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ROLE OF HR IN CORPORATE RENEWAL

Summary: The author of the paper attempts to determine the scope in which HR service participates in the process of corporate development and renewal. The author points to two key areas in which HR should support the corporations. With reference to these two areas (strategic partnership and change management), the author presents the results of the empirical research.

Keywords: HR, corporate renewal, new HR service's way of operating, change management, strategic HR.

1. Introduction

Development and renewal processes guarantee that a corporation could survive in its turbulent environment and enter higher levels of efficiency. Support given to these processes by the HR departments is a key element of the majority of modern conceptions referring to personal function accomplishment. The article aims at determining to what extent the HR professionals provide their corporations with support in development and renewal area. This purpose has been realized during empirical research in Polish companies.

2. An HR service's new way of operating

New tendencies for organisation, and first of all, for the change of the structure of tasks by a corporation's HR departments have been visible since the beginning of the 90s. Only at that time was one able to observe the importance of human resource management systems; and did the researchers and practitioners observe the significance of adjusting these systems to corporate activities connected with the strategy accomplishment. The appearance of some models of a corporate's functioning has also influenced the perception of the personal service's role. Of crucial importance is here the conception of process approach as well as the 7S model and the Galbraith's star model [Galbraith 2005], which have been directly referred to by some HR management theorists.

Analysing the literature relating to the modern conceptions of the HR function accomplishment, it is worth paying attention to Ulrich's multitask model [Urlich

1996], Ulrich and Beatty's HR player model [Urlich and Beatty 2001] or Christensen's model [Christensen 2006]. All these models have a couple of features in common. They, first of all, markedly expand the traditional formulation of HR functions. Experts on personnel do not focus only on operational aspects of the functions' realization, but also a special emphasis is placed on the strategic partnership and change management. HRs should also measure the effectiveness of the tools they make use of, and HR systems.

Such a way of realisation of the personal function refers, however, to mature organisations. The HR function, alike the others, is subject to development alongside the organisation's development. The basic personal function's effect appears together with the need to separate this function within the organisation. This effect consists mostly in staff administration, formalisation and maintenance of a sort of order and work discipline. Together with the organisation's further development, there appears a necessity to plan the functions. First of all, it refers to planning the employment rate, but also to providing the employees occupying certain posts with competence, which results in the need for a proper realisation of the recruitment and selection process as well as the staff improvement. The next stage of the organisation's growth is connected with the emergence of a necessity to project the management system that would relieve the organisation's managing staff. In the HR area that would mean projecting, improving and maintaining HR systems. Growing awareness of the existence of the costs connected with the staff fluctuation results in the HRs' retention activities. The stages enumerated above relate to the actions connected with the traditional function's formulation. The first development phase towards the HR modern model is connected with gaining information and internal communication. Before the HR department becomes an adviser for the managing staff and is able to achieve the status of a strategic partner, it needs to work out some ways of obtaining information effectively, both from the outside as well as the inside of the organisation. It is the HR service operation in the area of planning the strategy, both general (co--operation) and personal (planning), that the next level of the function's development is connected with. Hence, logically, the last phase of the development of the HR functions is the change management, directed at making sure about a new strategy accomplishment and the evaluation of the effectiveness of the actions taken up just from this point of view [Szumowski 2010].

It is then possible to submit a proposal that in mature organisations, HR service participates actively in the organisation's renewal and development processes through the accomplishment of a set of actions in two basic areas; namely strategic partnership and change management. Linking the HR function with the organisation's general strategy results in:

- orientation at cohesion of the HR solutions applied with the strategy,
- HR experts co-operation by outlining the general strategy,
- defining the HR strategy as based on the general strategy.

In turn, the actions realised by the HR departments, connected with the change management, include first of all:

- enhancing job attitudes by means of proper directing the HR systems and processes,
- monitoring the situation within the organisation,
- monitoring the organisation's surrounding,
- internal communication.

The author of the article carried out the research among the representatives of the HRs in Poland (mostly HR managers) that were to establish the scope of support the organisations are provided with by the HR service in the areas mentioned above. The results of the research are presented in the subsequent part of the article.

3. The HR service role in the renewal and development process

3.1. The structure of the sample

The research was to establish the level and scope of the HR service participation in the corporation's renewal and development processes. The author carried out the research in May 2010, focusing particularly on the area of HR service's co-operation by creating the corporation's strategy and change management.

The research included 23 companies, 30% of which were foreign capital-based companies, 44% – Polish capital-based companies, and 26% were capital mixed origin companies. The structure of the sample as for the number of employees is presented in Table 1.

Table 1. The structure of the sample with respect to the number of employees

The number of employed	10-50	51-250	251-500	501-1000	above 100
Participation in the sample	9%	26%	30%	9%	26%

Source: Author's own study.

While constructing the sample, we tended to pick up the companies of a grounded position that had been functioning on the market for at least a few years. As it was assumed, the sample was to include such organisations in which the HR function should be developed. The research included productive, service, trade as well as research and development oriented companies.

3.2. The HR function versus the organisation's strategy

Apart from the HR solutions' cohesion with the strategy, postulated by many an author, a significant issue is the personal service participation in creating the

strategy. It guarantees obtaining the personal strategy's cohesion with the general strategy as well as allows one, while creating the strategy, to take into account the company's most important assets – personal assets. In this case, bearing in mind the personal managers' declarations, the situation looks quite good. The personal service influences the company's general strategy formulation in 70% of cases.

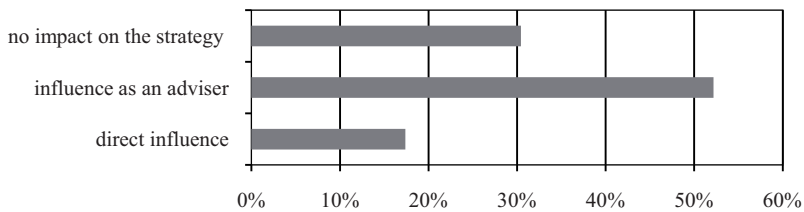

Fig. 1. The personal service's influence on the company's general strategy formulation

Source: Author's own study.

It needs, however, to be pointed out that the direct impact on the general strategy formulation occurs in only 17% of the organisations investigated. In most cases (52%) one has to do only with an advisory impact from the HR departments. In order to determine more precisely the possibility of influence from the personal service on the company's strategy formulation, the respondents were asked whether the HR area's representative had a seat in the company's management. It is so in 17% of cases, yet the situation that the management includes an HR representative and the influence on the general strategy formulation is direct appears only in 8% of cases.

Interesting results were obtained while investigating the question of the personal managers' independence with respect to formulating the functional strategy for their own area. In 70% of cases the HR service formulates the functional strategy independently. In the remaining cases there are instructions from the board or the owners.

In the case of independent strategy formulation there may appear the phenomenon of goal automatisation. Hence, the next issue; namely, the functional strategy's cohesion with the general strategy. In order to determine the level of this cohesion, the personal managers were asked to determine the scope of accordance by means of a 10-rate scale, where "10" stood for the full cohesion and "1" stood for the lack of connection between the strategies. The analysis of the results obtained is shown in Figure 2.

As it follows from the analysis, the majority of managers declared a high level of connection between the personal and general strategy. It is, obviously, a highly appreciated phenomenon. One can thus claim that in spite of the independence concerning the aim formulation for one's own area that the respondents declared, in the majority of cases the strategies tended to be cohesive.

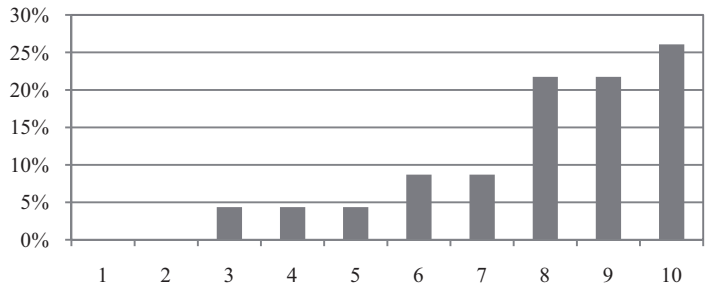

Fig. 2. Cohesion of the personal strategy with the general strategy

Source: Author's own study.

The last problem brought up in the area of strategy was to find out the way in which the employees of the companies under investigation were perceived – as the resources indispensable for the accomplishment of the goals or rather as assets of a strategic importance. Over 60% of the HR managers answered that the employees were perceived as resources. In only 30% of the companies sampled the employees were perceived as assets of a strategic importance. This result is rather surprising, if one considers that it is the companies with a developed HR function that were chosen for the investigation.

3.3. Change management

One of the HR departments' tasks connected both with change management and with aspects of a strategic partnership is monitoring of the market surrounding and the organisation's internal situation. A detailed list of basic areas of information acquisition by the HR service was shown in Figure 3.

Among the investigated companies, almost 80% declared that the personal service accounted for the monitoring of the market surrounding. Experts at personnel focus mostly on acquiring the information concerning the level of market salary. Further, the situation on the labour market is subject to monitoring. Both areas of information acquisition result directly in the knowledge useful for salary policy. The next, as for their frequency, personal service's actions refer to the monitoring of the competitors' HR service's activities as well as the investigation of the new investments in the region (these actions are caused by the risk of the employee outflow). The areas of the monitored surrounding, mentioned the most seldom, were the management tendencies and the state's economic situation. An interesting activity mentioned in the research was the market monitoring in order to support the internal initiatives referring to the search for new solutions – this activity is being accomplished by somewhat less than 5% of the personal departments under investigation.

In the case of the monitoring of the organisation's internal situation, almost 90% of the personal service's representatives declared activities of that kind.

As it was presented in Figure 2, the most popular way of acquiring information about the internal situation is a job attitude survey. As far as the frequency of activities in the investigated area is concerned, the next position is occupied by the monitoring of the internal communication effectiveness and the activities connected with the acquisition of the information of an administrative character, referring to the compliance with the labour law, absenteeism or personnel rotation in the company. The staff development and indentifying the executives' needs are the next areas of the internal situation monitoring. A constant monitoring of the situation within the

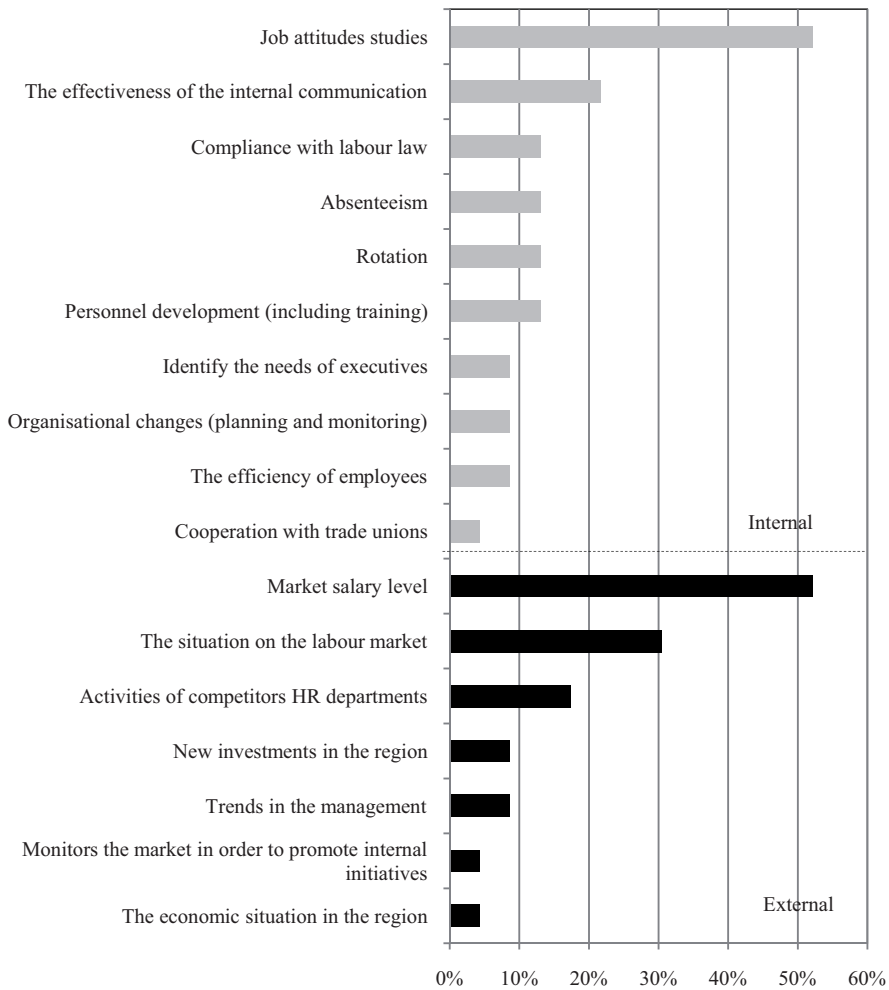

Fig. 3. The areas of information acquisition by the HR service
(percentage of the companies declaring the monitoring of particular areas)

Source: Author's own study.

company, connected with planning and monitoring of the organisational changes, was declared by somewhat less than 10% of the HR departments under investigation. The last areas mentioned were the monitoring of the employees' efficiency as well as co-operation and acquisition of the information from trade unions.

Analysing the aspect of support strictly in the scope of change management, provided by the HR management departments, it is noteworthy to have a look at the personal service's activities in that matter. Around 80% of the research participants declared that personal service initiated implementation of changes in the organisation, yet these initiatives are limited, first of all, to the area of one's own function.

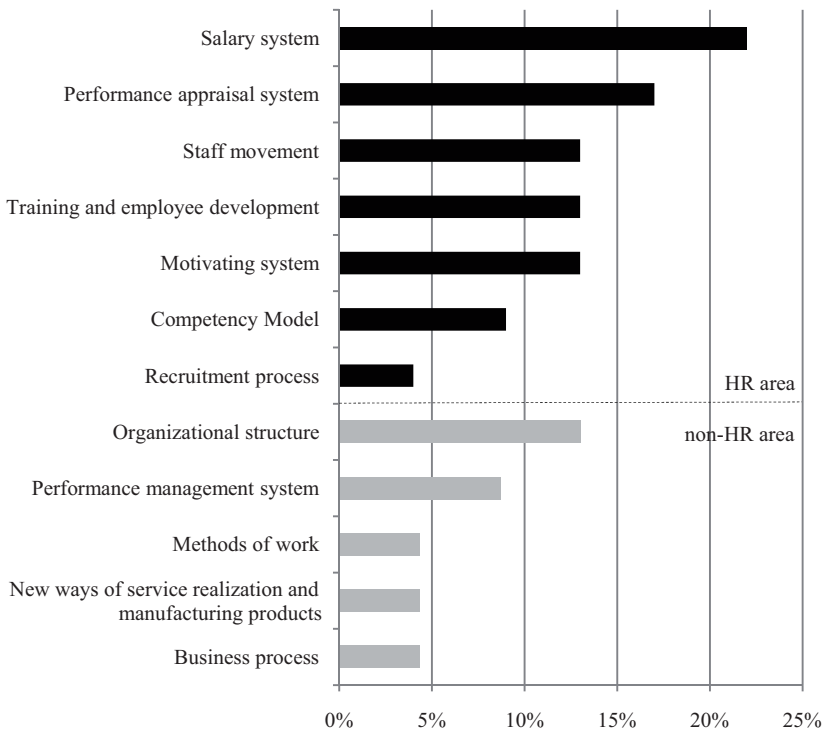

Fig. 4. HR areas in which personal service initiates change implementation (percentage of companies declaring initiatives on changes in particular areas)

Source: Author's own study.

The changes are mostly initiated in the area of the salary system and performance appraisal system. Similar results concerning the change initiative's frequency were obtained in such areas as staff movement, training systems and motivating systems. The HR service relatively seldom initiates changes concerning competency model or the recruitment and selection processes. In the areas irrelevant to the personal function, the changes tend to be initiated much more seldom. It is only very rarely

that the personal service interferes in the course of business processes or working methods.

While analysing the question of the organisational changes initiated by the HR service, the issue of the integration of the employee initiatives was taken up. Here, in the investigated companies, in more than 50% of cases, the HR departments are responsible for the integration of the employee initiatives as far as the organisational change implementation is concerned. It seems to be a fair result which proves the existence of some items of the approach based on the organisation's constant improvement.

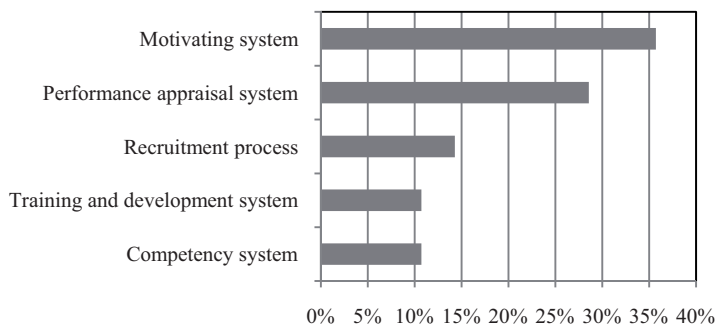

Fig. 5. HR systems impact on organisational culture transformation (percentage of indications)

Source: Author's own study.

An interesting problem is constituted also by the HR managers' opinions on particular HR systems' impact on the transformation of the organisational culture and – what follows from this – the consolidation of changes. In this case the answer frequency distribution resembles a bit the declaration concerning the HR areas where the personal service initiates the change implementation. Here, the HR managers hold the view that the motivating system influences the culture's transformation most (which is in accordance with the Galbraith's star model, mentioned at the beginning of the article). The next indications referred to performance appraisal system, which, in order to be efficient, should result in both salary system (including bonuses) and the promotion system. According to the HR managers, it is also the recruitment, training and employee's development system that is crucial. However, what may be surprising is a low level of indications at the competence system as a tool used for the organisation's culture transformation.

As far as the change implementation in an organisation is concerned, one of the basic conditions to be met if these enterprises are to be successful, is the employee informing process. In most cases (74%) it was this personal service that accounted for informing the employees about a change to be implemented. But in almost 40% of cases the employees are informed about the intention of implementing a change,

while around 50% of cases concern the transmission of the information about the change implementation. These results point rather to a lack of participative approach to the question of change management.

As for the counteracting the resistance against the changes, personal service – next to information campaigns (74%) that undoubtedly are one of the key factors for the change implementation to be successful – point also to its other activities that are supposed to overcome this resistance. It is, first of all, pointing to the advantages of the change (18%), negotiating with the trade unions (18%), being constant about realising the activities on behalf of the change and setting individual goals (6% each).

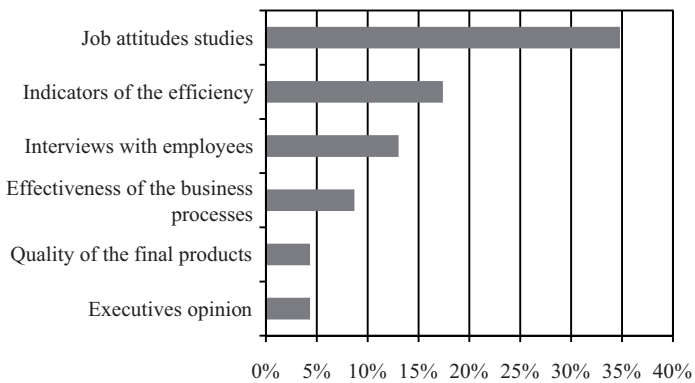

Fig. 6. The ways of the personal service evaluation of the process of change

Source: Author's own study.

Obviously, the personal service's role should not be restricted only to initiating the changes or the communication process. It is also crucial that the change progress and evaluation of its effects be monitored. In 65% of the companies under investigation the HRs were responsible for the monitoring of the progress of organisational changes, their directions and compliance with the goals set. As for the evaluation of the change effects, 35% of the HR departments declared conducting the research on the job attitudes before and after the implementation of significant organisational changes. These are not the only ways of evaluating the change effects. In over 15% of cases the change was evaluated by the HR departments on the grounds of hard efficiency indicators. Another method that can be applied is interviewing the employees done by their superiors, HR representatives or top management. Such methods tend to be applied in over 10% of the companies surveyed. The customer perspective and the perspective of the efficiency of the processes being accomplished are quite rarely taken into account. The evaluation of the change effects in only 10% of cases is based on the criteria for evaluation of business processes efficiency and in less than 5% – on the final product quality.

4. Conlusions

The results of the research that were presented in this article outline a picture of the role of the personal service in the renewal and development processes. Quite naturally, in order to determine the state of things in this area, one would need to conduct some more detailed research based on a bigger sample. Nevertheless, on the grounds of the conducted analyses, it is possible to notice the following phenomena:

- in most cases, scarcely any influence from HR service on the formulation of the general strategy;
- declaration of a high level of independence with respect to the formulation of the functional strategy;
- in most cases, a high level of connection between the functional strategy and general strategy;
- employees treated rather as resources than strategic assets;
- monitoring of the environment, done by the HR service, is mostly directed at getting information about the market salary level and is made use of for the sake of salary management in the company;
- the HR service in the investigated companies hardly ever monitors the surrounding with regard to the new tendencies in management or the support of internal initiatives, HR service does not monitor the surrounding as for the customers' needs;
- internal situation monitoring refers mostly to gathering the information on the employees' job attitudes and job satisfaction;
- frequent change initiating by the HR service in its own area (especially the salary system change, rarely in the competence system);
- relatively rare change initiatives beyond the company's own area, although the personal service is often responsible for the integration of the employee initiatives;
- frequent personal service's participation in the communication process, at conducting the organisational changes (rather transmission of the fact than such an intention);
- application of a limited set of the ways of overcoming the resistance against the changes;
- high level of HR managers' awareness with respect to the connection of the motivating systems with strengthening the new attitudes;
- neglecting the role of competence systems in the process of organisational culture transformation;
- HR service more often evaluates the change effectiveness from the perspective of the employees' satisfaction than from the perspective of the effectiveness of the processes, the applied management methods and final product quality.

Summing up, it should be noted that personal service in the companies under investigation participates in the process of building the organisation's strategy and

provides its own functional strategy with cohesion with the organisations' objectives. The objectives' influence on the formulation of the organisation's strategy is, however, rather minute.

As for the support for the changes, the HR departments get closed in their own area and concentrate rather on the employees' satisfaction indicators and not on the organisation's effectiveness or the customer's satisfaction.

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ROLA DZIAŁU HR W PROCESIE ODNOWY PRZEDSIĘBIORSTWA

Streszczenie: W prezentowanym opracowaniu autor podejmuje próbę określenia w jakim zakresie służby HR uczestniczą w procesie rozwoju i odnowy organizacji. Autor wskazuje na dwa kluczowe obszary w jakich działy personalne powinny wspierać organizacje. W odniesieniu do tych dwóch obszarów (partnerstwo strategiczne oraz zarządzanie zmianami) autor prezentuje uzyskane wyniki badań empirycznych.