by working on the variables behind.

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APPENDIX

Added value of the HR function: description of 15 response categories

Category	Example
1. *Translation of business strategy into HR policies and practices*	'We have the capacity and the responsibility to discuss with top management issues having implications for employees.' [HR manager] 'I expect the HR manager to coach the process of strategy implementation. In this respect, we have a partnership within the management team.' [top manager]

2. *Coaching of line management*	'It is the line manager who daily implements HRM; the contribution of HRM lies in providing support if necessary.' [line manager] 'HRM needs to ensure that its proclaimed values and strategies are adopted and applied by our line management.' [top manager]
3. *Implementing rather than advising role*	'My added value is not restricted to giving advice to top management. It actively determines the HR policies and I implement them.' [HR manager] 'The added value of HRM is to apply decisions to the concrete situation of a particular department or work group within the broader framework of the HR policy we have built.' [top manager]
4. *Balancing organisational and individual needs*	'During change processes, the value of HRM is that it tries to balance the needs of the organisation with the change capacity of our employees.' [line manager] 'HRM ensures the co-ordination of all communication processes concerning a change process.' [HR manager]
5. *Developing the right time frame for change processes*	'HRM has contributed to the success of a recent reorganisation by timing important processes. One could say that HRM determined the right pace of change by providing the necessary time for employees to adapt.' [top manager]
6. *Coaching of cultural changes*	'I see our department as a kind of a radar, detecting whether our employees are still in line with the values of the business.' [top manager] 'Within the context of the international merger we currently made, HRM has the responsibility to harmonise cultural factors and to co-ordinate the cultural change processes in this respect.' [line manager]
7. *Overcoming barriers to change*	'The main responsibility of our HR manager is management of change processes, by overcoming employee resistance. HR needs to be creative in order to stimulate employee flexibility and willingness to change.' [top manager]
8. *HRM with heart and soul*	'We need to pay more attention to the development of a positive work climate. HRM has the main responsibility in this respect – not for social reasons, but with the objective of developing a stimulating socio-economic environment.' [HR manager] 'HRM reminds us of the fact that there's a need for a balance between what we ask from our employees and what we give them. Employability also implies that people stay willing to deliver value to our company. We need to be more trusted by our employees.' [top manager]
9. *Human potential as driving force*	'The main contribution of HRM is that it helps to realise strategic objectives through people. For this

reason, HRM must ensure it gets the right people at the right place.' [line manager]

10. *Valuing the employee*

'Our competitive advantage is situated within our employees. This makes it extremely important to pay attention to them, and this is one of the important contributions of HRM in our company.' [top manager]

11. *Heartbeat of the organisation*

'We do not want to be parallel to the organisation. We want to be right in it, so we can feel its heartbeat.' [HR manager]

12. *Bridge between employee and organisation*

'HRM creates more involvement of people.' [line manager]
'All too often, we think that our co-workers have the same needs as we have. We have to learn to listen to them. It's the job of HRM to remind us of this and to stimulate this communication.' [line manager]

13. *Managing costs*

'Costs of employees are a substantial part of our total costs. Therefore, it is a very important contribution of HRM to manage personnel costs.' [top manager]
'If the HR department resolves a shortage of employees in one department without recruiting externally, but through internal solutions, then it has delivered an important value by saving costs.' [line manager]

14. *Delivery of functional HR services*

'The main value HRM delivers is situated in the systems it provides regarding people-related functions such as selection, training and career development.' [line manager]
'It only needs HRM to ensure that the right people are recruited, that relevant training activities are organised and that wages are correctly administered and paid.' [line manager]

15. *Social and legal issues*

'Wage administration is becoming more and more complex. It is HR's responsibility to stay informed about legislative changes by keeping in contact with our external HR consultants.' [HR manager]