# Strategic Human Resource Management within the Pharmaceutical Industry: Reality or Rhetoric?

# By

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I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of MA Human Resource Management is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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# **Abstract**

This dissertation examines the extent of which strategic HR practices exist in reality within a small sample of the pharmaceutical industry. This study investigates the perception of strategic HR from both a General Management perspective and a HR professional perspective and seeks to establish the reality of same.

The study also investigates the perceived HR competencies required by HR professionals to enable them to carry out the role of strategic HR within their own organisations.

The study further investigates the obstacles that currently prevent the HR professionals within the chosen organisations from acting in a strategic capacity. The study also attempted to establish if HR professionals had the freedom to act strategically if they so wished. The study was composed of two elements: a questionnaire completed by all respondents and a Focus Group meeting attended only by the HR professionals.

The study commences with a literary overview of Human Resource Management from its origins in the Welfare role right through to the role of Strategic Human Resource Management in today's organisations. Whilst the strategic HR overview incorporates some of the most up to date thinking in relation to the whole area of strategy it also includes some of the more negative literary comments.

The results showed that whilst the practices of strategic HR were in part understood by all the reality of them being seen in practice was different. The results also concluded that being strategic meant different things to different people and that there is no one set of congruent strategic HR practices that can be put in place without remaining cognizant of the operating environment.

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# LIST OF ABBREVIATIONS

# Abbreviation

HR	Human Resource
HRM	Human Resource Management
SHRM	Strategic Human Resources
GM	General Manager
CIPD	Chartered Institute of Personnel and Development
IR	Industrial Relations

# **Section 1 Introduction**

The Pharmaceutical sector has proven itself to be one of the most valuable industries within the Irish economy. The sector itself was established in the late 1960's and was initially, and to a certain extend still is, dominated by US based companies. The fact that the sector is dominated by such a large number of US firms is as a direct result of the IDA strategy which specifically targeted the USA when trying to entice organizations to set up in Ireland and specifically used the low tax incentives as bait. As a result of this strategic move the 1970's saw the industry really take off as a significant number of multi-nationals were attracted to Ireland.

The present day pharmaceutical sector is still a relatively stable one with 16 out of the top 20 pharmaceutical companies operating out of Ireland. The statistics below highlight just how the number of people employed within the sector has grown year on year during the years 1992 - 2005.

Year	Numbers Employed	
1992	15400	
1993	15100	
1999	22200	
2002	24100	
2003	24000	
2005	24500	

Figure1.1

(Source: IBEC Pharmaceutical Society January 2008)

Rottapharm Ltd is no exception to the above statistics. The plant commenced its manufacturing operations in 2000 and the current headcount at the Damastown site is circa 120 employees.

Rottapharm Ltd is a family owned Italian multi-national with headquarters in Monza, Italy near Milan. The group has three manufacturing sites around Europe including Dublin which is considered to be the number one site. The Dublin site is responsible for the manufacture of solid oral dosage forms such as sachets and tablets for the treatment of ailments like osteoarthritis. The Group acquired a German company mid 2007 called Madaus. This will result in a number of new product lines being added to the current product offering in Dublin, which will ultimately double the capacity at the plant. The Company will be interested in ensuring that doubling the capacity will not mean doubling the headcount. The company has recently invested in lean manufacturing principles and will be anxious to ensure that such principles are maintained throughout.

The position of Senior HR Manager within Rottapharm Ltd is a relatively new role and it is the changes that have been made to the remit of same that have spurned the interest in examining ways in which not only the HR Manager is able to add value but also allowed to add value. For example, the HR Manager now reports directly to the CEO and therefore has more opportunities to ensure that the organization is proactive in their regard for ensuring delivery of their business plan and that this delivery is achieved through their people. The previous reporting structure of the Senior HR Manager was directly to the Finance Manager which encouraged behaviors of a reactive administrative agent. There was little expectation for the HR function to add significant value. Recent achievements such as the Excellence Through People Award at a standard level and the work that is ongoing in relation to the Great Place to work accolade is testimony to the change in remit not only for the role of the HR Manager but for the plant as a whole. Such awards are only achieved through the people agenda and achievements of same ensures that the HR Manager be placed in a position of influence. The fact that the Pharmaceutical sector has become so important for the Irish economy, coupled with the fact that the numbers employed within same in continuing to rise, means an unprecedented and pivotal role for the HR department is pivotal in ensuring that the companies ability to operate efficiently. Given that the role of HR has itself undergone somewhat of a transformation (Ulrich 1997) i.e. the role of strategic HR is now deemed pivotal to the success of many organizations, it surely would be interesting to examine four like minded pharmaceutical organizations and their HR operations from both a HR perspective and a GM perspective. Considering also the challenges that are facing many industries today and not sure the pharmaceutical ones i.e. there is an expectation that they will be able to produce more with less and that in itself is a huge challenge for any HR professional. Hence the rationale for the following study.

The HR profession itself is continuing to grow dramatically in numbers, global reach and scientific sophistication (Ulrich et al 2008, p. 2). One only has to look at the record membership in many HR-oriented professional associations around the world to understand that fact:

- Society of Human Resource Management (SHRM): more than 225,000 members.
- Chartered Institute for Personnel Development (England and Europe): 127,000 members.
- Canada Council of Human Resources: 24,000 members.
- Australian Human Resource Institute: 15,000 members (Ulrich et al 2008, p. 3).

In addition, there are hundreds of national and local HR associations worldwide attempting to offer insight and advice on the changing HR profession (Ulrich et al 2008, p. 3).

Originally, HR professionals were expected to be administrative experts who facilitated transactions related to people and handled workforce grievances (Ulrich et al 2008, p.8). Then HR professionals argued that they should become partners and have a place at the management table. Today, it is argued that HR professionals in leading organizations sit at the table and have the opportunity to practice strategic HRM (Ulrich et al 2008, p.9). It

is through this research paper that we examine just if those opportunities exist and if so are the HR leads being truly strategic.

# Section 2 Literature Review

This research study aims to examine the reality of strategic HR within the Pharmaceutical industry. The following chapter traces the evolution of Human Resources from the very early days of the Welfare Role to the role of Personnel to that of Human Resources (Lewis 2002). The chapter further explores the role of Strategic Human resources and examines the various definitions offered up by different theorists and aims to contextualize same in the present global market. The chapter culminates with an examination of the HR competencies HR professionals are expected to have to be able to operate effectively i.e. to sit at board level and to add to the bottom line (Ulrich et al 2008).

#### Section 2.1 The Evolution of Personnel Management

The whole profession of Human Resource Management has changed and evolved over the last number of years – so much so that the once was 'personnel' department viewed as being a service deliverer, a tool for management and hardly strategic has changed completely. Such changes haven't simply appeared overnight – the management domain in general has been on a cycle of continuous transformation over the last number of years. The systematic study of organizations and their management did not occur until the Industrial Revolution had swept through Europe and the United States. (Bowditch & Buono 2005, p.5) but what we have learned throughout that period of time is critical to the ongoing changes happening within the world of management and in particular in the whole field of Human Resource Management. We shouldn't therefore be so quick as to dismiss the thinking and contributions of early management scholars as being either naïve or passé – in actual fact it should be considered as being part of a logical evolution in management thought and it is necessary to fully appreciate and understand such changes in order to have an appreciation of today's world of work. What is interesting to do is examine the societal backdrop against which all these management changes occurred. Society itself has evolved through an agrarian to an industrial to a postindustrial structure. By examining the fundamental transitions that have revolutionalized our society, changing it from a rural culture to a culture based on technology, industry and urban settings, we can further understand the development of management theory over time. It is this development of management theory that is important to analyze now and so have an appreciation of the changes that have occurred not only in the world of work but also in how our people management practices have evolved and the implications of same in today's global market.

## Section 2.2 Pre-scientific Management

Prior to the twentieth century there was little systematic attention given to the development given to the development of a body of knowledge concerning management and organization. In ancient societies the ruling class perceived work as being beneath their dignity – something to be accomplished by slaves and most people obeyed the elite in accordance with traditional customs (Weber 2003) – people believed that power was granted to those in authority and this was something that wasn't questioned. Considering that the labour force was largely composed of farmers and craftsmen and production was part of social life within the family, there was no real need for specific emphasis on management practices.

## Section 2.3 Classical Management

Towards the end of the nineteenth century the Industrial Revolution, initiated by the inventions and technological improvements of the eighteenth century, led to changes not only in the workplace, but also in the very nature of our society as well. Such process of industrialization saw the very nature of work change to more complex forms of manufacturing and working with machines. Urbanization also became a key point at this time as people began to move away from such rural areas to reside in areas close to where the work was. And so the classical school of management brought about a set of

assumptions about human beings and the fact that they were sees as rational, economic beings who could act to maximize their own self interests (Bowditch & Buono 2005). The focus for management at this time dealt with the structure of the organizations, how work could be delegated and coordinated and how people contained therein could actually be motivated. From the classical phase of management was borne the Administrative Theory (Bowditch & Buono 2005) which examined certain forms of organization and ultimately concluded that there were basic dimensions of organizational structure and characteristics of management that were common to all organizations (Bowditch & Buono, 2005, p7). One of the key theorists that emerged at this time was Henri Fayol (1916) - a French industrialist who identified five basic functions of management: planning, organizing, commanding, coordinating and controlling (Bowditch & Buono 2007, p35). Employees in this era were considered as being extensions of the organization's structure and machinery. It was around this time that we saw the emergence of Welfare Officers (sometimes called 'welfare secretaries'). In 1900 there were a dozen or so welfare workers, but by 1913 their numbers had grown sufficiently for the Welfare Workers' Association, a forerunner of today's CIPD, to be formed (CIPD 2004). Their creation was a reaction to the harshness of industrial conditions, coupled with pressures arising from the extension of the franchise, the influence of trade unions and the labour movement. The first welfare workers were female and were only concerned with the protection of women and girls. They would visit sick employees and help to arrange accommodation for women. In some companies their duties grew to become concerned with the recruitment and training of women as well (CIPD 2004). This post and holder of same was not expected in any way to contribute to the overall strategy of the business.

#### Section 2.4 Scientific Management

This school of thought focused on the measurement and structure of work itself, it's classification, quantification and rationalization (Kanigal, 1997). Frederick Taylor (1911) was most interested in creating the most effective way of carrying out work tasks as it was thought – since humans were considered as being rational beings – that they would be most likely to work in their interests as long as they understood the procedures

and were rewarded for following them. There were those however who disagreed with Taylor's way – they felt that his way meant ignoring the human element and that meant that workers were treated as extensions of the tools and machines they utilized (Hoopes 2003). Other theorists that emerged at this time were Frank and Lillian Gilbreth's time and motion studies (Gilbreth 1912). The Gilbreth's (1912) analytic approach measured body motions to discover the most efficient way to carry out a task. Henry Gantt (1910) was another major player in this era – he focused on devising remuneration procedures that would provide fair pay for correctly doing a task and a bonus for completing it in a timely fashion (Bowditch & Buono 2005, p.27)

It was at around this time that the First World War accelerated change in the development of personnel management and we saw the number of welfare officers grow to about 1,300 largely because of the Munitions of War Act, 1915 (Bowditch & Buono 2005, p.28). For the first time men were recruited to look after the welfare of the boy's and the government encouraged welfare development through the Health of Munitions Workers' Committee. It was during the war that the industry saw for the first time Industrial Relations enter the equation – women were recruited to fill the gaps left by the men who had gone to fight. This impacted on the workplace in so far as unskilled women were being recruited for the first time and as a result the state had to open up dialogue with the unions and develop forms of joint consultation (CIPD 2004). Since its emergence as a welfare and administration function in the early nineteenth century, the function has adapted to the evolving demands of successive generations.

It was also at around the same time that the Neoclassical theory introduced the whole aspect of behavioral sciences into management thought (Bowditch & Buono 2005, p.28). The underlying rationale was that since management involves getting things done with and through people, the study of management must be centered on interpersonal relations. It was just after the First World War that saw the beginning of a series of experiments called the Hawthorne Experiments which sought to investigate the effects of working conditions on productivity (Roethlisberger & Dickson 1950). Such studies concluded that conditions did affect productivity and indeed this marked a significant turning point

in the evolution of management theory as it presented a new way of thinking about people within organizations. The emerging set of beliefs held that management could not treat people as if they were mere extensions of an organization's structure and hierarchy (Hoopes 2003, pp. 153-159).

It was in the years between the two world wars that large companies such as Marks and Spencers began to develop their own specialized personnel departments with a view to be able to manage absence and recruitment with a view to improving output (CIPD 2004). However, the remit of such departments extended only to the hourly paid workers, the task of looking after other workers as well as managing industrial relations fell to the senior managers. However, older industries such as textiles and mining etc did not adopt such practices of having a personnel department simply because they had no difficulty in recruiting (CIPD 2004).

The second world war saw the increased emergence of personnel departments and the number of people employed within the function grew substantially; there were around 5,300 in 1943. The function was growing in importance too and strikes were made illegal (CIPD 2004).

#### Section 2.5 Personnel Management

It was in 1945 when employment management and welfare work become integrated under the broad term of 'personnel management' (CIPD 2004). The emerging trends of the personnel function was that of bureaucracy given that the role of same within wartime was concerned mainly with the implementation of policies and rules. Before the war any bargaining between employers and unions had been at national level – the war had seen a rise of local negotiations which accelerated into the 1950's and 1960's coupled with the growth of the number of shop stewards and so was borne the whole arena of local bargaining (CIPD 2004). This shift in local bargaining led to an increase in the amount of official and unofficial strikes and the UK in particular was becoming renowned for its poor industrial relations and the personnel managers at that time were coming under pressure (CIPD 2004).

By the 1960's organizations were beginning to employ personnel specialists whilst at the same time the scope of bargaining widened to include not just pay but pensions, training and safety (CIPD 2004). The establishment of the EEC also meant that personnel managers had an international role in reconciling varying national compensation systems and taking into account the differences in employment law. The mid 1960's and early 1970's saw new legislation being introduced on contracts of employment, equal pay and opportunities and employment protection. Personnel departments were expected to understand these new measures and to develop policies to implement them (CIPD 2004). It was within this same time period that personnel techniques using theories from the social sciences about motivation and organizational behavior were developed. New management techniques for improving performance arrived from American academics such as McGregor and Herzberg to be applied by personnel departments. The development of the HR function over recent decades has followed a comparatively clear pattern of historical evolution, characterized by convergence to a prevailing orthodoxy for the HR role. Traditionally, this orthodoxy was based on belief that a key employer concern in workforce management was the establishment and maintenance of stable The main cornerstones of this approach included trade union industrial relations. recognition, collective bargaining and the development of agreed procedures in areas such as disputes, grievance handling and discipline administration. Within this approach the HR function assumed responsibility for managing relations with the organization's trade unions. Gunnigle (1998, p.27) comments on this role:

"While more reactive than strategic, this industrial relations role was nonetheless significant: it served to both define what personnel work involved and position the personnel management function as an important aspect of the managerial infrastructure".

# Section 2.6 Human Resource Management

It was around the mid 1980's that the term Human Resource Management arrived from USA (CIPD 2004). This term meant different things to different people and to some it implied a more strategic role with the HR department helping to achieve business

objectives. The term HRM seemed to address both the issue of treating employees as if they were assets and at the same time emphasis employee commitment and motivation.

It was in the 1980's that original writers in the area of HRM stressed that in the face of increasing international competition, organizations had to focus on the value of investments in human resources as a major source of competitive advantage and the need for organizations to focus on profitability generation through people. (Beer 1997, pp. 46-56). It has been argued that the developments concerning the evolution of HRM and indeed SHRM have created a more multifaceted and complex role for the HR function. Caldwell (2003, pp. 983-1004) noted. "partly as a consequence of these role ambiguities personnel managers have been past masters as reinventing or reinterpreting their role in their efforts to maintain their credibility and status within a changing world of work"

#### Section 2.7 Evolution of Strategic Human Resource Management

The emergence of a strategic role for the more commonly titled Human Resource Function in recent years is well documented in literature (Morley et al 2006, pp.609-617). It was out of this HRM agenda that strategic HRM evolved and typically strategic Human Resource Management bridges business strategy HR and focuses on the integration of HR with business and its environment. Some researchers (Huselid, Jackson and Schuler 1997, pp. 171-188) have argued that technical HRM focuses on building a company's performance while strategic HRM creates competitive advantage by building HR systems which cannot be imitated. They argue that strategic HRM is about the building of HR systems which cannot be imitated – thus further compounding the ability of the organization to sustain competitive advantage. The definitions of Strategic HRM vary widely and Shaun Tyson (1995, pp. 35-43) goes on to define strategy as the intentions of the corporation, both explicit and convert, toward the management of its employee, expressed through philosophies, polices and practices. The CIPD furthers this definition of Strategic HRM by stating that its "all those activities affecting the behaviour of individuals in their efforts to formulate and implement the strategic needs of the business. The Pattern of planned Human Resource deployments and activities intended to enable the forms to achieve its goals". (CIPD 2003, p.10),

Purcell (1995) argues that strategic HRM is concerned with explaining how HRM influences organizational performance. It further highlights that strategy exists in all organizations even though it may not be written down or articulated. (Purcell 1995, pp.63-86)

The concept at the heart of Strategic HR is a new understanding of the intrinsic value of human or intellectual capital. Indeed it is impossible to understand why the remit of HR has changed so dramatically in such a comparatively short space of time without exploring how and why human capital has come to assume such a pivotal role in the modern organization. (Lewis 2002)

Michael Beer (1997, pp. 49-56) attempts to explain the rationale for the change the HR role and function. He claims that competition, globalization and continuous change in markets and technology are the principle reasons for the transformation of human resource management.

Over the last two decades there has been a profound shift in thinking about the role that people play in the success of the business, with the growing view that the management of people is a key organizational capability and one which be highly integrated with the strategic aims of the business (Gratton 1999, pp.7). The question remains in terms of understanding how prevalent strategic human resource is within the pharmaceutical industry. Some studies (Storey 1992) have reported that whilst there was a move away from talking about rules and regulations towards a language based on a more strategic approach involving ideas of culture, mission and commitment –the rhetoric was strategic and in reality the change was messy and incomplete (Gratton 1999, p.9)

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#### Section 2.8 What makes strategic HRM (SHRM) more strategic than HRM

The field of HR strategy differs from traditional HR management in two important ways. First SHRM focuses on organizational performance rather than individual performance (Becker & Huselid 2006). Secondly, it emphasizes the role of HR Management systems as solutions to business problems rather than individual HR management practices in isolation (Becker & Huselid 2006). But strategic means more than a systems focus or even financial performance. Strategy is about building sustainable competitive advantage that in turn creates above-average financial performance. The simplest depiction of the SHRM model is a relationship between a firm's HR architecture and firm performance (Becker & Huselid 2006).

Being strategic means focusing on the results that will ultimately make an impact on the business objectives. Within this context strategic individuals will normally find a way to ensure that everyone in the organization is working towards that common goal. (CIPD 2003). The idea has to be surely not aligning HR strategy to business strategy but ensuring that HR is involved with the actual setting of the strategy – aligning same draws inference that the actual strategy had already been set without the input of HR. Shuan Tyson (1995 pp.34-43), professor of HRM at Cranfield school of Management argues that the input that HR professionals can make will vary according to the remit of the organization and where it is in the business cycle. (Lewis 2002).

In a study conducted by CIPD (2007) which examined the 'Changing HR function' it was established that HR's is totally disconnected from the business strategy which again reinforces the view as presented by Shaun Tyson (1995, pp.35-43) that when HR and business strategies are not aligned H will not be able to add value to even be seen to have a 'seat at the table'. It is the movement towards a 'common goal' which the CIPD (2007) has reported in a recent study has caused HR professionals to be more interested in the collective performance of the employees rather than dealing with individual cases – perhaps this has introduced some conflict into the role where by HR professionals are becoming so focused on certain aspects of their new strategic role that they them more 'traditional' aspects of same are losing out.

The resource-based view of the firm has long provided a core theoretical rationale for HR's potential role as a strategic asset in the firm (Wright & McMahan 1992, pp. 295-320). The notion that organizations can build competitive advantage, and as a result above-average financial performance, based on valuable and inimitable internal resources, offers an appealing rationale of HR's strategic importance (Becker & Huselid 2006)

Dave Ulrich (1997) proposes a conceptual model about the HR role that adds value in an increasingly complex environment. He focuses less on how the HR role should move from operational to strategic and more on how the HR practitioner needs to perform increasingly complex and at times paradoxical roles. Ulrich (1997) prescribes that HR practitioners engage in a set of proactive roles defined along two axes: strategy versus operations and process versus people (Francis & Keegan 2006, pp.231-249). He discusses four ways HR professionals may add value to a business – executing strategy, building infrastructure, ensuring employee contribution and managing transformation and change. These four roles have been defined as below:

Figure	1 7
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Employee Champion	Change Agent
Strategic Partner	Admin Expert

# Source: Ulrich (1997)

The "strategic partner" role is one that focuses on aligning HR strategies and practices with business strategy. The "administrative expert" represents the traditional HR role. It is therefore concerned with designing and delivering HR processes efficiently. "Change agent" refers to helping the organization build a capacity for change. It is concerned with identifying new behaviors that will help sustain a company's competitiveness. The "employee champion" role deals with the day-to-day problems, concerns and needs of the individual employees. A study conducted by CIPD (2007, p.25)) questioned the employee champion role and asked the question as to whether to not HR should be discharging it.

Ulrich (1997) claims that HR people must become all of the above in order to be considered true strategic business partners. It is thought that one of the main thought processes behind the rationale for strategic HRM is that through the integration of HRM with the business strategy employees will be managed more effectively, organizational performance will improve and thus business success will follow. In a world where the focus is primarily on the achievement of organizational performance it makes perfect sense to focus attentions on the resources that is more than likely going to be able to help successfully achieve that aim; the resource of Human Capital (Gratton 1999, p. 63)

An article which casts some doubt on Ulrich's (1997) position was published in Personnel Today (2006). The central thought of this article suggests that HR, if it wants to be a 'strategic partner' it should shy away from the Employee Champion role. It argues that since business mindset is focused on survival, winning the competition and improving the bottom line, these in some extent are prejudicial. The central question posed by the article is whether or not HR can achieve a balance between championing the employee cause and managing strategy (Overall 2006).

The focus on people and their performance has always been the professional concern of the HR function and the business concern of line managers. (Holbeche 2001). However, the organization must also be designed to enable people to achieve which the HR function can facilitate. HR must also be able to anticipate any organizational changes whilst acting as enablers and facilitators of such change. What must be remembered is that organizational capability and performance goes beyond simply hiring the best people – it is also concerned with the retention of same and "developing those competencies through effective HR practices" (Ulrich & Lake 1997, p.77). Jeffrey Pfeffer (2005) reinforces this view when he talks about sustaining competitive advantage through managing the workforce.

Just as there have been increased writings over the years concerning the evolution of HRM to that of being more strategic in nature, so too is there a huge focus in aligning the HR function to that of the business. Many writers reinforce the idea that human capital is

increasingly being seen as the key to sustainable competitive advantage (Barney & Wright 1998, pp. 31-46).

Surely this then poses the question about the role that HR plays within organizations and how vital it is that this changes to ensure that the HRM agenda is strategically fully integrated. One area where resistance is bound to be met is through the devolution of what was previously perceived to be HR responsibilities to that of line managers. There are of course some responsibilities which will continue to remain within the remit of HR according to the specific HRM area. For example, the HR department may still retain certain areas of responsibility such as Industrial Relations (IR) issues, compensation and benefits. And so the whole transactional and transformational debate commences. It has been argued that getting rid of routine transactional tasks allows HR professionals to focus on the kind of transformational work that helps the bottom line (Caudron 2003).

One way in which transactional HR work could be reformed is through the introduction of technology – either to insource or outsource (Ulrich, Younger & Brockbank, 2008) Relying on technology to perform HR transactions offers a number of benefits one of which is the involvement of managers as they are therefore no longer reliant on HR professionals to access personnel information which means they themselves are in a position to make informed decisions. This of course is not to say that the employee relationship is neglected. Most HR professionals are probably too well aware of the importance of Relationship HR. Ulrich, Younger and Brockbank (2008) examine the arguments that state the act of outsourcing increases the likelihood that HR professionals will become more strategic in thought and action.

In the 2007 study conducted by CIPD (2007) which examined the changing HR function it was established that the division of people management responsibilities between HR and the line was largely unchanged since it was last examined in 2003 (CIPD 2003) despite HR's wish to have more work transferred to the line managers. The study found that the principal reasons for HR's lack of success in achieving greater transfer of tasks to the line appear to be line manager priorities, their skills, the time available to them for people management tasks and poor manager self-service (CIPD 2007, p. 5). Ulrich (1997) has added to this debate by stating that the field of HR has been split into two parts – one half consisting of transactional and administrative work and the other transformational work whereby HR develops organizational goals, determines what capabilities are needed to meet these goals and then creates the HR practices that make those capabilities come to life (Caudron 2003). (Currie & Proctor 2001, pp.53-69) have suggested that rather than a devolution of responsibilities what in fact needs to exist is a "partnership" between HR and the line.

It took an explosive combination of factors in the 1990's to translate the somewhat nebulous notion of human capital into firm business practice. Thanks to a sustained economic boom, the growth of service industries and the liberating power of IT, the idea that people, not financial, capital was the scarce resource began to take hold. As Lynda Gratton (Gratton 1999, p. 8) stated, "In this decade, it is only people who can sustain the competitive advantage of a company through the ability to create rarity, value and inimitability". With that came the stark realization that the fields of strategy, corporate planning and people had been worlds apart – strategy making had been a rarefied, almost theoretical science, conducted behind closed doors in boardrooms and only then beamed down to the organization as a whole. There became a shift towards a more "individualized organization" (Lewis 2002, p.8) where the role of top management was very clearly defined – they needed to create an environment whereby managers were capable of contributing.

One aspect was still clear- whilst the new era of strategic people management had been made in theory the one aspect which required further consideration was that of the HR professionals and how indeed they were going to rise to the challenge. Tom Peters (1996) argued in an article in Fortune that HR seemed to be unable to indeed unwilling to throw off its bureaucratic image and obsession with admintrivia. He felt that it would take "demolition and salvage – big-time re-engineering – to transform HR. A further article by Stephen Overall published in Personnel Today in May 2006 appears to question whether or not HR are able to rise to the strategic challenge. The question is asked "Why is HR so prone to doubting itself, so keen to ponder its life purpose". Is it lack of

confidence therefore that has the potential to make the leap into a strategic role difficult for the Hr professional? He further adds, 'Is it ironic that HR professionals can be both strategic partners and employee champions at the same time (Overall 2006).

In response to these arguments Dave Ulrich (1997) maintains that if HR needed to make a transformation then so too did the organization as a whole. He further made the case that HR has never been more necessary in the battle to win competitive advantage because it was responsible for defining an organizational architecture that could best tap market opportunities. Ulrich (1997, p. 9) felt that HR should see itself as "an agent of transformation".

A further article (Ulrich & Beatty 2001, pp. 293-307) describes the shifting role of HR and examines its origins which lie in the changing of business demands. He describes how HR professionals must create new forms of engagement with employees and face scrutiny of investors who determine a firm's market value by assessing its intangibles, not just its present or past earnings. To be effective in this regard he argues that HR professionals should move beyond the partnership role to become players. "HR professionals as players are in the game, on the field, making a difference through their HR work".

Another factor which reportedly plays a vital role in the successful integration of Strategic HRM is that of the reporting structure. It has been identified in literature that for the HR head to have direct access to the CEO through the formal reporting mechanism assists enormously with the successful implementation of the strategic HR agenda.

Lawlor (1995, pp. 46-70) has suggested that the career background of the HR Manager may make a difference to the overall ability of the organization to fully integrate the HR agenda. They make specific reference to the fact that experience within a broader business context is necessary and will also assist with the credibility issue with those other members at senior level. Dave Ulrich (1997) wrote about this in his article, "A New Mandate for Human Resources". Ulrich (1997) claims that it is critical to the

success of the enterprise that organizations appoint business focused people into their HR function. The reason behind this thinking is the reality of the perception that HR simply does not understand the real business of the organization and will only serve to become a distraction rather than adding to the bottom line. This concept is explored further in an article published in 'The Sunday Business Post' (8<sup>th</sup> July 2001) where the topic of Senior HR skills is further explored and how "senior HR skills are now being used more creatively, sculpting the organizations future".

Wayne Brockbank (2001) clearly identified the emerging role of HR and discussed that it's only through a well designed HR function coupled with a CEO who is passionate about people, processes, culture and strategy will any business stand a chance of survival in an environment which is growing increasingly difficult to compete in. As Lynda Gratton, Associate professor of organizational behaviour at London Business School, says people policies have to be at the heart of any effective business strategy, and no longer just on the sidelines. (Gratton 1999)

# Section 2.9 The exploration of the HR competencies required for delivery of new HR Strategy

HR professionals play a strategic partner role when they have the ability to translate business strategy into action (Ulrich 1997, p. 79)

A great deal has been written about the types of competencies that HR managers need although little is known about how these might be acquired and which ones prove most valuable in carrying out HR tasks. (Monks & Buckley 2004, pp. 41-56)

Dave Ulrich's (1997) book, Human Resource Champions, has had a major influence on thinking in this area, with Ulrich (1997) identifying changed roles for the HR Manager – HR professionals in order to deliver value to a firm they have to fulfill multiple, not single, roles. He argues that HR must recognize and correct its past. The human

resource function traditionally has spent more time professing than being professional (Ulrich 1997, p. 17). It is time to overcome the myths that have surrounded the HR function for years. In essence he says its time to perform, not preach. Within this book Dave Ulrich (1997) highlights exactly what HR professionals must be achieving within their organizations (Ulrich 1997, p. 21):

- See HR issues as part of a competitive business equation.
- Articulate why HR matters in business terms, starting with business value.
- Talk comfortably about how competitive challenges dictate HR activities.

He argued that as line managers and HR professionals jointly champion HR, the distinction blurs between HR staff and line managers as operators.

Before we move to examine whether or not there are specific competencies required for the new HR profession and thus ensure delivery at this new strategic level it may well be helpful to explore the meaning of the term 'competency'. Competence refers to an individual's knowledge, skills, abilities or personality characteristics that directly influence his or her job performance (Becker & Huselid 2001, p. 156). However, definitions and usage of the term 'competency' vary considerably. Boyatzis (1982) in his work, The Competent Manager, suggests that a job competency refers to "an underlying characteristic of a person in that it may be a motive, trait, skill, aspect of one's self image or social role, or a body of knowledge which he or she uses". The influence of his work lies in his attempt to link competency and effectiveness but more recently writers have suggested broader definitions of the term – for example Antonacopoulou and Fitzgerald propose that competency 'consists of the virtues unique to each individual which are expressed in the process of interacting with others in a given social context' (Antonacopoulou & Fitzgerald 1996, pp. 27-48).

The amount of general management literature that exits provides a backdrop against which to consider the advice offered by different commentators on the competencies needed for working as a HR Manager. For example, there is general agreement that HR practitioners need a good knowledge of business (Ulrich et al 1995, pp. 473-495). HR practitioners also need to be 'experts in their specialty and be able to deliver state of the art innovative HR practices (Ulrich et al.1995, pp. 473-495). It is also acknowledged that HR practitioners can also manage change (Ulrich et al 1995, pp. 473-495) and (Beer 1997, pp. 49-56)

What is difficult to ascertain is the weighting of the relevant competencies – it is not simply the possession of such competencies but rather their mix and exactly how they are integrated into the workplace that is of paramount relevance. Research by Ulrich et al (1995), using data from over 12,000 associates of HR professionals in 1,500 businesses in 109 firms in the USA, suggests that knowledge of business competencies explains 18.8% of the overall performance of HR professionals, functional expertise explains 23.3% and management of change explains 41.2% (Monks & Buckley 2004, pp. 41-56). The results underscored HR's new strategic role at the close of the twentieth century. Specifically, the researchers observed a dramatic increase in the amount of time that HR professionals devoted to strategic issues and a relative decline in the time they allocated to more traditional issues (Ulrich et al 1995, pp. 473-495).

The research conducted by Ulrich et al (1995) raised questions in relation to the whole area of the required competencies such as the need to identify the business conditions under which different HR competencies became important and how the competencies of HR professionals evolve over time. It is important to remember that the focus of this research by Ulrich (1995) was aimed primarily at understanding how HR professionals might become business partners – not all organizations may in fact need a HR business partner role so just as it is important to contextualize the competencies in terms of the operating climate so too is it important to examine the role HR plays in the organization. In this context it may be useful to examine research carried out Blancero et al (1996, pp. 383-403) in the USA which focused on the future roles of HR professionals. The conclusion of that study was that "HR managers and professionals require a broad arsenal of competencies, but all require only a relatively small subset of core competencies. Beyond these, what is required depends on the roles to which these individuals are, or will be, assigned. In 1997-1998 additional data was added to the same study which

showed that two further domains of HR competencies which could be identified – that of Culture Management and Professional Credibility (Brockbank, Ulrich & Beatty 1999, pp.111-118).

In order to either corroborate or otherwise the results of Ulrich et al's (1995) study a research programme to assess the role of meta-abilities in HR roles began in 1997 when a new Masters in HR Strategies programme was initiated at a university business school in Ireland. The study was designed to measure whether or not participants perceived changes in their competencies over the two-year timespan of the programme and to identify the ways in which they utilized these competencies within their work organizations (Monks & Buckley 2004, pp. 41-56). The study certainly confirms that the key competency of managing change as emerges in Ulrich's (1995) study is one that is crucial for HR managers. While Ulrich's (1995) analysis focuses on the skills that the HR Manager needs to acquire, HR Managers may need to concentrate first on understanding and knowing about the skills and abilities they already possess or lack before they can attempt to take on new roles (Monks & Buckley 2004, pp. 41-56) This certainly seems to reinforce the view of Senge (Senge 2003, pp. 47-50) who suggested that "the fantasy that somehow organizations can change without personal change, and especially without change on the part of the people in leadership positions, underlies many change efforts doomed from the start".

In their book 'The HR Scorecard' the authors Becker, Huselid and Ulrich (2001) all talk about the five competencies as Ulrich et al (1995) established. They further this discussion by talking about another sixth competency – that of Strategic HR performance management and by that they mean that the process of orchestrating the firm's strategy implementation through balanced performance measurement systems. The ability to implement balanced performance measurement systems, such as the Balanced Scorecard, is essential for this competency. This competency can be divided into four dimensions as below:

- Critical causal thinking
- Understanding principles of good measurement
- Estimating Causal relationships
- Communicating HR strategic performance results to senior line managers specifically HR Managers need to understand what questions managers outside HR want answered and how the results of your strategic HR measurement system will supply the answers to those questions (Becker, Huselid and Ulrich 2001, p. 170).

Such a framework as the one outlined above will also serve as a tool for assessing HR performance – HR professionals should be assessed like any other organizational leader and the introduction of a HR Scorecard will allow such an assessment.

The authors conclude that most firms are already demonstrating acceptable levels of technical HRM competencies and effectiveness, noting that traditional HR skills have not diminished in value, but simply are no longer adequate to satisfy the wider strategic demands on the HR function (Becker & Huselid 1998, pp. 53-101).

Yet being strategic must surely be more than being experienced in business or possessing the necessary skills – it must also be about having the self-confidence to be able to deliver and contribute to a firms agenda. The acquisition of skills alone will not ensure that a HR professional is able to contribute at that level. Often lack of skill can be accompanied by a lack of self-confidence to comfortably play at a more strategic level (Ulrich, Younger & Brockbank, 2008)

What is important to remember through the gathering of all literature in the area of Strategic HRM is that HRM is not Lycra (Wright & Brewster 2003, pp. 1299-1307). That is to say that no "one size fits all". For example, when trying to make international comparisons in relation to best practice HR different contexts have different views of, and arguably different approaches to what is good practice in HRM (Brewster 1999). In a world where there is increased pressure on organizations to become more competitive

one needs to remember that as organizations copy each other's practices, the competitive advantages of doing so diminish. . The challenge for HR practitioners is to handle the complex reality of ensuring both adherence to organizational principles and sensitivity to local circumstances (Wright & Brewster 2003, pp. 1299-1307).

# Section 3 Research Methodology

# Section 3.1 Research Aim

To what extent is the current HR function operating at a strategic level within the pharmaceutical industry.

# Section 3.2 Research Questions

- 1. To what extent are the HR Professionals considered to be Business Partners.
- 2. To examine the structure of the HR department and the impact that has on ability to be able to act strategically.
- 3. To examine the competencies required to be able to operate at a strategic HR level from both a management and HR perspective.
- 4. To examine the extent to which HR professionals have the freedom to act strategically.

#### Section 3.3 Theoretical Perspective

Gill and Johnson (Gill and Johnson 2002, p.173) developed a framework highlighting the different methodological approaches used when contemplating a research project and this framework had 2 dimensions;

(1) Whether human subjectivity is recognized or ignored.

(2) Whether what is being researched is thought to have an objective existence (realism) or focuses on the subjective meanings that individuals and societies use to make sense of their world.

Three of the distinct research processes found in the framework by Gill and Johnson which dominate literature and are claimed to be of supreme importance to understand :

- Positivism
- Interpretvism
- Realism

There are those who have argued that the way a person thinks about the development of knowledge can impact the way they decide to undertake research (Saunders, Lewis & Thornhill 2003, p. 83). Such approaches are paradigms about how to understand the world we live in. None can be proved or disproved as right or as wrong. (Kane & O'Reilly-De Brun 2001, p. 9).

## **Positivism Philosophy**

"Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond." (Bryman & Bell 2007, p.28).

The term "Positivism" was borne in the nineteenth century by August Compte (1798-1857) and it has a tendency to be the term that we all know as it forms the basis of modern science (Kane & O'Reilly-De Brun 2001, p. 9).

Positivism is based on the assumption that reality exists: it is 'out there'. (Kane & O'Reilly-De Brun 2001, p. 28).

It was a statement about the power of science and of rational thought to comprehend and manipulate the world. (Fisher 2007, p.17). It holds the thought that human beings and their actions can be studied as objectively as the natural world. The relationship between the researcher and nature is dualistic i.e. the researcher does not have to be part of nature – they can stand apart and observe objectively. (Kane & O'Reilly-De Brun 2001, p. 29).

"Positivism" was borne out of the intention to predict behavior with absolute certainty. There are of course limitations to the use of the positivist philosophy in that it can really only be used to gauge the average behavior not the behavior of the individual (Kane & O'Reilly-De Brun 2001, p. 28).

#### **Interpretivism**

Interpretivism is taken to denote an alternative to the positivist orthodoxy that has held sway for decades (Bryman & Bell 2007, p.31). It is predicated upon the view that a strategy is required that respects the differences between people and the objects of the vertical scale because researchers who take this position believe that reality is socially constructed (Fisher 2007, p.15). This ultimately means that our understanding of "reality" is not a simple account of what is. In other words inteprevisits must understand the subjective reality of those that they study in order to make sense in a way that is meaningful for these research participants. (Saunders, Lewis & Thornhill 2003, p. 83)

#### <u>Realism</u>

Realism shares two features with positivism: a belief that the natural world and the social sciences can and should apply the same kinds of approach to the collection of data and an explanation and a commitment to the view that there is an external reality to which scientists direct their attention. (Bryman & Bell 2007, p. 35) There are 2 major forms of realism:

- (1) Empirical Realism
- (2) Critical Realism

Realists do believe that a worthwhile attempt can be made to fix subjects and treat them as if they are independent variables. Realists want to discover the mechanisms that bring about events and they are concerned that their theories should be verifiable and have some general ability. (Fisher 2007, p.19). Realists are less likely to offer predictions. Ultimately the realism philosophy is based on the belief that a reality exists that is independent of human thoughts and beliefs (Saunders, Lewis & Thornhill 2003, p. 83).

### Section 3.4 Research Strategy

Bryman and Bell (2007, p.28) describe in great detail the two distinct clusters of research strategy; the inductive and the deductive approach which are both normally linked to either quantitative or qualitative research. The following table visually displays these two distinct clusters;

Figure 1.3

	Quantitative	Qualitative
Principal orientation to the	Deductive; testing of theory	Inductive; generation of
role of theory in relation to		theory
research		
Epistemological orientation	Natural science model, in particular positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

(Source: Bryman, A and Bell, E., Business Research Methods, page 28)

Traditionally quantitative and qualitative research strategies have been described as two distinct opposing approaches to research (Brannick & Roche 2001, p. 2).

Typically it has been stated that quantitative researchers deal with numbers while qualitative research deal with experience and meaning.

A clearer more accurate portrayal of the differences are as described below:

"Quantitative research typically focuses on the links among a number of clearly defined and measured attributes involving relatively few cases". (Brannick & Roche 2001, p. 2). Both involve a systematic interplay between ideas and evidence.

Using the table as outlined above and accordingly to Bryman and Bell (2007, p.28) quantitative research can be construed as a research strategy that emphasizes

quantification in the collection and analysis of data. It normally entails a deductive approach to the relationship between theory and research.

By contrast, qualitative research can be construed as a research strategy that usually emphasizes words rather than the quantification in the collection and analysis of data. In some areas of social research, the qualitative-quantitative distinction has led to protracted arguments with the proponents of each arguing the superiority of their kind of data over the other (Trochim 2006 as accessed 15<sup>th</sup> September 2007). The quantitative types argue that their data is hard, rigorous, credible and scientific. The qualitative proponents counter that their data is sensitive, nuanced, detailed, and contextual (Bryman & Bell 2007) These types of arguments obscure the fact that qualitative and quantitative data are intimately related to each other i.e. all quantitative data is based upon qualitative judgments; and all qualitative data can be described and manipulated numerically.

As also outlined above, the philosophy of science has produced useful principles which enable us to understand science and forms of explanation. (Brannick & Roche 2001, p.4). They are:

Deductive tradition

Inductive tradition

It's important to fully comprehend which principle/tradition the research project will be following at the outset. For that reason both traditions are explained in more detail below.

The deductive approach relies on the covering-law model of science. This approach argues that "what is crucial is the development of scientific knowledge, not the sources of the theories but the process by which those ideas are tested". (Brannick & Roche 2001, p.4)

"It involves the development of a theoretical structure or framework prior to it's testing through empirical evidence" (Brannick & Roche 2001, p.4).

29

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Most research is guided by theory, just as someone seeking to get to an unfamiliar place is guided by a map or a set of directions (Kane 2001, p.35). The consideration of theory in relation to not only the gathering of information but how it relates to what you are trying to 'prove' is important to understand. A theory is an organized, testable set of concepts, which attempt to explain or predict a social phenomenon. There are two main theories connected to research:

<u>Inductive Theory</u> – this consists of carrying out the research first the results of which are then used to construct a more abstract explanation or prediction. Inductive reasoning moves from more specific observations to broader generalizations and theories and is sometimes referred to a bottom up approach. Inductive reasoning is open-ended and exploratory, especially at the beginning (Trochim 2006, as accessed on the 18<sup>th</sup> August 2007). Inductive theory is more concerned with phenomenological approaches. Teresa Brannick (2001, p.2) goes on to say about this approach that "the researcher operating within the Inductive Approach must attempt to enter the culture of the phenomenon under investigation by learning to speak its language and by sharing its vision".

Within this approach it is preferable for the researcher to enter the research site with few or no theoretical preconceptions.

<u>Deductive Theory</u> – When utilizing this method the theory is created initially, that is, an abstract explanation or idea as a kind of blueprint for selecting what you want to examine or test. This form of theory is most traditionally associated with science and positivism. Deductive reasoning works from the more general to the more specific and is sometimes referred to as the "top-down" approach. It is considered narrower than Inductive Theory and is primarily concerned with testing or confirming hypotheses. (Trochim 2006, as accessed on the  $18^{th}$  August 2007). The deductive approach attempts to understand social reality by interpreting the meanings shared by the social group. (Brannick & Roche 2001, p. 4).

Such an inductive approach utilizing qualitative data will assist with the overall objective of this research project in terms of gaining an understanding of whether or not the current HR functions of 4 selected pharmaceutical companies are operating at a strategic level. The collection of qualitative data will allow such insight; specifically the use of Focus Groups will assist with this.

#### Section 3.5 Research Design

Through the examination of a number of different research design techniques it quickly became evident which would be the most appropriate to use for this particular research question and objectives. These include:

- (1) Interviews structured interviews
- (2) Focus Groups

The rationale behind employing this research design was due primarily to the accessibility of the HR professionals and General Managers from the selected plants. It was also felt that personally interviewing both groups of people that each would have a clear understanding as to the impetus for this particular research project. This was especially important given that most HR professionals would view their work as being certainly strategic and value adding. Given also that asking a HR professional to rate the quality of their work is in itself a sensitive subject the personally introducing each question and the recording of same would help achieve a more realistic analysis. The focus group was an easy way to facilitate an open discussion around SHRM and the obstacles many HR professionals face in their quest to achieve same.

The primary research would be qualitative, quantitative and cross-sectional in design. In order to try and satisfy the overall objective of the research study it was decided to interview four HR professionals in leading pharmaceutical companies in order to ascertain their level of strategic input. The same questions would be asked of the CEO's/MD's.

Interviews are often considered the best data collection method. (Ghauri et al. 2005, p. 132)

When deciding to conduct an interview the following was taken into consideration; Access – it was decided that the best way to conduct the interviews with the HR professionals was to do so at a pre-arranged meeting of Pharma-Chem Ireland HR working Party.

The Pharmaceutical plants that were chosen to participate in the research project were broadly the same in size, the HR structure was the same and that the HR practices were size driven as opposed to being corporate lead.

There is a wide array of literature available which discusses the advantages of using either a structured, semi-structured or unstructured interview technique. The aim of a structured interview is for all interviewees to be given the same context of questioning with the ultimate goal being to ensure the aggregation of all the interviewees replies. (Bryman & Bell 2007, p.210). The above type of approach will ensure that variation in people's replies will be a 'true' and 'real' variation (Bryman & Bell 2007, p.210) and not due to the interview context. One of the most important aspects of the structured questionnaire is the issue of variability and can be as a result of two things i.e. *intra-interviewer variability* and *inter-interviewer variability*. Intra-interviewer variability is when an interviewer is not consistent with the way he or she asks the question(s) and/or records the answers. Inter-interviewer variability is when there is more than one interviewer and again the way the questions are asked and/or the way in which the responses are classified are inconsistent with each other. (Bryman & Bell 2007, p. 210).

What is difficult to measure even though the use of a structured questionnaire approach are respondent's beliefs, perceptions and attitudes and one of the ways that researchers have discovered one of the ways to measures such attitudes is through the use of selfreport attitude scales. The attitude scale most appropriate to this research paper is the multi-trait attitude scale. Teresa Brannick (2001, p. 35) describes such multi-trait attitude scales as follows:

"In a multi-trait attitude scale a respondent answers a series of statements or items relevant to an attitude object and a cumulative score based on the responses to the scale items is assigned to individual respondents".

The Likert scale is one of the most common forms of the multi-trait attitude scale and one which will be used in this research paper. When conducting such a questionnaire two criteria must be borne in mind:

- 1. The items must reflect the attitude being measured.
- 2. The total set of items must differentiate people who hold different levels of the attitude.

It is for the reasons outlined above as to why a semi-structured approach would best suit the needs of this research paper. The questionnaire being used has been designed by Dave Ulrich (1997) and Jill Conner and is entitled Human Resource Role-Assessment Survey (Ulrich 1997, p. 49). The survey will explore the different *roles* that the HR function may play within the business and will ultimately prove which of the four roles (i.e. Strategic Partner, Administrative Expert, Employee Champion or Change Agent) is most common to the HR function within the pharmaceutical industries being surveyed.

#### Section 3.6 Sampling

In order to ensure that the aforementioned survey would provide the results that it was intended to it was decided to send a sample of same to a number of HR professionals and General Managers both inside and outside the pharmaceutical sector. The idea behind the sampling process is to test the questionnaire, the reaction of the respondents and the researcher's procedures for carrying out the survey. The advantages of this means testing the acceptance of the questionnaire as there may well be some reluctance to divulge information on the particular subject matter. (Brannick & Roche 2001, p. 34). This point

is of particular importance in this research paper as HR professionals are ultimately being asked on the role they are performing and not what they feel they *should* be performing.

### **Focus Groups**

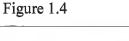
Focus groups, as a data collection method, can take many different forms but for the purposes of this research paper it has been decided to use the focus group as a discussion forum.

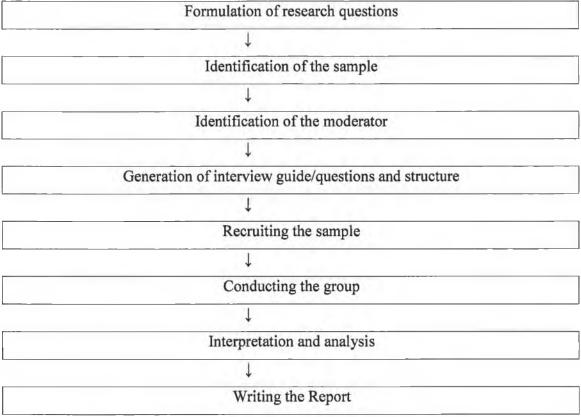
The term Focus Group means a small group of people interacting with each other to seek information on a small (focused) number of issues. (Ghauri et al 2005, p.140).

The role of the interviewer is key in managing a successful focus group meeting and therefore must properly think through the structure and nature of direction in relation to the research questions and purpose.

Focus groups are frequently used in quantitative research, which can only be done in an unstructured setting (Ghauri et al 2005, p. 141).

The following is an example of the steps normally taken in conducting a focus group.





(Source: Ghauri et al 2005, p. 143)

## Advantages of using a Focus Group

The focus group is a quick, flexible and inexpensive method of data collection. It allows the researcher to interact directly with the respondents and to react and build upon the discussion as it goes. Focus Groups produce very rich and in-depth data expressed in respondents' own words and reactions, which is normally difficult to obtain using other methods such as surveys. (Ghauri et al 2005, p. 141)

#### Disadvantages of using a Focus Group

Whilst there are the above advantages of using a Focus Group as a method of data collection it is not without its disadvantages. The main disadvantage is that it can be very difficult to summarize and categorize the information gathered. In the case of the unskilled moderator it will be difficult to get really useful information. (Ghauri et al 2005, p. 142). What is also important for the moderator to remember is that it is likely that individuals may feel more inclined to give responses that other members of the group may give or indeed feel that they have to alter their responses to match those of the rest of the group. The moderator also needs to be careful that they don't bias the results unintentionally or otherwise.

With a view to try and eliminate some of the above disadvantages it has been decided that for the purposes of the research paper that there will be a third party present at the focus groups to ensure that all data is captured. It is anticipated that the HR managers present will talk about what they do, the obstacles they face, the issues that they have on a daily basis and give examples of their greatest strategic achievements.

### **Interview Ouestionnaire**

First initial questions within the questionnaire related to the company specifics ie. Company size, reporting structure, no of employees, unionized or not.

## **Participants**

For the purpose of this research paper there was an awareness of issues that surround HR practice in organizations and the fact that mainly pharmaceutical companies have origins in the US or elsewhere which impacts on how the HR agenda is driven in Ireland. It was

therefore important to select companies equal not only in size but similar in relation to the management of HR in general. To that end 4 pharmaceutical companies were chosen.

Company A is an Italian owned multi-national with one site in Ireland. The plant headcount is circa 120 and the HR department consists of staffing level of 2.

Company B is an American owned multi-national again with one site in Dublin. The plant headcount is circa 90 and the HR department consists of a staffing level of 2.

Company C is a Swiss owned multi-national with two sites side by side in Dublin. The headcount of both sites is circa 185 and the HR department has a staffing level of 1.5.

Company D is a global pharmaceutical company with several small sites in Dublin. The facility which took part in this survey had a plant size of circa 110 and has a staffing level of 2.

The study will combine both a quantitative research methodology, namely the structured survey questionnaire and qualitative research methodologies, namely the in-depth focus group discussion which will ultimately result in research triangulation. The use of triangulation can be quite common within business and management research where attempts are made to cancel out the limitations of one method by use of another in order to cross check the findings (Bryman & Bell 2007, p. 59). Increasingly, triangulation is also being used to refer to a process of cross checking findings deriving from both quantitative and qualitative research (Bryman & Bell 2007, p. 143).

As supported by Bryman and Bell (2007, p. 144), it is argued that triangulation creates an opportunity to develop a more complex picture of the reality of SHRM within the pharmaceutical sector thus increasing the validity of the research and its findings.

## Section 4 Research Findings

#### Section 4.1 General

The questionnaire was personally issued to four pharmaceutical companies all similar in size both from a plant perspective and from an HR perspective. From each company both the Head of HR and the General Manager/Managing Director completed the survey. The following section details the results from both the HR and Management perspective and will set out ultimately to show whether the original hypotheses is founded or not i.e. is the role of HR within the Pharmaceutical industry truly strategic or is that in fact total rhetoric. The questionnaire was inclusive of both the closed questions (Quantitative) and the two additional open ended questions (Qualitative) which were added with a view to gaining an understanding into what were the perceived areas of competence for HR professionals from both the GM/MD perspective and the HR perspective. The second open ended question is related to the perceived obstacles that currently prevent the HR professional from being recognized as being a true business partner again from the viewpoint of the differing managerial viewpoints. The sample size is sufficiently large to be used as a basis for the conclusions drawn, however further studies would have to be done to conclude that this sample is representative of the pharmaceutical industry overall.

Questions 1, 5, 9, 13, 17, 21, 25, 29, 33 and 37 all examined the Strategic Partner aspect to the role.

Questions 2, 6, 10, 14, 18, 22, 26, 30, 34 and 38 all examined the Administrative Expert aspect to the role.

Questions 3, 7, 11, 15, 19, 23, 27, 31, 35 and 39 all examined the Employee Champion aspect to the role.

Questions 4, 8, 12, 16, 20, 24, 28, 32, 36 and 40 all examined the Change Agent Aspect to the role.

It was considered the best way to try and gather the results were to do so from both a questionnaire perspective and from a Focus Group perspective. The Focus group were able to conduct a meeting following a HR Pharam Chem Working Party and the results of this meeting have been charted against the four quadrants of Ulrich's (1997) model i.e. Strategic Partner, Employee Champion, Administrative Expert and Change Agent. Discussions were held around each quadrant and the results can be seen in.

For the purposes of the hypotheses I have decided to focus on the results that could be best served to provide an answer. A complete overview of the results can be found in Figures 1.6 - 1.9.

### Section 4.2 Research Findings - Personal Interviews

The multi-role assessment model provides an assessment of each of the four quadrants of Ulrich's (1997) model. Ulrich (1997, p. 37)) has argued that for a HR professional to be a true 'strategic partner' they have to be accomplished in all four quadrants. He furthers this argument by stating that in actual fact if HR professionals want to be perceived as being truly involved in business then they should align themselves to being that of *Business Partners*. Dave Ulrich (1997, p. 39) defines the term *Strategic Business Partner* as the following:

Business Partner = Strategic Partner + Administrative Expert + Employee Champion + Change Agent

Each one of the four roles is essential to the overall partnership role and the multi role assessment of same ensures there is a clear and transparent understanding of how each quadrant is currently being performed and any address any issues which depict why some aspects aren't being performed as they should. The survey operationalizes specific descriptors of HR concepts, activities and practices for each role and tabulating the results as shown yields a profile of HR quality of each. This assessment, which can be done at the corporate business unit, or plant level, will define the roles as currently played within a business (Ulrich 1997, p. 39).

The scoring makes provision for two kinds of information. Firstly, the total score for all four roles (ranging from 50 to 200) constitutes a general assessment of the overall quality of HR services within a business. Total scores above 160 may be considered high, indicating a perception of high quality in the delivery of HR services. Total scores below 90 indicate HR services perceived as being of low quality overall.

Secondly, the allocation of the points among the four roles indicates the current perception of the quality of HR services for each, providing a picture of the HR function that allows a business to evaluate it more effectively. Most companies that have collected these data scored higher in the operational quadrants and lower in the strategic quadrants, a result consistent with traditional HR roles (Ulrich 1997, p. 39).

By using the HR role assessment survey, businesses can identify areas in which the HR function is growing weaker or stronger in each role.

For example, we can see that from the results score card which questions relate to each quadrant of the model and we can therefore see clearly which areas are scored highly amongst the HR professionals and then rate them against the those scores of the same areas as given by the General Managers. Before examining each quadrant in turn it's probably important to examine the overall scores from both a HR and GM perspective for each Company.

Company A HR	100
Company A GM	135
Company B HR	135
Company B GM	130
Company C HR	142
Company C GM	153
Company D HR	150
Company D GM	153

Whilst the above results may not show either a below 90 score which would be indicative of a low quality HR function neither are they proof that there is an excellent quality HR function among the four companies that were examined.

What is interesting to note is that in all the companies with the exception of Company B the GM's had a more positive view of the overall quality of the HR function than did the HR Managers who completed the survey. It is interesting therefore to further analyze each role in turn and compare and contrast the results with those of the General Managers.

## Section 4.3 Relevant Areas of Competence Results

Relevant areas of Competence for HR professionals working within the Pharmaceutical Industry as reported by *HR Professionals*:

- Business Acumen
- Interpersonal Skills
- Leadership skills
- Employee and Industrial Relations skills
- Change Management skills

Relevant areas of Competence for HR professionals working within the Pharmaceutical Industry as reported by *General Managers/Managing Directors*:

- Business Acumen in relation to the pharmaceutical industry
- Leading and Managing change
- Performance Management
- People development

Reported HR obstacles to achieving true strategic partner status:

- Lack of alignment with senior leadership in relation to the role of HR i.e. at lot of managers perceive the HR department as being there to service their needs and the needs of the people and therefore they aren't seen to be 'players' in the strategic sense of the word
- Lack of resources from a HR perspective i.e. low ratio of HR staff to workload
- Insufficient HR systems this has an impact on the workload within the HR department for example a poor time management system can impact greatly on the amount of work involved in running a payroll
- Being reactive rather than proactive time is a huge issue for HR professionals in that their current workload of basic admin related duties means that they simply do not have the time
- Poor Management capability i.e. HR professionals rely on managers to drive issues such as performance management but too often they lack the key skills necessary to achieve same.

#### Section 4.4 Obstacles preventing strategic status partnership role Results

Reported GM/MD obstacles to achieving true strategic partner status:

- Lack of specific scientific knowledge in relation to the pharmaceutical industry
- HR professionals are too focused on the mechanics of HR
- Perception of HR from other managers i.e. they are not seen as partners in the achievement of the business strategy.
- HR, within the pharmaceutical industry, is not seen as core department of the business unlike other departments such as engineering or production.
- Lack of operational 'know-how' means that HR involvement in issues such as lean manufacturing principles and the execution of same is limited as a result.

#### Section 4.5 Focus Group Results

Myers (1997) argues that the goal of understanding a phenomenon from the point of view of participants or within a particular context is largely lost when textual data is quantified. In this study, extensive notes taken during the focus groups formed the raw data. The method for analyzing the qualitative data assisted in looking for patterns in the results. The quotations and evidence were then organized in support of Ulrich's (1997) four box model.

The HR professionals who were invited to complete the interview with myself were equally invited to attend a Focus Group meeting to discuss the implementation of a strategic HR strategy within their companies. It was also an opportunity to discuss the key challenges facing the HR departments within the pharmaceutical companies and how they have been overcome.

#### Strategic Partner

- Lack of involvement in formulation of business plans.
- Lack of clear understanding about what being strategic really means and what it does entail.
- Being strategic means different things to different people need some clarity around this issue for each individual plant.
- Challenge to ensure that all members within the management team see the HR professional as someone who is strategically involved in the business.
- Actual status of the HR head in that they aren't part of the senior management team and don't have a direct line of report to the plant manager. This is impactful in the sense that the reality is that the majority of the HR work is akin to that of an administrative expert and is perceived to be as much by the rest of the admin team.
- Nervous feelings about the expectation to act strategically no previous exposure to business management roles.
- My job in HR has meant that I have been involved in the delivery of the process concerning such things as Performance Management but I've never lead or managed a team of people.

### <u>Admin Expert</u>

- A lot of bureaucracy that is still surrounding a lot of the basic HR activities.
- Outsourcing is something that HR would consider but the battle is convincing GM's that this is a viable option both from a maintaining service perspective and the cost outlay that would be involved.
- Managing Absence something that appears to be 'owned' by HR and not by the line management therefore a lot of HR's time is taken up on this matter.

- Payroll Management is an absolute necessity but not one that is recognized as such by the rest of the management team.
- Performance management a lot see this as something that is owned and driven by HR thus making it appear almost like a paper pushing exercise throughout the plant.

#### Emplovee Champion

- The amount of time that is spent with dealing with simple staff issues and queries that could easily be resolved by line managers.
- The continuous measurement of productivity and the attempts made to continuously improve same make it difficult to get away from the metrics of the plant and getting involved with more strategic issues.
- Reward a lot of time is spent on continuously finding innovative ways of improving same.
- The sports and social club the expectation is that this is owned and driven by HR yet with no further involvement from any other member of the management team.
- HR is not part of the senior leadership team so employees would rather seek clarity from other members of the management team than go directly to HR.

### Change Agent

• Lately there has been an increased amount of activity in terms of communicating new changes to the staff where the involvement of HR has been key

- Grasping the new lean manufacturing principles which have been introduced without the involvement of HR has been difficult especially since HR is expected to have a full understanding of same and thus be able to recruit for accordingly.
- HR's involvement in change is simply the rolling out of any company announcements or initiatives HR do not get involved with any of the preparatory work which undermines HR's credibility
- Managers do not realize the limitations of HR's experience and expect that their involvement in issues should be confined to those such as payroll, recruitment and reward

#### Section 4.6 Validity and Reliability

Validity refers to the problem of establishing whether the data collected presents a true picture of what is being studied (Ghauri et al 2005, pp. 81-85). Validity in research therefore deals with the accurate interpretation of the results (internal validity) and the general application of the results (external validity).

The reliability of research concerns the consistency of the methods, conditions and results. If the method of data collection is reliable, the research would yield the same results if repeated.

While the sample size was adequate for the purposes of this study, it was very small in relation to the overall population size and I cannot therefore assume that the responses are representative of the experiences of the overall population.

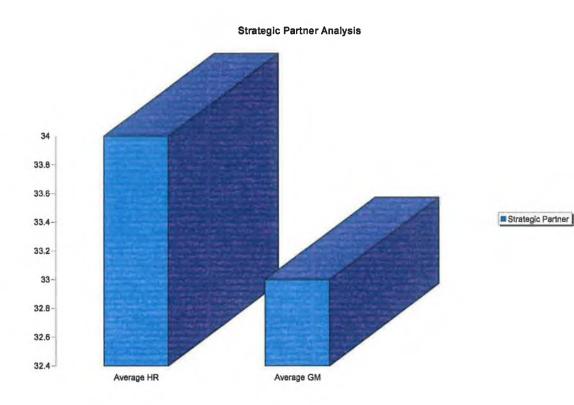
## Section 5 - Research Analysis

## Section 5.1 Analysis of the Strategic Partner role

The following detail the results of the Strategic Partner element of the Multi-role assessment model.

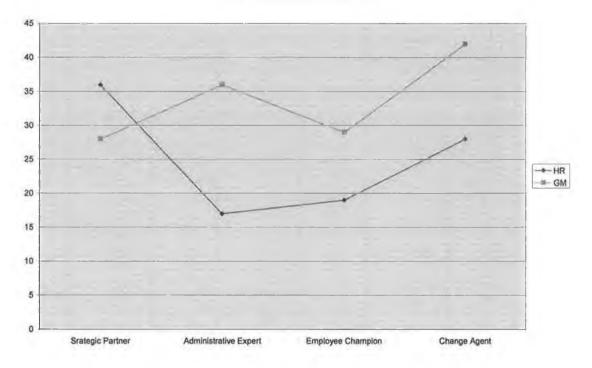
Company A HR	36/50
Company A GM	28/50
Company B HR	33/50
Company B GM	25/50
Company C HR	25/50
Company C GM	30/50
Company D HR	41/50
Company D GM	35/50

The chart below details the average HR and the average GM response to the Questions that were related the to Strategic Partnership Role



The strategic questions are intent on examining the level of activity that HR professionals have in aligning HR and business strategies and also setting HR priorities for the business entity. What is interesting to note in this section is that in all cases with the exception of Company C all of the HR professionals scored themselves higher in the role of strategic partner than that of the General Managers. The results show that the HR Managers feel their levels of strategic input vary – Company C for example only shows itself as scoring 25 out of 50 compared to Company D where they scored themselves as being 41 out of 50.

#### Multi-Role Assessment Overview



The above graph details clearly the average results of all roles but equally shows the difference of opinion between the HR professionals and their managers in relation to their strategic input.

If the results of the question relating to the obstacles faced by HR professionals in terms of becoming strategic partners are examined in line with the above they would show that the HR explanations as to why they aren't fully strategic range from:

- Lack of alignment with senior leadership in relation to the role of HR i.e. a lot of managers perceive the HR department as being there to service their needs and the needs of the people.
- Lack of HR resources the size of the HR department and their workload prevents them from being fully strategic.
- Lack of HR resources and workload has an impact in the sense that the HR department ends up being more reactive than proactive.

Poor Management Capability – the HR professionals felt that their reliance on managers to drive issues such as performance management but too often they lacked the key skills necessary to achieve same.

From a General Manager perspective these results were:

- > Lack of specific knowledge in relation to the pharmaceutical industry.
- > HR professionals are too focused on the mechanics of HR.
- Perception of HR from other Managers i.e. they are not seen as partners in the achievement of the business strategy.
- HR, within the pharmaceutical, is not seen as a core department of the business unlike other departments such as engineering or production.

From a Focus Group perspective the HR professionals felt that their lack of true strategic partner status stemmed from the fact that they were simply not involved in the formulation of business plans and therefore the perception that people held of them was not of that standing. The comments below are the results from the Focus Group that pertain to have the most relevance to the Strategic Partner Analysis:

- Lack of understanding about what being strategic really means and what it does entail.
- Being strategic means different things to different people need some clarity around this issue for each individual plant.
- Nervous feeling about the expectation to act strategically no previous exposure to business management roles.

The literature tells us that when it comes to strategic HRM we can assume that being strategic means being involved in focusing on the performance of the organization vis a vis the performance of individuals (Purcell 1995, pp. 63-86). If we attempt to correlate the responses from the focus group we can identify some issues that would give rise for comments as ways to explain away the lack of strategic integration on the part of the HR

professionals. For example, the most pressing concern among the HR professionals was their understanding of what being strategic actually entailed – and how did they know to act strategically. One HR professional spoke about a mandate that she was presented with from her General Manager whereby she was informed that she needed to prepare a 'strategic HR business plan'. Her confusion reigned supreme in that she claimed she hadn't a clue where to start and was not offered any direction or supporting this regard. This was made worse by the fact that her experiences in business matters outside of HR were limited. We know from Lawlor (1995, pp.46-70) that experience within a broader business context is necessary in order to be able to act strategically.

Dave Ulrich (1997) talks about the fact that it is critical to the success of the organization that they appoint business focused people into their HR function. This view was supported by some of the other HR professionals in that 100% of those questioned felt that their lack of experiences in the business world outside of HR puts them at a disadvantage when pitched against other senior managers – it certainly didn't help when they attempted to be taken seriously and made them be concerned over their own credibility.

Another factor which impacted on the HR department's ability to be able to act strategically was the size of the HR department and the reporting structure i.e. 75% of the respondents reported into the GM with the other 25% reporting into the Finance Manager. Those who did report directly to the GM felt that they had more credibility amongst the rest of the senior leadership team and therefore more of an opportunity to be able to make a difference and ultimately plan and implement the HR agenda.

Conversely what the HR professionals also said was that in their careers in HR their abilities to become more strategic and depended vastly on their opportunities to do so. This, they said very much depended on the agenda of the GM and how much he/she valued, respected and believed in the HR agenda. We know that Wayne Brockbank (2001) clearly identified the emerging role of HR and discussed that it's only through a well designed HR function coupled with a CEO who is passionate about people,

processes, culture and strategy will any business stand a chance of survival in an environment which is growing more difficult to compete in. This view was reinforced by Lynda Gratton when she said "people policies have to be at the heart of any effective business strategy and no longer just on the sidelines" (Gratton 1999, p.7).

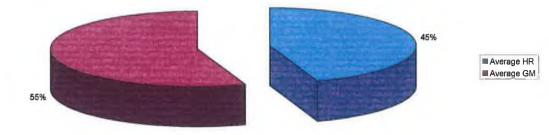
#### Section 5.2 Analysis of the Administrative Expert Role

Company A HR	17/50
Company A GM	36/50
Company B HR	37/50
Company B GM	38/50
Company C HR	42/50
Company C GM	47/50
Company D HR	35/50
Company D GM	44/50

What is interesting about the above scores is that once again the GM perspective is so very different from that of the HR professional in that all of the GM's felt that the HR's were more of an admin expert than they themselves gave credit for. The admin expert role is one that has probably evolved the most over time. In the beginning it was just about ensuring the maximum quality of delivered services, but nowadays the stress is put on the possibility to provide quality service at the lowest possible costs to the organizations.

Looking at the average results for this section clearly displays the above comments with the General Managers scoring 41/50 versus the HR professionals 31/50.

#### Administrative Expert Role Analysis



In the course of the Focus Group Meetings the HR professionals spoke candidly about the fact that the amount of administration work that they were expected to get involved in made a real difference to their overall ability to act strategically.

The workload of the HR department and the size of department ultimately also played a role in the abilities of the HR professional to act strategically and if we examine the roles of the Administrative experts and the quality of same as graded by both the HR professional and the GM its clear to see why. Ulrich, Younger & Brockbank (2008) discussed the issue of outsourcing and the benefits of same. Outsourcing, they claim, enables HR professionals to focus on more strategic work.

All of the GM's graded the quality of the HR Administrative role as being higher than that the HR professional. In the Focus Groups the HR professionals spoke about the amount of transactional work that they still had responsibility for and how they felt that was holding them back in relation to playing a more strategic role. Given that 50% of the HR population surveyed managed the payroll process gives this response some credence.

We already know that it is through focus on transformational work which assists HR in adding to the bottom line (Caudron 2003). 50% of the respondents also felt that whilst there was clearly a huge focus on strategic HR they weren't sure that either their manager or even other senior managers understood what it meant to be strategic hence the reason why they were offered no support or direction re same.

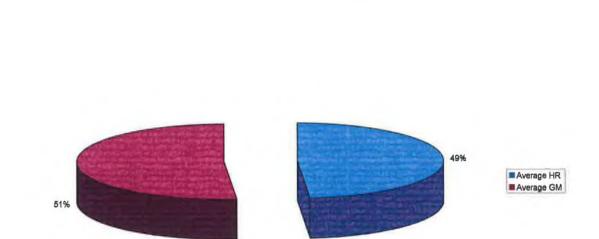
It has long been argued that getting rid of routine transactional tasks allows HR professionals to focus on the kind of transformational work that helps the bottom line (Becker, Huselid and Ulrich 2001). The HR's feel that the have become associated with the bureaucratic world of HR and are therefore perceived, yet again, amongst the management team as being a highly paid administrator and therefore a player and certainly not part of a department that actually adds value to the bottom line. This concept was reinforced in the questionnaire whereby one GM remarked on the fact that "the HR department is not seen as a value adding department unlike production or engineering to the rest of the plant". One surely must question the role that the GM has in maintaining that perspective. This view isn't aligned to that of Ulrich's (2001) in his article "From Partners to Players" whereby he stated that HR needed to become players and that they have the possibility of doing so through their HR work - the difficulty clearly arises in being seen to be a player and ultimately having the time and support to do so. The CIPD (2007) survey examined the role of the HR professional against the same study conducted in (CIPD 2003) and the results were clear - the division of people management responsibilities between HR and the line was largely unchanged despite HR's wish to have more work transferred to the line managers. The study found that the principal reasons for HR's lack of success in achieving greater transfer of tasks to the line appear to be line manager priorities, their skills, the time available to them for people management tasks and poor manager self-service (CIPD 2007, p.5).

## Section 5.3 Analysis of the Employee Champion Role

Company A HR	19/50
Company A GM	29/50
Company B HR	31/50
Company B GM	35/50
Company C HR	41/50
Company C GM	35/50
Company D HR	40/50
Company D GM	39/50

50% of the GM's interviewed felt that the quality of the HR professional work in relation to the delivery of the Employee Champion role was greater than how the HR professional had actually rated themselves.

Employee Champion Role Analysis



The role of the Employee Champion was probably the hardest role to capture results from within the context of the Focus Group Meetings. Whilst the above results depict a picture of an almost identical rating when this role was discussed in the forum many were unsure as to what sort of quality work they carried out in this arena. The Employee Champion role should be able to take care about the interest of employees and to protect them during the process of change within the organization. At a strategic level, Ulrich, Younger & Brockbank (2008) have reported that HR professionals often find themselves overwhelmed by operational HR work that conflicts with their main purpose and renders them unable to make more time to be strategic. They include issues such as:

- The amount of time that HR spends on resolving issues that could easily be resolved by line managers.
- The amount of time spent on finding innovative ways of improving the reward process within the plant
- > The Sports and Social club is owned by the HR department.

Given the responses above its clear to see that the Employee Champion role has become lost in translation in so far as HR professionals were unsure as how to present examples of how they feel they contribute to the business in this role and of the importance that it plays within the achieving the overall objective of Business Partner. In fact one could argue that the results as described by the HR professionals are in line with the literature in this area. For example, we have learned (Overall, 2006) that arguments have been presented in relation to the abilities of HR to achieve a balance from managing business partner responsibilities to championing the cause of employees. Certainly when one examines some of the responses within the context of the Employee Champion role against those of the strategic role one can see how the one could prevent the successful achievement of the other.

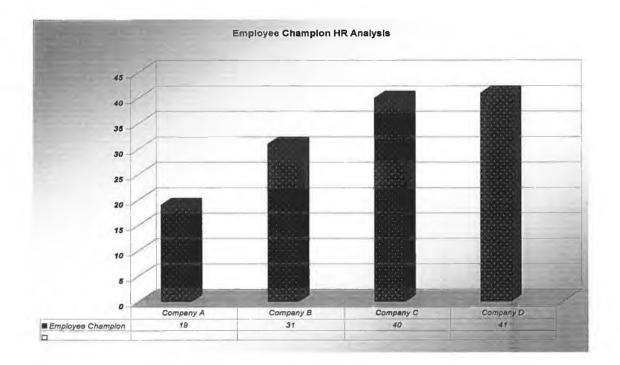
Figure 1.5

Strateg	gic Role Results	Employee Champion Role Results
≻	Lack of involvement in formulation	> The amount of time spent with
	of business plans	dealing with simple staff issues
$\triangleright$	Lack of clear understanding about	➢ Reward − thinking of innovative
	what being strategic really means	ways to improve same
Þ	Status of the head of HR	The sports and social club
Þ	How to act strategically –	
	competencies required	

Maybe therefore the reality is that HR professionals are struggling to achieve a balance between the two roles and feel that success at one is at the expense of the other. Therefore what is clear is that the amount of transactional work HR are currently involved in inhibits their overall ability to operate at a strategic level.

Maybe Tom Peters (1996) was accurate in his portrayal of the HR function in an article published in Fortune Magazine when he argued that HR seemed to be unable or unwilling to throw off its bureaucratic image and obsession with admintrivia. Whilst they recognize that their workload is preventing them from moving forward into this Business Partner role they also appreciate the world that they know and as some of the HR professionals claimed 'they feel nervous about acting strategically as they aren't really sure what that entails.

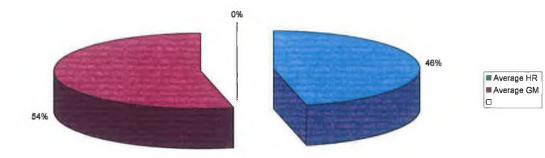
Perhaps also the point raised within the recent CIPD (2007) survey which examined the changing HR function is a valid one i.e. that HR professionals have become more interested in the collective performance of employees rather than dealing with the individual cases.



# Section 5.4 Analysis of the Change Agent Role

Company A HR	<b>28</b> /50
Company A GM	42/50
Company B HR	34/50
Company B GM	32/50
Company C HR	34/50
Company C GM	41/50
Company D HR	34/50
Company D GM	35/50

#### **Change Agent Analysis Role**



Many of the HR professionals and indeed the General Managers who contributed to this research paper identified the area of Change Management as being one of the key areas of competence for the HR profession. Indeed the results show that the General Managers rated the current quality of the Change Agent role as performed by the HR professionals as being higher than they did themselves.

Within the context of the Focus Group meetings the HR professionals spoke about the fact that they were expected to grasp the meaning and impact of lean manufacturing principles without being given a full understanding of same.

In his article 'From Partners to Players' Ulrich (1997) talks about the changing business demands and how HR are expected to contribute to a firms bottom line. Whilst this research has shown General Managers feel that the overall quality of HR's work in this regard is good, the HR population feel that they have work to do in this area before they can truly be considered change agents and therefore truly proficient.

It's also useful to draw reference to Ulrich's (1997) point when he claimed it was critical for organizations to appoint business focused people into their HR function. Perhaps therefore if the business experiences of HR professionals was increased somewhat then they would have more confidence when it comes to contributing at the change agent level.

The study conducted by the CIPD (2007) into the Changing HR function discovered that HR's change programme is disconnected from the rest of the business strategy which again reinforces the issue as raised by Shaun Tyson (1995) – that when HR and business strategies are not aligned then HR will not be in a position to be able to add value or indeed even earn a seat at the management table (CIPD 2007).

#### Section 5.5 Analysis of HR Competencies

There is general agreement that HR practitioners need a good knowledge of business (Ulrich et al 1995, pp. 173-495) and certainly the answers provided to the Question concerning competencies within the questionnaire provided the same response.

Figure 1.6

HR Stated Competencies	GM Stated Competencies
<ul> <li>Business Acumen</li> <li>Interpersonal Skills</li> <li>Leadership Skills</li> <li>Employee and Industrial Relations</li></ul>	<ul> <li>&gt; Business Acumen (Pharma</li></ul>
Skills <li>Change Management Skills</li>	Industry) <li>&gt; Leading and Managing Change</li> <li>&gt; Performance Management</li> <li>&gt; People Development</li>

100% of all HR and GM's questioned were in agreement that Business Acumen was one of the most important areas of competence. The GM's furthered the competency by being somewhat more specific – in that they specified that such business acumen must be within the pharmaceutical industry. Indeed one GM furthered this by saying that in their opinion one of the main obstacles which was preventing their HR professional from being perceived as a strategic partner was the fact that their level of knowledge in relation to the specifics of the pharmaceutical industry was limited.

From the study conducted by Ulrich et al (1995, pp.473-495) he established that not only do HR professionals need a good level of business acumen but that they also need to be 'experts in their specialty and be able to deliver state of the art innovative HR practices.

This research into the whole area of Human Resource competencies also highlighted the fact that HR professionals should be 'change able'. Interestingly, within the context of the Focus Group meeting the HR professionals expressed the fact that their involvement in any change initiatives has been from the sidelines only for example their involvement in initiatives such as Lean Manufacturing has meant ensuring that any recruitment activity is managed in line with such principles – anything other than that has been left to the rest of the senior management team.

Conversely, when one examines the results from the questionnaire in relation to the area of Change Agent one can see that 75% of the GM respondents rated the quality of the HR work in this area as higher than the HR professionals did themselves. In essence the HR professionals understand that their ability to be 'change able' as a key area of competence in relation to becoming more strategically involved and have scored the quality of their work in this arena accordingly. The GM's haven't listed this as a key area of competence and yet have rated the quality of work in this area as 'good'.

We know from research already conducted into the area of HR competencies by Ulrich et al (1995) suggests that knowledge of business competencies explains 18.8% of the overall performance of HR professionals with functional expertise explaining 23.3% and

the management of change explaining 41.2% (Monks & Buckley 2004, pp.41-56) so clearly competency is the area of change management is necessary.

What Ulrich et al (1995) research also told us which is at odds with this particular study with the field of pharmaceuticals. As a result of Ulrich et al (1995) study the researchers concluded that there was a dramatic increase in the amount of time that HR professionals devoted to strategic issues and a relative decline in the time they allocated to more traditional issues. Clearly the results from the focus group and indeed the results from the questionnaire point to a very different reality within the 4 companies being examined. This research paper highlights the fact that, if anything, the HR professionals are too focused on administration functions of their jobs and lacks the time and also the support from their GM's to enable them to act more strategically and thus be perceived to be true business partners.

During the course of the Focus Groups the HR professionals were able to talk about their 'freedom' to act strategically and whilst the majority of responses were connected to the physical attributes necessary to be able to deliver strategically one of the other emerging trends was that being seen to be strategic and having the opportunity to do so also depended heavily on the GM and on the size of the plant. In a study conducted by Blancero et al (1996) it was established that whilst HR managers and professionals may require a broad arsenal of competencies beyond these what is required depends on the roles to which these individuals are, or will be, assigned to. The same can be said about the organization and whether or not it needs or even is ready for a strategic HR professional.

Another key theme emerging in relation to the obstacles that appear to be preventing HR from acting and working more strategically is their workload. The HR professionals appear to be reporting that there is simply too much admin involved in the role whereas the GM's are claiming that HR are simply too focused on the mechanics of HR and are too interested reporting on the metrics. The HR professionals want to be able to move forward and be able to think as strategic partners and the GM's clearly want the same

thing. The question to be addressed therefore is how best to move the HR department forward and clearly this is something that both the GM and the HR professional need to agree together.

### Section 6 Conclusions and Personal Learnings

As already stated, it is difficult to draw definitive conclusions from a study of this size. However, one strong implication is that the concept of strategic HR being the working reality within the Pharmaceutical industry is clearly something that HR professionals and General Managers feel should be in existence.

Ulrich's (1997) model tells us that in order for HR practitioners to be true strategic business partners they should be proficient in all four aspects of his model i.e. Administrative Experts, Strategic Partners, Change Agents and Employee Champions. Indeed, he argues that it is the sum of these four parts that equate the HR practitioner as being regarded as a true business partner and one who is ultimately able to add value to the bottom line.

What the results of the multi-role assessment model shows is that there is no question surrounding the quality of the current HR work within any of the four companies studied. What these results do tells us is that it's the split of the work that may well be preventing the HR practitioner from being able to deliver a more strategic aspect to their role. We know that the debate centered on transactional and transformational work plays an important role in determining whether or not HR practitioners are able to become more strategic players within the organization. The results of this research both from the multirole assessment model and the Focus group clearly are in line with same. The fact that 50% of the HR practitioners are responsible for the production of payroll and all associated aspects substantiates this view. We also know that in two studies conducted by the CIPD (2003 & 2007) into the Changing HR function that Hr professionals were still more involved with more people management objectives than were the line managers - their success therefore in devolving responsibility to the line hasn't been as successful as they would have liked. Certainly this study has proven to conclude the same findings. The HR professionals have reported that their involvement in managing basic employee queries pulls them away from being more proactive and indeed operating at a more strategic HR level.

Whilst a business may find that individual HR professionals do not have the competence in all four roles, but at the same time, it should find that the function – as an aggregate of individuals – does share a unified vision and competency. The difficulty arises when the size of the HR function limits the number of HR professionals which in turn means that the head of same must be able to deliver on all four quadrants thus meaning they must display competence in all four roles. This is true of this research study which showed that the headcount within all HR functions was two which indeed limits the ability to be able to ensure that different members of the team bring different areas of competence. Ensuring that HR professionals are thus proficient in all four roles appears to be a difficult challenge for the pharmaceutical companies certainly considering the size of the HR functions and remit of same. As some of the HR professionals managed the payroll processes for the plant they felt somewhat more comfortable in playing a strategic role which would assist in the management of costs and ultimately being seen to be adding value.

This study also gave some insight into the areas of competence necessary for delivery of this strategic HR role and what those results told us was that the General Managers felt their HR professionals needed to acquire some business acumen skills – so did the HR professionals. Clearly, what both parties have recognized is that for HR to be "at the table" (Becker, Huselid and Ulrich 2001, p.43) they need to be more business orientated. What the HR professionals are saying is that they need some support and direction in relation to attaining that goal. We have also learnt that whilst there may be some generic competencies necessary for HR professionals the rest depend on the job and remit of that HR professional and are particular to that particular industry.

What this research paper has also highlighted is the important role that the General Manager has in relation to setting the agenda for the HR function and also ensuring that the HR department is perceived to be an integral part of the senior management team. What some of the HR professionals reported was that their exposure to more strategic elements to working within the HR function very much depended on how important the

HR function was perceived to be by the General Manager. His or her view of the department not only influenced the HR agenda but also the views of the other members of the senior leadership team. Throughout the course of the Focus Group meetings the HR professionals spoke at length about the fact that their perception plant wide was that of a "glorified administrator" to both staff and management alike. What they felt was clear was that such perception could be overcome with the help of the General Manager. Clearly, they felt that when HR was given as much priority as the any other departments such as production or engineering, then this would give rise to increasing their own credibility.

The role of the General Manager however extends to beyond assisting in setting the HR agenda. There clearly has to be a partnership role forged between the HR professional and the General Manager. The HR professionals have spoken about their past HR experiences and how that their HR agenda very much depended on the focus it was given by the GM. The HR professionals felt that there was some confusion as to what role they should be playing within the organization and that confusion wasn't just being experienced at GM level but rather it had spread throughout the organization.

This confusion served not only to inhibit the strategic input that the HR professional could offer but also it added an air of ambiguity over the whole HR remit. The impact of this was that HR professionals felt that they should be offering something more – clearly the organization wants more strategic input – but are unsure or unclear about how to do that when their current workload and HR support prevents them from doing so. Such confusion makes then question roles such at the Employee Champion role and begs the question that this is undoubtedly a role which should be chaired by both management and HR alike.

The whole area of line devolution was a key theme which has emerged from this study as being of supreme importance and key to the success of transforming the HR function. The study has provided results which claim to purport that the amount of time HR spends on issues that should be resolved by line managers plays a huge role in their ability to be able to move the HR function forward. For example, when the question arose in the literature review in relation to HR's ability to be able to balance their new roles i.e. balancing the employee champion role vis a vis the new strategic role, what is clear is that the HR professionals are not in a position to be able to consider balancing yet as their role is far from where it needs to be.

Whilst some of the literature highlighted the issues that perhaps HR professionals felt more comfortable in their 'old' roles and were thus unwilling to shake off the administrative role, this research study doesn't indicate the same findings. The Hr professionals clearly appreciate that their world of HR has evolved and changed over the last decade and in some cases they have a good understanding of where the role is headed i.e. the concept of acting as a true strategic business partner is key in a world where competitive advantage is key. What could be said is that the amount of literature and thinking in this field has served only to allow for a crisis in their confidence and abilities. The results of the multi-role assessment indicate as much in that for the most part (the exception being the strategic partner role) that they rated the quality of their work as being lower than the score given by the General Managers. Such a crisis in confidence has the ability to make it difficult for the HR professionals to know exactly what direction their function is headed and indeed the role that they will continue to play within the organization.

Clearly, the concept of Strategic HRM exists but the reality of same in practice is difficult to measure. Both HR professionals and General Managers have an appreciation of how strategic HR could add value to the business but the difficulties and complexities of the transactional work coupled with the capabilities of line managers make this a difficult practice.

#### Section 6.1 Personal Learnings

My opinion of SHRM and the important role that it plays in organizations hasn't altered as a result of this study – if anything my appreciation of the role that a Strategic Business Partner can play in assisting the organization to achieve success through the Human Capital has been reinforced. What I have learned is that the implementation of strategic human resources cannot be confined to the HR professional alone but rather should be as part of a partnership role of the whole management team in general.

My own opinion of the competencies required as listed by both the GM and the HR professional came as no real surprise – my own experiences of the pharmaceutical industry have highlighted to me the very real need for all management personnel to have a good level of business acumen and also be able to relate same to the pharma industry. Exposing the HR Manager to operational meetings and involving them in initiatives such as the lean manufacturing principles would undoubtedly assist in this matter.

I also believe that the GM and HR professional need to spend more time together and thus understand how best to ensure that the rest of the senior management team and management team have the capabilities to be able deal with some of the people issues thus also enabling the way for the HR professionals to act more strategically. By doing so this will afford the HR professional with more confidence to be able to deliver the strategic HR agenda and equally ensure that he/she feels on a even footing with the rest of the management team.

I also believe that the organizations surveyed need to look at the amount of transactional work involved in the current role of the HR practitioners with a view to redeploying where necessary. One quick immediate change would be the redeployment of payroll to the finance department. Changes could also be made in the staffing levels of the HR department which would allow for additional workload and also ensure that the head of HR is able to be more proactive rather than reactive.

In summary, SHRM will mean more to some organizations than others and will carry more importance for some GM's than others. One aspect is clear however, that in a world where there is increased globalization and competitive rivalry the HR agenda has never been so important and its up to Management and HR to ensure that they have the appropriate qualifications to be able to deliver but also the opportunities to act strategically and earn their seat at the table.

## **Appendix 1 - Human Resource Role Assessment Survey**

Thank you for taking the time to complete the following Human Resource Role Assessment survey. Please comment on the following before commencing the actual role assessment survey:

Size of organization

Size of HR Department

To whom does the head of HR Report

Please rate the current quality of each of the following HR activities, using a five-point scale 1 being the lowest and 5 being the highest.

### **Current Quality**

### (1-5)

HR helps the Organization....

- 1. accomplish business goals
- 2. improve operating efficiency
- 3. take care of employees' personal needs
- 4. adapt to change

### HR participates in....

- 1. the process of defining business strategies
- 2. delivering HR processes
- 3. improving employee commitment
- 4. shaping culture change for renewal and transformation

### HR makes sure that....

- 1. HR strategies are aligned with business strategy
- 2. HR processes are efficiently administered
- 3. HR polices and programs respond to the personal needs of employees
- 4. HR processes and programs increase the organization's ability to change

### HR effectiveness is measured by its ability to....

- 1. help to make strategy happen
- 2. efficiently deliver HR processes
- 3. help employees meet personal needs
- 4. help an organization anticipate and adapt to future issues

### HR is seen as....

- 1. a business partner
- 2. an administrative expert

- 3. a champion for employees
- 4. a change agent

#### HR spends time on....

- 1. strategic issues
- 2. operational issues
- 3. listening and responding to employees
- 4. supporting new behaviors for keeping the firm competitive

#### HR is an active participant in....

- 1. business planning
- 2. designing and delivering HR processes
- 3. listening and responding to employees
- 4. organizational renewal, change or transformation

#### HR works to....

- 1. align HR strategies and business strategy
- 2. monitor administrative processes
- 3. offer assistance to help employees meet family and personal needs
- 4. reshape behavior for organizational change

#### HR develops processes and programs to....

1. link HR strategies to accomplish business strategy

2. efficiently process documents and transactions

3. take care of employee personal needs

4. help the organization transform itself

### HR's credibility comes from....

- 1. helping to fulfill strategic goals
- 2. increasing productivity
- 3. helping employees meet their personal needs
- 4. making change happen

What in your opinion are the most relevant areas of competence for a HR professional working within the pharmaceutical industry?

What are the obstacles in your opinion that prevent the HR professionals from acting as strategic partners within your organization?

## Figure 1.6

Strategic Partner		Administrative Expert		Employee Champion		Change	Agent	
Question	Score	Question	Score	Question	Score	Question	Score	
1	1	2	3	3	2	4	4	
5	4	6	2	7	1	8	3	
9	4	10	2	11	1	12	3	
13	4	14	2	15	3	16	1	
17	4	18	1	19	2	20	3	
21	4	22	1	23	2	24	3	
25	4	26	1	27	2	28	3	
29	4	30	2	31	3	32	1	
33	4	34	2	35	1	36	3	
37	3	38	1	39	2	40	4	
Total	36	Total	17	Total	19	Total	28	

### Company A - HR Perspective

# Company A - GM Perspective

Strategic Partner		Administrative Expert		Employee Champion		Change	Agent
Question	Score	Question	Score	Question	Score	Question	Score
1	3	2	4	3	3	4	4
5	3	6	3	7	2	8	3
9	3	10	. 4	11	4	12	3
13	3	14	4	15	3	16	4
17	3	18	3	19	3	20	4
21	2	22	5	23	3	24	4
25	2	26	4	27	3	28	3
29	3	30	3	31	4	32	3
33	3	34	4	35	4	36	3
37	3	38	2	39	3	40	4
Total	28	Total	36	Total	29	Total	42

### Figure 1.7

Strategic Partner		Administrative Expert		Employee Champion		Change	Agent
Question	Score	Question	Score	Question	Score	Question	Score
1	4	2	4	3	3	4	3
5	3	6	5	7	4	8	4
9	4	10	5	11	3	12	3
13	3	14	4	15	3	16	4
17	3	18	4	19	4	20	3
21	3	22	4	23	4	24	4
25	2	26	4	27	4	28	3
29	3	30	2	31	3	32	3
33	4	34	2	35	3	36	3
37	4	38	3	39	3	40	4
Total	33	Total	37	Total	31	Total	34

# Company B - HR Perspective

# Company B - GM Perspective

Strategic Partner		Administrative Expert		Employee Champion		Change Agent	
Question	Score	Question	Score	Question	Score	Question	Score
1	3	2	4	3	3	4	3
5	2	6	3	7	3	8	2
9	4	10	4	11	4	12	3
13	2	14	4	15	3	16	4
17	2	18	4	19	4	20	4
21	2	22	5	23	3	24	4
25	2	26	4	27	4	28	2
29	3	30	4	31	4	32	3
33	3	34	3	35	4	36	3
37	2	38	3	39	3	40	4
Total	25	Total	38	Total	35	Total	32

## <u>Figure 1.7</u>

Strategic Partner		Administrative Expert		Employee Champion		Change Agent	
Question	Score	Question	Score	Question	Score	Question	Score
1	2	2	3	3	4	4	4
5	2	6	5	7	4	8	3
9	3	10	5	11	5	12	4
13	2	14	5	15	4	16	3
17	3	18	4	19	4	20	3
21	2	22	4	23	4	24	4
25	2	26	4	27	4	28	3
29	3	30	4	31	4	32	4
33	3	34	4	35	4	36	3
37	2	38	4	39	4	40	3
Total	25	Total	42	Total	41	Total	34

## Company C - HR Perspective

Company C - GM Perspective

Strategic Partner		Administrative Expert		Employee Champion		Change Agent	
Question	Score	Question	Score	Question	Score	Question	Score
1	3	2	4	3	3	4	4
5	2	6	5	7	4	8	4
9	2	10	5	11	3	12	4
13	3	14	5	15	4	16	5
17	2	18	5	19	3	20	4
21	3	22	5	23	4	24	4
25	4	26	5	27	4	28	4
29	3	30	5	31	3	32	4
33	4	34	5	35	4	36	5
37	4	38	3	39	3	40	3
Total	30	Total	47	Total	35	Total	41

### Figure 1.8

Strategic Partner		Administrative Expert		Employee Champion		Change Agent	
Question	Score	Question	Score	Question	Score	Question	Score
1	4	2	2	3	5	4	4
5	5	6	4	7	4	8	3
9	5	10	5	11	4	12	4
13	4	14	4	15	3	16	3
17	5	18	3	19	4	20	3
21	4	22	4	23	4	24	4
25	2	26	5	27	4	28	3
29	5	30	4	31	4	32	4
33	3	34	2	35	4	36	3
37	4	38	2	39	4	40	3
Total	41	Total	35	Total	40	Total	34

## Company D - HR Perspective

# Company D - GM Perspective

Strategic Partner		Administrative Expert		Employee Champion		Change Agent	
Question	Score	Question	Score	Question	Score	Question	Score
1	4	2	4	3	4	4	3
5	3	6	4	7	4	8	3
9	4	10	5	11	3	12	3
13	3	14	4	15	4	16	5
17	4	18	4	19	4	20	4
21	3	22	4	23	4	24	3
25	4	26	5	27	4	28	3
29	4	30	5	31	5	32	4
33	3	34	5	35	4	36	4
37	3	38	4	39	3	40	3
Total	35	Total	44	Total	39	Total	35

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