



**ADDING VALUE THROUGH INTEGRATION AND INVOLVEMENT:
A QUALITATIVE STUDY ABOUT MANAGEMENT'S PERCEPTION OF THE
ADDED VALUE OF THE HR FUNCTION**

DIRK BUYENS

e-mail: dirk.buyens@vlerick.be

ANS DE VOS

e-mail: ans.devos@vlerick.be

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ABSTRACT

This article explores the added value of HRM in general and more specifically in decision-making processes. While in the literature a great deal of attention is devoted to the diverse roles and activities of HRM, very little information is provided about the involvement of HRM in the organization's decision-making processes. An integrated model for the managers' perceptions of the added value of HRM has been developed based on interviews with 97 HR-directors, 30 top managers and 178 line managers of companies located in Belgium. This model permits to profile the HR-function using two variables : On the one hand HR-roles referring to the domains in which HRM may have an added value and on the other hand HR-positions referring to the degree of involvement of HRM in decision-making processes.

During the past decade, organisations have come under increasing competitive pressure. Intensified international competition, slower growth and declining markets have forced companies to reduce costs and focus on the added value of people, processes and structures. This new competitive reality facing organisations calls on different capabilities. How can an organisation be created that adds value to its clients, investors and employees? Human resource management (HRM) is increasingly seen as one of the key-functions in the development and implementation of strategic responses to these pressures (Ulrich, 1997b; Yeung & Berman, 1997). Academics, consultants and practitioners argue that if HRM wants to create added value for the company, it has to become a full strategic partner with the business in driving achievement of strategic goals (Mabey & Salaman, 1995; Schuler & Jackson, 1987). The majority of the models and theories of strategic HRM, however, are normative in nature (Guest, 1997; Legge, 1978). They prescribe the optimal way of functioning in order to create a major added value. But as Legge (1978: 16) points out: “no amount of advocacy of policy based on best practice will alter the nature of personnel practice in companies if the managers responsible for implementing such policy lack the power to do so”. Empirical work on the way HRM realises its strategic mission in practice is scarce, although recently some interesting studies have been published both in the U.K. and U.S. literature (Bennett, Ketchen, & Blanton Schultz, 1998; Gratton, Hope-Hailey, Stiles, & Truss, 1999; Kochanski & Randall, 1994; Lam & Schaubroeck, 1998; Martell & Carroll, 1995; Schuler, 1995; Wright, McMahan, McCornick, & Scott Sherman, 1998). The results of these studies are promising, but at the same time, they demonstrate that the “strategic definition” of HRM is subject to highly diverse interpretations in reality (Buyens, Vandenbossche, & Van Schelstraete, 1996; Vandenbossche & Buyens, 1999).

The strategic role of HRM can be studied from several perspectives: case studies of how business strategies are translated through HR-strategies (e.g. Golden & Ramanujam, 1985; Kochanski & Randall, 1994; Gratton et al., 1999), surveys about HR-managers' or top managers' perception of the HR-function (e.g. Bennett et al., 1998; Wright et al., 1998), surveys or case studies about how employees experience the HR-function (e.g. Guest & Conway, 1997, 1998; Mabey, Skinner, & Clark, 1998). In this research, we focus on the way management (HR-management, top management as well as line management) perceives the HR-function, and more specifically on how these three groups define its added value and involvement in decision-making processes. The aim of this research is to obtain a better understanding of how management perceives the added value of HRM. Management's vision on HRM can be expected to provide us with a reliable picture of the status HRM currently has as a strategic partner in organisations. It will allow us to draw conclusions on the way the strategic role of HRM is perceived by three groups of managers closely involved with the management of human resources. As such, this research can be a first step for further exploring the way this perceived added value is translated into concrete actions. Based on literature review and an explorative, qualitative study, a model is developed in which we integrate the different outcome areas and stages of involvement in decision-making in which HRM can deliver value in order to realise a strategic partnership with the organisation.

DELIVERING VALUE THROUGH (STRATEGIC) HRM

Strategic human resource management is defined as the linking of HRM with strategic goals and objectives in order to improve business performance and develop organisational cultures that foster innovation and flexibility (Truss & Gratton, 1994;

Tyson, 1997). This definition contrasts with terms like ‘back office’, ‘support’, ‘cost centre’ or even ‘internal consultants’ that are often used to describe the HR-function. They suggest something that is non-essential to the organisation’s business and therefore of lesser value. Ulrich (1998a) argues that the debate about the added value of the HR function (or its “reason of being”) has to focus on what HRM *contributes* to the business instead of on the activities it *does*. The value of HRM is not defined by what happens inside the function, but by what its users or customers receive from it. The contribution of HRM, or its delivery, focuses on the outcomes, guarantees and results of HR-activities (Ulrich, 1997a).

Spencer (1995) distinguishes three major areas in which HRM can deliver value for the organisation. He argues that the relative importance of this added value differs between these three areas. According to Spencer, HRM’s main added value is situated in the strategic domain (compensation policies, executive development and succession planning, and ensuring that the firm has the human resources it needs to compete effectively), and secondly in HR-services (recruitment, training, counselling, succession planning, performance management, etc.). Administration (record keeping, compliance, etc.) is the HR-domain offering the least added value. However, costs spend on these three domains, that’s to say their importance in terms of expenditure of time and money, are often reversed. According to Spencer HRM has to refocus its activities by outsourcing costly but less value-creating activities, situated in the domains of administration and service-delivery.

Ulrich (Ulrich, Brockbank, & Yeung, 1995; Yeung, Brockbank, & Ulrich, 1995; Ulrich, 1997a) provides a different model for the added value of HRM. He distinguishes four key roles for the HR-professional, conceived of as four *result-domains*. HRM has

to deliver results in each of these domains, since the four of them are equally important. This model is presented in figure 1. The two axes represent the focus and the activities of the HR-professional. *Focus* ranges from short-term/operational to long-term/strategic: HR-professionals have to be operational as well as strategic. *Activities* range from managing processes (HR-tools and –systems) to managing people. This second axis constitutes an important difference with Spencer’s model, which focuses almost exclusively on HR-processes. The combination of both axes results in four HR-roles: management of strategic human resources (Strategic Partner), management of transformation and change (Change Agent), management of the employees (Employee Champion) and management of the administration of the organisation (Administrative Expert). Ulrich emphasises that HR-professionals do not have to fulfil each of the four roles themselves. Depending on the processes designed to reach the goal line managers, outside consultants, employees, technology, or other delivery mechanisms may share the work. The allocation of HR-activities to different parties will vary depending on the organisation.

Insert Figure 1 about here

The four roles are described as four result-domains in which HRM creates value for the organisation. Management of Strategic Human Resources includes activities aimed at the alignment of HRM and the business strategy. Management of Change includes ensuring that the organisation has the capacity for change, while Management of Employee Contribution includes listening and responding to employees and to provide them with the necessary resources to perform. Management of Firm Infrastructure has to do with the organisation of an efficient HR-administration. The

model has been developed based on the author's work with many organisations and HR-professionals. As such, it can be seen as a valid representation of how the deliverables of HRM are defined and perceived by those involved at the organisational level. On the other hand, it asks for further empirical examination in order to test its internal validity.

According to this model, management of strategic human resources is only one of four domains in which HRM can deliver value to the business. A broader range of valuable HR-roles are encompassed than those incorporated in many theories on strategic HRM, which mainly focus on the role of HRM as a Strategic Partner. We will elaborate on this in the next paragraph.

STRATEGIC PARTNERSHIP VERSUS STRATEGIC INVOLVEMENT

When discussing the added value of the HR-department, the areas in which HRM can deliver value are not the only relevant issue. In today's organisation, where flexibility, creativity and innovation are key issues, the *processes* of decision-making, discussion and communication throughout the whole organisation become more important (Dean & Sharfman, 1996; Jacobs, 1994; Noorderhaven, 1995). By being involved in these strategic processes, the HR-department can have impact on the process of decision-making. This involvement can reach further than only an involvement in the implementation of decisions made by others (Caudron, 1994). The way and the moment in which the HR-department is involved in decision-making processes can therefore be considered to be a second criterion in the discussion about the added value of the HR-department. This means that we should not only look at the involvement of HRM at the level of strategy formulation and implementation, but also at its involvement in other relevant decision-making processes (i.e. other HR-domains).

Involvement of HRM in Strategy Formulation and Implementation

The question how HRM relates to business strategy has been much debated and discussed in literature on strategic HRM. It is assumed that organisational effectiveness will depend on the “fit” or “match” between strategy and HRM (Miles & Snow, 1984). Although this matching model has received some criticism in recent years (Truss & Gratton, 1994), it’s still an important perspective in strategic HRM literature. But, as Truss & Gratton (1984) point out, one of the underlying assumptions of the matching model is that organisational strategy *precedes* human resource strategy. This assumption contrasts with empirical work revealing the existence of a variety of interrelationships between HRM and strategy. For instance, Golden & Ramanujam (1985) identified four types of linkage between strategy and HRM, representing four levels of integration of HRM in strategic decision making: (1) the administrative linkage, where HRM has no strategic role but only administers the management of people; (2) the one-way linkage, in which strategy informs HRM; (3) the two-way linkage, where strategy and HRM both influence each other; (4) the integrative linkage, in which HRM is considered an integral part of the business and where there are active attempts to integrate employee needs and business goals. Their results were based on one case study and ask for further elaboration. Bennett et al. (1998) found a relationship between strategic integration and strategic organisation type. Organisations classified as analysers according to the Miles & Snow (1984) typology, reported higher levels of integration of HRM than both defender and prospector organisations. Moreover, organisations in which top management viewed employees as strategic resources, integration was significantly higher than in organisations where employees were not considered as strategic resources by top management. In a comparable study, Wright et al. (1998) found a strong positive relationship between HRM’s involvement in strategic management and line managers’

evaluation of the effectiveness of the function. This relationship was stronger for those organisations where skilled employees were perceived as a core competence. The results of these studies indicate that studying the strategic involvement of HRM can be a relevant perspective when investigating the perceived value of the HR-function. However, these studies still focus exclusively on involvement in the strategy formulation and implementation process (the result domain of HRM as a Strategic Partner), without reference to the other result domains explained in the previous paragraph.

Degree of Involvement in Different Decision-Making Stages

Stage of involvement. Tyson (1997) argues that HR-involvement in strategy implementation is the only action-based involvement HRM could have. He conceives discussions prior to this point as mere conversations about what strategy might be chosen and argues that strategy does not exist “until it is agreed and implemented” (1997: 280). We agree with the importance he attaches to agreement and implementation, but on the other hand it will be at the level of discussion and problem formulation that different actors can influence the definition and hence the solution of a problem. The earlier the HR-professional is involved in this process, the greater his impact on the decisions may be. Being early involved in strategy formulation enhances the chances to have human resource concerns reflected in the strategy (Dyer, 1984; Bennett et al., 1998). Therefore, the *stage of involvement* is an important indicator of the integration and appreciation of HRM within the organisation. Strategy making consists of three strongly interrelated phases: formulation, implementation, and evaluation. Formulation is the phase in which opportunities and constraints are translated into goals

and plans regarding scope, competitive focus and resource allocations and in which human resource issues first arise (Dyer, 1983: 259).

Involvement in strategy formulation. Dyer argues that strategies are formulated in two ways. Firstly through a formal process of strategic planning taking place on a regular basis and secondly through much less formal processes taking place on an ad hoc basis. Dyer calls the latter “strategic adaptation” and says that the majority of organisational strategies are formulated this way. Consequently, for HR-managers this implies that they should be aware of both formal and informal strategy formulation processes if they want to be involved at an early stage. Dyer distinguishes four types of linkages between HRM and formal strategy formulation processes: parallel, inclusion, participation and review. The parallel (or sequential) linkage involves a separate strategic HR-planning process, aimed at documenting the HR-implications of strategic plans. Inclusion is similar in design to parallel preparation, but here the HR-planning process is seen as an integral part of the strategic planning process. Participation is a less formal planning process in which HR-managers play a meaningful role in discussions of strategic alternatives and decision-making. Review means that HR-managers examine strategic plans for feasibility as far as human resources are concerned, while having the power to challenge the plans if they do not fit with human resource concerns. This typology indicates several degrees of integration of HRM with strategy formulation but empirical evidence is lacking to support his view. Moreover, Dyer does not mention the further involvement of HRM in consequent implementation and evaluation of strategic decisions.

Involvement in different stages of the decision-making process. We can summarise the above discussion by concluding that, although several authors have

focused on the involvement of HRM in strategic decision-making, existing theories concentrate almost exclusively on its involvement as a strategic partner, without reference to other role domains assumed to be important for HRM. Moreover, the discussion concentrates mainly on HR-involvement during the stage of strategy formulation, suggesting that this is the main or only stage in which HRM can deliver value.

Based on the above reasoning, we have developed a model in which the involvement of HRM is represented at different stages of the decision-making process (Buyens & De Vos, 1999; Buyens et al., 1997a, 1997b). We prefer to speak about “decision-making” instead of “strategy formulation”, since we want to encompass more decisions than only those referring to the organisational strategy. This means that the model covers decisions regarding highly diverse HR-issues, ranging from decisions about the HR-strategy to administrative decisions (i.e. it can be applied to each of the result-domains for HRM described earlier in this paper). Our model is based on the decision-making model introduced by Cooke & Slack (1991), who distinguish between seven stages of decision-making: (1) problem definition; (2) defining objectives; (3) correct understanding of the problem; (4) determining and evaluating options; (5) choice of options; (6) implementation; (7) control. The earlier one’s involvement in the decision-making process, the more power one has to influence the final decision. The first three stages in the Cook & Slack model refer to problem definition, the next two refer to the development of a solution, while the sixth stage refers to the implementation of the chosen option. Finally, the last stage has to do with control, feedback or possibly short-term problem solving. These four stages of problem definition, development of a

solution, implementation and control are the building blocks of our model for the involvement of HRM, which is represented in figure 2.

Insert Figure 2 about here

Assuming that the decision-making process starts with the observation of a discrepancy between the actual situation and a desired situation, HRM is *Value-Driven* if the HR-professional is involved at the first stage of the decision-making process. HRM as an *Intelligent Toolbox* refers to the HR-professional who is actively involved in the decision-making process by creating instruments and supporting the line managers responsible for the implementation. If the involvement in a decision is restricted to the implementation of HR-activities without any active input from the HR-professional, it is called *Executive HRM*. *Reactive HRM* implies that the HR-professional is involved only for controlling the implementation or when solutions don't work out as expected. Although Value-Driven HRM will have the most impact on a decision, we propose that HRM can deliver value at each stage of the decision-making process. Different capabilities will be needed to deliver this value through involvement at each of the different stages.

The model can be applied to each of the four domains in which HRM can deliver value (Ulrich, 1997a). For instance, HRM as Change Agent: what is the impact of the HR-professional on the change process? At which moment is he involved in the discussions about a change process (e.g. the implementation of a new Information Management System)? Is he involved from the very first moment or is his role restricted to the implementation of those decisions that have a direct impact on employees? We argue that involvement of the HR-function is possible at different stages in the

organisation's policy formulation and implementation and that this involvement can be different depending on the specific nature of the decision. We propose that this model of involvement of HRM can be used as a relevant perspective for studying the added value of the HR-function. The stage of involvement with different kinds of decisions made within the organisation is considered to be an indicator of the importance and value other actors attach to the input from HRM.

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

METHODS

Sample and Procedures

Given the complexity of the research theme, a qualitative, cross-sectional research design was used. We did not construct specific hypotheses but instead we preferred to obtain a qualitative picture of the way the added value of HRM is perceived by three groups of managers. In a next step, our findings can be used for formulating and testing hypotheses regarding the strategic involvement of HRM. Our research

population consisted of three categories of managers: (1) top managers, (2) human resource managers, and (3) line managers. For each category, a sample was composed. The sample of top managers and the sample of HR-managers were randomly and independently selected based on a directory containing all organisations located in Belgium. One hundred twenty HR-managers were selected and contacted, 97 of them agreed to participate in the study, revealing an 81% response rate. Sixty top managers were contacted and 38 of them were willing to participate (63% response rate). The sample of line managers consisted of 178 subjects attending a seminar on HRM. Together, our total sample consisted of 313 subjects. It was the objective of this study to describe the perceptions of a sample of HR-managers, top managers, and line managers *over* organisations. We did not want to make an in-company comparative study of their visions. Moreover, we wanted to ensure a maximum of openness from all participants; this openness could be diminished if participants expected their answers to be compared with those coming from other (superior) persons in the organisation. For this reason, the three samples were selected independently, although some incidental overlaps of participants coming from the same organisation could not be prevented. This sampling method has to be taken into account when interpreting the results and certainly when comparing the perceptions of the three groups. In total, 256 organisations were represented in the study. The breakdown of organisations according to industry and size is represented in table 1.

Insert Table 1 about here

All data were gathered through in-depth interviews, focus groups and a questionnaire containing open-ended questions. Interviews were conducted individually

using a semi-structured questionnaire containing open questions together with some models about the added value of the HR-function and its involvement in decision-making processes. All interviews were conducted by one of the four members of the research team. They were recorded and typed-out afterwards. Focus groups consisted of 8 participants on average per session and the same questionnaire was used as for the individual interviews. In correspondence with the *Delphi technique*, participants were asked to write down their answer to each question before starting a group discussion (De Pelsmaeker & Van Kenhove, 1996). Consequently, participants were invited to comment on their answer within the group and to concretise on abstract or general statements. During each focus group, 3 to 4 trained observers from the research team took extensive notes, which were used for analysis afterwards, together with participants' written answers. The questionnaire about the added value of the HR-function was only administered to the sample of line managers, who had to write their answers down on the answer sheet.

HR-managers were contacted by phone and were asked if they were willing to participate in a research about the added value of the HR-function. They could choose between an individual interview or participation in a focus group together with other HR-managers. Interviews were conducted with 49 HR-managers (51%), while 48 HR-managers (49%) participated in focus groups. Top managers were contacted by phone and they were asked if they were willing to be interviewed about their vision on the added value of the HR-function in their organisation. All of them were interviewed individually. Line managers filled in a short questionnaire containing open questions about the added value of the HR-function while they were attending a seminar on HRM in groups of 30 participants on average. At the beginning of the seminar, which was

organised by the research team, they were asked to describe how they saw the added value of HRM in their organisation. Five groups of line managers participated in the study. During all interviews and focus groups, it was a permanent concern to ensure that participants gave as concrete answers as possible. Interviews took on average two hours. Focus groups were organised in evening sessions, taking 4 hours on average.

Measures

The questionnaire used during the individual interviews and focus groups contained open questions about participants' perceptions of the added value of the HR-function in their organisation. With perceptions we refer to subjects' subjective judgement on the role and contributions of HRM in their organisations. This implies that these perceptions are idiosyncratic and that they do not necessarily correspond with the "objective" or formal status of HRM in the organisation (i.e. as indicated by formal responsibility of the HR manager or by performance indicators). It also implies that this perception might differ among different agents within the same organisation (e.g. top managers versus HR manager versus employees or line managers). As we have already indicated, it was not our objective to make in-company comparisons of the perceptions of different agents.

A first part of the questionnaire consisted of questions asking subjects to describe how they saw the added value of HR-practices such as personnel administration, planning, staffing, training, and career development. They were asked to describe the contribution each of these activities made to their organisation and to comment on how much each of them was valued within the organisation. Questions were formulated as follows: "How would you describe the contribution that existing recruitment policies and practices make to your organisation? Do not focus on what

those policies and practices consist of, but instead concentrate on their results for the organisation. How would you evaluate them in terms of their added value?"

A second part consisted of more general questions about the added value of the HR-function ("How would you describe the added value of the HR-function in your organisation?" "What are the main domains in which the HR-function delivers value?"), about the degree of strategic responsibility of HRM, and about the involvement of HRM in strategic decision-making. The latter question was answered using the model about strategic involvement explained earlier in this paper. Finally, both the models about the added value of HRM presented by Spencer (1995) and Ulrich (1997a) were presented and subjects were asked for their comments on the applicability of these models to the HR-function in their own organisation.

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

Analyses

Data obtained from interviews and focus groups were analysed in three phases. Firstly, all interviews and focus groups were typed out and/or transcribed. Secondly, for each question a qualitative analysis of the answers was carried out at the level of the

sample. Thirdly, results from these analyses were compared for all the samples having answered a particular question.

Ulrich's model on the added value of HRM was used for analysing the way subjects described the added value of the HR-function (Ulrich, 1997a). Subjects' answers were compared with a detailed description we made of each of the four areas Ulrich distinguishes in his model. First, this was done for answers on the added value of HRM at the general level. Afterwards, questions concerning the contribution of particular HR-activities were analysed. For analysing the involvement of HRM in strategic decision-making, the model introduced earlier in this paper was used during the interview, but only for HR-managers and top managers. Subjects were asked for their general recognition of the model and they were asked to give concrete examples of the involvement of HRM at each of the four stages. They also gave a general impression of where they figured the general positioning of HRM in their organisation.

RESULTS

Added Value of HRM

Given the explorative nature of the research, it was our primary objective to get an understanding of how the added value of the HR-function is perceived by HR-, line and top management (described in terms of what HRM *contributes* to the organisation). The model developed by Ulrich (1997a) proved to be a useful instrument for analysing and categorising the content of the answers subjects gave regarding their perception of the added value of HRM. Given the qualitative nature of the data, no quantitative analysis has been done. A first observation during the analysis, was the degree of congruence between subjects' answers both within the three groups of managers and between them. A major part of the answers could be summarised into 15 categories referring to

answers most frequently mentioned. In table 2, these categories are illustrated by a brief description, together with some examples of typical answers.

Insert Table 2 about here

In the next step, these categories were compared with the four domains of added value Ulrich distinguishes. It was relatively easy to group the 15 categories into four broader outcome areas corresponding with Ulrich's domains. This regrouping is presented in table 3

Insert Table 3 about here

These results indicate that managers in the field do recognise the added value HRM can have by acting as a strategic partner. At the same time, however, this observation has to be differentiated since our data show that strategy is not the only domain in which HRM is perceived to deliver value. Management of transformation and change, management of employees and management of firm infrastructure also come forward as important areas in which HRM appears to have value. Although we did not aim at making explicit comparisons of the three subject groups, some remarkable differences between them could be observed. A first difference relates to the value attached to the domain "Management of Firm Infrastructure". For a majority of the line managers, the added value of HRM was mainly situated in this domain, more specifically in the provision of functional HR-services such as selection and training. This domain was clearly of less importance for top managers as well as for HR-managers. This result indicates that line managers still have a rather traditional view upon the HR-function and it contrasts with the general tendency to outsource a major

part of HR-practices such as selection, training and career development to the line. Apparently, the line managers participating in our study still considered those practices as a major HR-responsibility instead of defining it as a part of their own responsibilities.

The domain most frequently mentioned by top managers was “Management of Transformation and Change”. This finding corresponds with the increasing importance of change management and restructuring (often leading to downsizing) for the majority of organisations, caused by increased competitive pressures and changing technologies. Change management has become a major concern for top management and they see HRM as one of the functions through which these change programmes can be developed and implemented successfully.

HR-managers most frequently mentioned “Management of the Employee” as the area in which HRM has an added value for the organisation. The individualisation of the employment relationship and a growing need for competent and motivated people could explain this concern. This domain was also considered to be important by many top managers. Line managers cited much less value-delivering activities of HRM that could be situated in this domain.

Although several managers also described contributions of HRM situated in the domain of “Management of Strategic Human Resources” this was obviously not the major area in which HRM was perceived to deliver value. This is true for the three groups of managers. This finding confirms our proposition that the question about the added value of HRM can not be answered correctly by focusing exclusively on the strategic role of HRM.

We can conclude that, according to the participants in our sample, HRM can deliver value within different areas, ranging from administration to strategy-

formulation. Mainly top managers and HR-managers and, to a lesser extent, line managers, stressed that the added value of HRM is not restricted to the strategic domain, but that there are several other areas in which value can be, and has to be, delivered. This confirms the multiple-role model designed by Ulrich (1997a). We remark that the differences between subject groups are only tentative since these groups are coming from different organisations. Further research is needed in order to know whether these differences continue to exist when making in-company comparisons of subject groups.

Involvement of HRM in Decision-Making

A second perspective we took when looking at the added value of the HR-function, was its involvement in decision-making processes. If management considers HRM as a Strategic Partner, the HR-manager could be expected to be strongly involved in strategy formulation and implementation. Existing literature remains unclear about the specification of this “strategic involvement” of HRM, as illustrated earlier in this article. Within our research model, we broadened the concept of involvement in strategic decision-making to a more general involvement in decision-making. The model we developed was presented to top managers and HR-managers but not to line managers. This means that the data presented here can only be considered to be part of the perception of HR-managers and top managers regarding the involvement of HRM in decision-making. Further study is necessary to incorporate line managers’ visions.

Subjects were asked whether they could apply this model to the way that they experienced the strategic involvement of HRM. They were invited to illustrate each of the four stages of involvement and to indicate the relative importance they accorded to each stage, based on their perception of HRM in their own organisation. A first and important observation was the fact that the model proved to have high face validity for

all subjects. It proved to be a useful tool for providing detailed information on the involvement of HRM in decision-making. When asked about the strategic involvement of HRM in general (before presenting the model), almost every participant stressed that the HR-function was involved with strategy formulation and implementation. When presenting the model, it became clear that this involvement could have very different meanings. Given the highly explorative nature of this part of the study (a test of the usefulness and applicability of the involvement model), we will only comment on the summarising description of each position on the involvement circle here. In table 4, we summarise the added value HRM has at each of the four stages.

Value-driven HRM. Early involvement of the HR-professional, whose profound knowledge of the human resources gives him the recognition necessary to influence the organisation's policies from an HR-perspective. The added value of the HR-professional is formally recognised by his membership of the executive committee. However, this is neither a necessary nor a sufficient condition: many HR-directors stressed their informal and amicable relationship with the other directors as the main reason for their early involvement, while other HR-directors were a member of the executive committee without having any substantial influence on the decisions taken in this committee. This early involvement can create an added value in three main domains: influencing the organisation's strategic decisions; indicating opportunities and initiating decision-processes; and guarding the basic values of the company, which are the cement of the organisation. Although almost every HR-manager in our sample stressed the importance of an involvement at this stage, many of them saw it as an objective that they had not realised at the moment of the interview. Others said that they were often involved at this stage in case of important strategic decisions or strategic

change programs. For other decisions, where implications for the human resources are not obvious at first sight, they were often “forgotten”. A majority of top managers stressed that it was the mission of HRM to be involved at this stage, although they experienced that this was often not the case in reality. Overall, we observed an important impact of the characteristics of the decision-maker. In decisions made by line management, HR-managers indicated a strong dependence on the personality of the line manager as a determinant of their involvement. Several HR-managers said that they had a value-driven impact on decisions made by some line managers, whilst others only consulted them at much later stages.

HRM as an intelligent toolbox. The HR-professional is early involved in a decision, though not from its first conceptualisation. Still, HRM is actively involved since the information about a decision is received quite early. Its role consists in preparing the employees for changes by creating the appropriate culture. Another role of HRM at this stage includes the concrete development of tools necessary for implementing decisions. Although the HR-professional is not the architect of a decision, his role in the concrete development of decisions is considered indispensable. As such, HRM becomes the architect of a workable translation of the decision. The execution of it becomes the responsibility of the line-managers.

Top managers as well as HR-managers stressed that this is an important stage at which HRM can deliver value to the organisation. Several top managers said that they valued the input of HRM at an earlier stage, but that their final decisions would not be based primarily on HRM’s input. Instead, they saw it as the responsibility of HRM to concretise and translate these decisions, taking into account their implications for employees. In doing this, they have several degrees of freedom.

Executive HRM. Not in every organisation or in every decision process, the HR-professional is actively involved at the first stages. It often happens that the HR-role starts when the elaboration of a decision is already made. The HR-professional has to communicate decisions taken by the general management and to inform the employees about it. Labour relations are important here. An important task at this stage is the deliverance of diverse HR-services, such as selection and training, necessary for a successful implementation of a decision.

Both top managers and HR-managers recognised that HRM was often working at this stage. They acknowledged that HRM indeed has an important contribution to make at the level of implementation and information delivery. At the same time, however, they said that value created at this stage needs to be integrated with an involvement at an earlier stage. Exclusively concentrating on this stage of involvement would lead to a pure implementing role for HRM that, in the long run, would be of lesser value to the organisation. This was most often heard during our interviews with top managers.

Reactive HRM. It often happens that HRM has to intervene when the consequences of a decision don't turn out to be what they were expected. The HR-professional has to pick up the pieces in order to restore the problems. Although this often seems to be a thankless position, without much involvement, this role is as important as the others are. To react late is still better than reacting *too* late. HRM can create added value by reacting very fast and by immediately paying attention to things that seem to go the wrong way. As such, HRM can get grip on the organisation from below, and can evolve upstream if the reactive actions are recognised by the organisation.

All participants acknowledged that it would be unrealistic to neglect this stage of involvement. If decisions don't work out as they were expected to do, then HRM will contribute by resolving ad hoc problems or conflicts. However, top managers stressed that they did not perceive any added value of HRM at this stage if it were the only stage at which HRM was involved. All participants could give examples of their reactive involvement, but no one said that this was the only stage at which HRM delivered value to the organisation.

Together, our results on the involvement of HRM in decision-making indicate that the global added value of HRM will depend on its involvement at each of the decision-making stages. As one HR-manager explained: *“We have to be involved at an early stage, but at the same time, we have to be present on the floor, to detect what lives there and to react quickly when something goes wrong”*. Involvement at a value-driven level only creates value if HRM is also involved during the stages of problem definition, implementation and follow-up. When one neglects the operational aspect, the chance of a successful realisation of the decision in practice is being diminished. But HRM can only gain a meaningful position in the whole organisation, if it is also recognised as a valued partner at a higher position. At this stage, its responsibility reaches further than the communication of decisions and the extinguishing of fires. The successful fulfilment of these activities serves as an argument for an earlier involvement. As cited by one HR-manager: *“We are very good at managing fires. But when they only know us that way, they will only use us that way. We have to grow to a proactive attitude. We also have to realise fire-prevention.”*

DISCUSSION

Added Value through Integration

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

Based on these findings, we propose a model in which the added value of HRM is presented taking into account the four domains in which HRM can deliver value as well as the four stages of involvement in decision-making processes that could be distinguished. This model is presented in Figure 3.

Insert Figure 3 about here

The employee is depicted in the core of the circle, as a pivot on which the HR-policies have to be based. In the complex organisation of today, the attention for the employee as a human being threatens to get lost, even in HRM. In its aspiring towards recognition as a strategic partner, HRM must not forget its primary reason of being: *human* resource management. The four domains, in which HRM can offer added value for the organisation, are centred on this core. An integrated HRM, which delivers value to the organisation, implies that this added value is created in each of the domains. In order to have an impact on the decision processes, the HR-professional has to be involved in decisions as early as possible. We can distinguish four positions depending on the stages at which HRM is involved with each of the four HR-areas. The exterior circle is not static, but moves around the four HR-roles. Hereby, we want to indicate that each HR-role can be more or less involved in a decision-making process.

The HR-professional can not restrict himself to one position. It is important to be flexible in terms of interventions in a decision process. Sticking to one position means the danger of losing contact with the policies upstream and with the reality downstream. As such, one keeps working on an island on which one feels good and experienced, but the added value created that way threatens to decrease if there's no link with the whole. And this is true for each of the four positions. We can conclude that the added value of HRM in a particular organisation will depend not only on the roles it fulfils, but also on the way in which HRM is involved in the whole organisation. It's a major contribution of this research that it shows that the integration of HRM in diverse areas related with management of human resources, together with its involvement throughout the stages of decision-making processes, is a major determinant of its perceived added value.

Few HR-departments have reached a full integration of HRM today. The research design used to picture the HR-function allows some insight into the complex organisational reality in which HRM has to deliver value. Although in most cases the other actors recognise the relevance and importance of a good management of the human resources within an organisation, HRM often remains a subject missing a direct link with profit and therefore isn't judged to be a necessary partner in much of the strategic decisions made at the top-table.

The results of our study have to be viewed in light of a few limitations. Firstly, the explorative and qualitative nature of the research must be taken into account when interpreting the results. Our results need to be considered as a first step for further research aimed at confirming our findings. The information obtained through interviews is highly subjective in nature. Given the research objective (examining the perceived added value of HRM), subjectivity might be an inherent characteristic of the research

design. However, there is a need for cross-validation on a different sample of subjects and using different research methods. A second limitation lies in the fact that we did not take into account organisational variables such as size or industry. Although we did take into account some representativeness over industries and size categories, we did not take into account these factors when analysing our results. It might be that the added value of HRM is perceived differently in different sectors or in organisations of different size. Future research also has to take into account other factors that might influence perceptions of HRM's added value, like the formal position of the HR-manager or the life cycle of the organisation. Finally, in general each of the four domains and four stages of involvement were recognised as relevant indicators of the added value of HRM. This is obvious for the aggregated level of the results. It does not mean, however, that the perceived added value of HRM is determined by each of these indicators at the level of a single organisation. Quantitative research is necessary in order to draw conclusions about the relative importance of each of the domains and stages of involvement.

Conclusions

One decade ago, Schuler (1990) already stressed the opportunity for HRM to shift from an "employee advocate" to a "member of the management team". He stressed that this requires that HRM be concerned with the bottom-line, with profits, organisational effectiveness and survival. It means addressing human resource issues as business issues. Our data suggest that top management does value this role by situating HRM at the Value Driven stage of the involvement model. We argue that, in order to become a member of the management team, HRM has to be centrally involved with the business. At the level of strategy formulation and implementation but also as Employee

Champion, Administrative Expert or Change Agent. Like Schuler (1990: 51) argues, “the ideal organisation has the HR-manager jointly working with the line manager solving people-related business issues”.

Ulrich’s model (1997a) calls for a focus on what HRM delivers rather than on what it does. Indirectly, the four domains he distinguishes to describe the added value of the HR-function relate to the discussion about the linkages between HR-strategy and HR-activities. Reality learns us that planned HR-strategy is not always equal to implemented HR-strategy. When we look at much of the rhetoric on strategic HRM, this is focused at the level of strategic integration of HRM and the role of the HR-function as a strategic partner. This contrasts with our daily experiences of HR-professionals working at highly diverse tasks, some of them being purely administrative (e.g. screening application letters) and others being highly strategic (e.g. development of a competency management system). Both can be equally valuable if we look at their contribution to the organisation (represented by a line manager waiting for qualified job candidates he can interview or by the top management team developing a competency-based strategy). Our results tend to confirm this proposition and they come close to Tichy et al.’s (1982) advice to reorganise the HR-function to reflect the operational, managerial as well as strategic needs of the business. According to Tichy et al. (1982), the operational level is best served by a traditional functional personnel department, fulfilling the classical functions like selection, compensation etc. The managerial level must be organised to cut across the sub-functions identified at the operational level. The strategic level activities require an elite senior human resource management that is supported by strong managerial human resource services (1982: 59).

Legge (1995) has defined strategic integration of HRM along three dimensions: (1) the integration of HR-policies with business strategy; (2) the integration and consistency of employment policies aimed at generating employee commitment; (3) internalisation of the importance of human resources on the part of line managers. Strategic integration means more than simply matching HR-policies with business strategy. The extent to which human resources are perceived to be of central importance for the business will determine the perceived added value of the function within the organisation. In turn, this will probably have an impact on the involvement of HRM in strategic decision making. Her emphasis on integration or consistency among HR-practices and policies is congruent with our findings that strategic HRM is only one way of describing the involvement of the HR-function with the business.

Implications

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

As indicated before, the added value of the HR-function is relative, varying between companies. A next step in the research should be the examination of the variables which come into place in order to predict the added value and involvement of HRM in a specific organisation: which circumstances lay on the basis of a highly involved versus an almost neglected HRM? When these variables are detected, the

research model can be further developed and used in practice not only to evaluate the HR-function, but also to change it in the desired direction by working on the variables behind.

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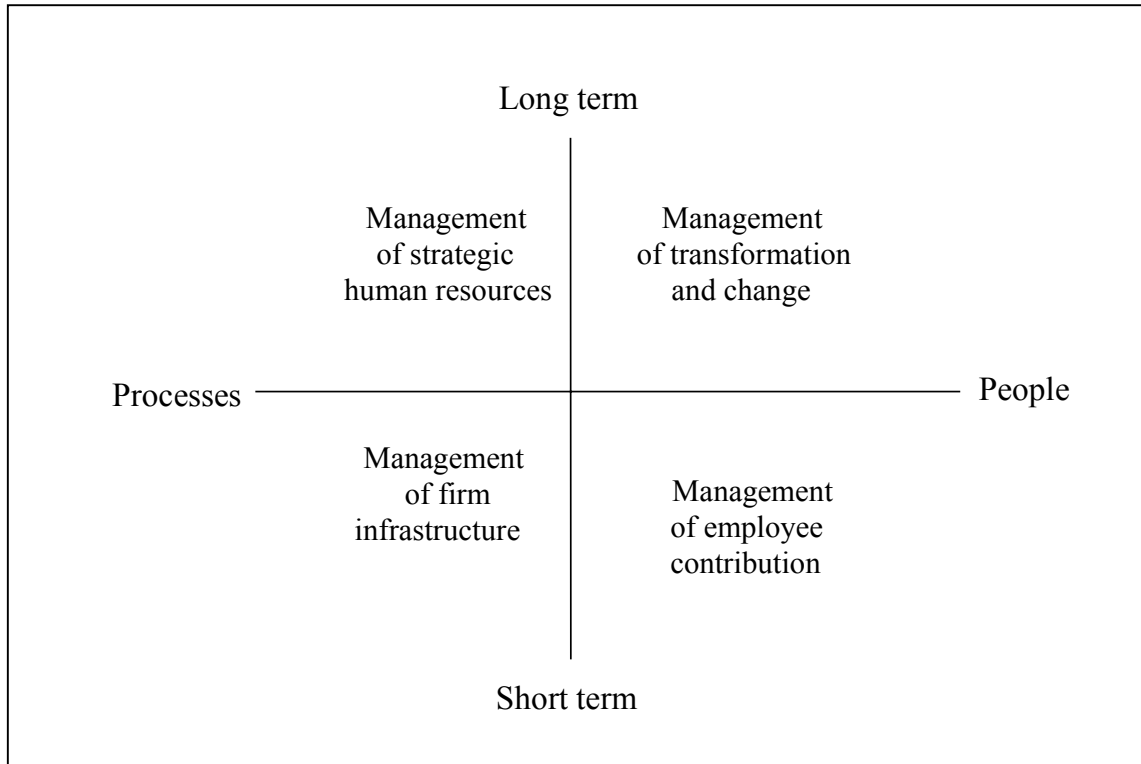
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FIGURE 1

The Added Value of the HR-Function: Four Result Domains



Source: Ulrich (1997: 24)

FIGURE 2

Involvement of HRM in Decision-Making Processes

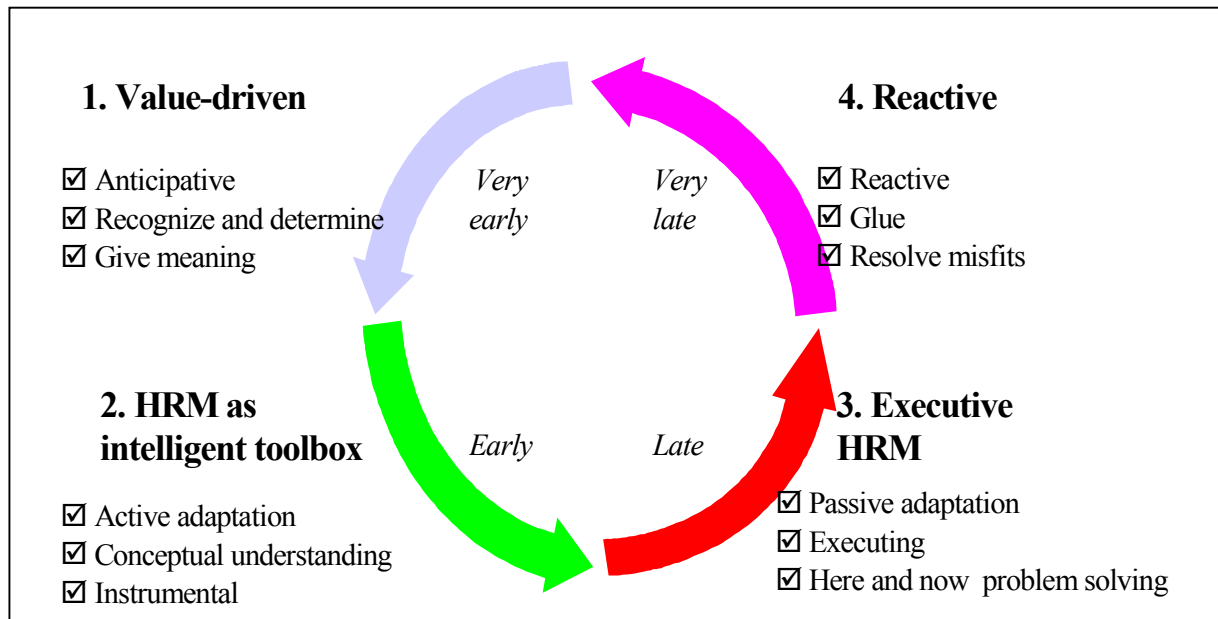


FIGURE 3

Integrated Involvement of the HR-Function

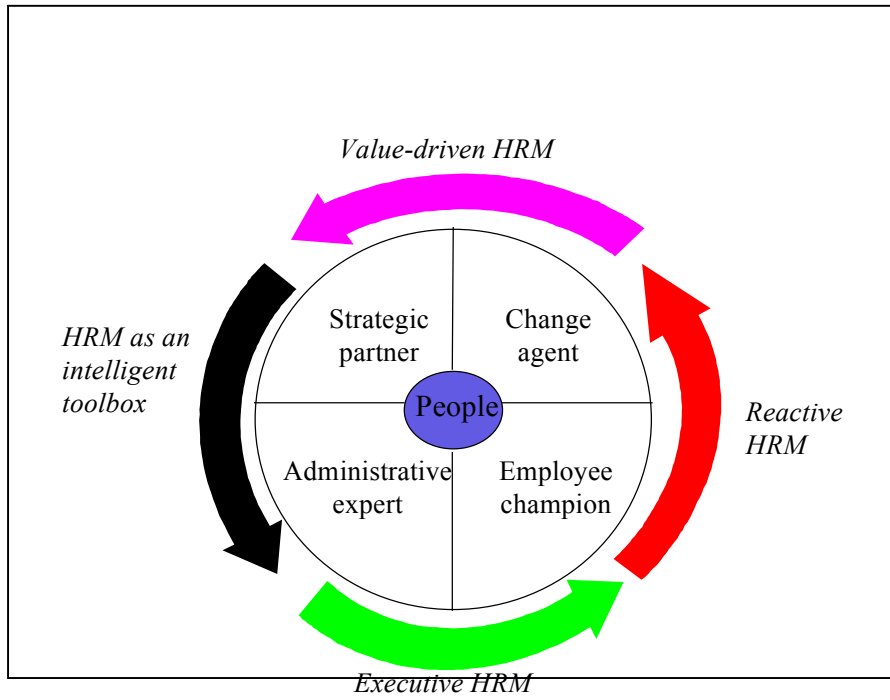


TABLE 1

Breakdown of Sample According to Industry and Size

	Percentage of Organisations (total sample)
Industrie	
Energy	1
Chemical products	8
Metal	13
Food	19
Textiles	6
Other manufacturing	3
Building	5
Wholesale/retail	3
Financial	13
Transport & communication	14
Services	6
Non profit services (government, health)	9
Size (number of employees)	
< 200	17
200 – 499	26
500-999	27
1000-4999	23
≥ 5000	7

TABLE 2

Added Value of the HR-Function: Description of 15 Response Categories

Category	Example
<p>1. Translation of business strategy into HR-policies and -practices</p>	<p><i>“We have the capacity and the responsibility to discuss with top management about issues having implications for employees”</i> (HR manager) <i>“I expect the HR manager to coach the process of strategy implementation. In this respect, we have a partnership within the management team”</i> (top manager)</p>
<p>2. Coaching of line management</p>	<p><i>“It is the line manager who daily implements HRM; the contribution of HRM lies in providing support if necessary”</i> (line manager) <i>“HRM needs to ensure that its values and strategies they proclaim, are adopted and applied by our line management”</i> (top manager)</p>
<p>3. Implementing rather than advising role</p>	<p><i>“My added value is not restricted to giving advice to top management. It actively determine the HR policies and I implement them”</i> (HR manager) <i>“The added value of HRM is to apply decisions to the concrete situation of a particular department or work group within the broader framework of the HR policy we have built”</i> (top manager)</p>
<p>4. Balancing organisational and individual needs</p>	<p><i>“During change processes, it’s the value of HRM that it tries to balance the needs of the organisation with the change capacity of our employees”</i> (line manager) <i>“HRM ensures the co-ordination of all communication processes concerning a change process”</i> (HR manager)</p>
<p>5. Developing the right time frame for change processes</p>	<p><i>“HRM has contributed to the success a recent reorganisation by timing important processes. One could say that HRM determined the right pace of the change by providing the necessary time for employees to adapt”</i> (top manager)</p>

6. Coaching of cultural changes	<p><i>“I see our department as kind of a radar, detecting whether our employees are still in line with the values of the business” (top manager)</i></p> <p><i>“Within the context of the international merger we currently made, HRM has the responsibility to harmonise cultural factors and to co-ordinate the cultural change processes in this respect” (line manager)</i></p>
7. Overcoming barriers to change	<p><i>“The main responsibility of our HR manager is management of change processes, by overcoming employee resistance. HR needs to be creative in order to stimulate employee flexibility and willingness to change” (top manager)</i></p>
8. HRM with heart and soul	<p><i>“We need to pay more attention to the development of a positive work climate. HRM has the main responsibility in this respect. Not for social reasons, but with the objective to develop a stimulating socio-economic environment” (HR manager)</i></p> <p><i>“HRM reminds us to the fact that there’s need for a balance between what we ask from our employees and what we give them. Employability also implies that people stay willing to deliver value to our company. We need to be more trusted by our employees.” (top manager)</i></p>
9. Human potential as driving force	<p><i>“The main contribution of HRM is that it helps to realise strategic objectives through people. For this reason, HRM must ensure to get the right people at the right place” (line manager)</i></p>
10. Valuing the employee	<p><i>“Our competitive advantage is situated within our employees. This makes it extremely important to pay attention to them, and this is one of the important contributions of HRM in our company (top manager)</i></p>
11. Heartbeat of the organisation	<p><i>“We do not want to be parallel to the organisation. We want to be right in it, so we can feel its heartbeat” (HR manager)</i></p>
12. Bridge between employee and organisation	<p><i>“HRM creates more involvement of people” (line manager)</i></p> <p><i>“All too often, we think that our co-workers have the same needs as we have. We have to learn to</i></p>

	<p><i>listen to them. It's the value of HRM to remind us of this and to stimulate this communication" (line manager)</i></p>
13. Managing costs	<p><i>"Costs of employees are a substantial part of our total costs. Therefore, it is a very important contribution of HRM to manage personnel costs" top manager)</i></p> <p><i>"If the HR department resolves a shortage of employees in one department without recruiting externally, but through internal solutions, than it has delivered an important value by saving costs" (line manager)</i></p>
14. Delivery of functional HR-services	<p><i>"The main value HRM delivers is situated in the systems it provides regarding people-related functions such as selection, training, career development" (line manager)</i></p> <p><i>"It only need HRM to ensure that the right people are recruited, that relevant training activities are organised, and that wages are correctly administered and paid" (line manager)</i></p>
15. Social and legal issues	<p><i>"Wage administration is becoming more and more complex. It is HR's responsibility to stay informed about legislative changes by keeping contact with our external HR consultants" (HR manager)</i></p>

TABLE 3

Grouping of Response Categories along the Four Result Domains for HRM

Result Domain	Answering Category
Management of Strategic Human Resources HRM AS STRATEGIC PARTNER (68 citations*)	Translation of business strategy into HR policies and practices Coaching of line management people managers Implementing rather than advising role
Management of Transformation and Change HRM AS CHANGE AGENT (79 citations*)	Balancing organisational and individual needs Developing the right time frame for change processes Coaching of cultural changes Overcoming barriers to change
Management of Employee Contribution HRM AS EMPLOYEE CHAMPION (54 citations*)	HRM with heart and soul Human potential as driving force Valuing the employee Heartbeat of the organisation Bridge between employee and organisation
Management of Firm Infrastructure HRM AS ADMINISTRATIVE EXPERT (49 citations*)	Managing costs Delivery of functional HR services Social and legal issues

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

TABLE 4

Involvement of HRM in Decision-Making:

Description of the Added Value at the Four Stages of Involvement

Main Categories of Added Value for Each Stage	Examples of Answers
A. Value-Driven HRM (72 citations*)	
1. Influencing policies based on expertise	<i>“We think about problems through the lens of HR” “Advisor” “Co-operate in working out new strategies”</i>
2. Guarding fundamental values	<i>“Guarding those values which are the cement of the organisation” “Play the devil’s advocate when strategic issues are discussed” “To question planned reorganisations”</i>
3. Initiating change	<i>“Challenge traditions” “Signal trends” “Work proactive with the line, i.e. initiating changes to improve the relationship between managers and their subordinates”</i>
4. Other	<i>“Active participation at the strategic level” “Long term vision” “Involvement from day one” “Active involvement with people management issues at all levels of the organisation”</i>
B. HRM as an Intelligent Toolbox (68 citations*)	
1. Preparing employees for change	<i>“Associate changes with basic securities people need” “Create a culture ready for change” “Selling changes within the organisation”</i>

2. Coaching others (line & employees)	<p><i>“Coach”</i> <i>“To guide the people management activities of the line”</i> <i>“Offering my HR expertise to assist the line”</i> <i>“Process consultant”</i></p>
3. Translate decisions into action	<p><i>“Development and implementation”</i> <i>“Co-ordination of implementation”</i> <i>“Responsible for obtaining results”</i> <i>“Proactive problem solving”</i></p>
4. Developing & offering tools	<p><i>“Follow up of implementation executed by the line”</i> <i>“Providing support”</i> <i>“Develop instruments for the line”</i> <i>“Offer tools to the line”</i></p>
5. Other	<p><i>“Active participation to the concrete development of solutions”</i> <i>“Understanding and integrating decisions taken at an earlier stage”</i></p>
C. Executive HRM (43 citations*)	
1. Informing & communicating about decisions	<p><i>“Informing employees or line managers about decisions that have been taken”</i></p>
2. Relationship with labour unions	<p><i>“Negotiations”</i> <i>“Ombudsman” “Buffer”</i> <i>“Moderator; in-between”</i> <i>“Inform and motivate labour unions”</i></p>
3. Service delivery	<p><i>“Offering possibilities for training”</i> <i>“Using the right HR-instruments”</i> <i>“Operational contribution”</i> <i>“Selecting people with the relevant competencies”</i></p>
D. Reactive HRM (36 citations*)	
1. Resolve conflicts	<p><i>“act as a fire fighter”</i> <i>“searching solutions for marginal problems”</i> <i>“intervene in conflicts between the line and employees”</i></p>

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

Prof Dr Dirk Buyens is doctor in Industrial and Organisational Psychology (Ghent University) and Master of Business Administration (K.U.Leuven). He is currently Academic Dean and partner of the Vlerick Leuven Gent Management School and Programme Director of the part-time international MBA programmes. He is also professor at Ghent University.

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Contact:
Vlerick Leuven Gent Management School
Bellevue 6
B-9050 Ghent
++32 9 210 97 27 (T)
++32 9 210 97 47 (T)
library@vlerick.be
<http://www.vlerick.be>