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**BEYOND THE VISION:
WHAT MAKES HR EFFECTIVE?**

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Beyond the Vision: What Makes HR Effective?
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Corporations are undergoing dramatic changes that have significant implications for how their human resources are managed and for how the human resource function is best organized and managed. The forces driving change include the rapid deployment of information technology, globalization of the economy, and the increasingly competitive dynamic business environments that corporations face. There is a growing consensus that effective human capital is critical to an organization's success and that the Human Resources function's focus must be more strategic. But, how can the HR function get beyond the rhetoric of wanting to be a strategic business partnership and make it a reality? How should the HR function itself should be organized and managed to help corporations deal with and succeed in this new era? This article reports the results the second Human Resource Planning Society (HRPS) sponsored Center for Effective Organizations (CEO) study of HR in large corporations. The major focus of the study is on the practices, structures and activities that determine the effectiveness of HR organizations with particular attention to the development of a business partner relationship and the use of information technology.

Staff functions, in general, are under fire in organizations because they are frequently perceived as controlling rather than adding value, and as not responding to the demands for change that operating units need to make. They are being asked to change to provide expert support to the strategic initiatives of the company, and to take advantage of technology and other approaches to deliver more efficient and responsive services. Despite compelling arguments supporting the view that human resources management is the key strategic issue in most organizations, human resources executives historically have not been strategic partners (Lawler,

1995; Brockbank, 1999). The human resources function has been an administrative function headed by individuals whose roles are largely focused on cost control and administrative activities (Ulrich, 1997).

One study of large corporations and another study that focused on a cross-section of firms found that the major focus of most human resources (HR) functions is on controlling costs and on a host of administrative issues (Lawler, Cohen, and Chang 1993; BNA 1994). Missing almost entirely from the list of HR focuses were key organizational challenges such as improving productivity, increasing quality, facilitating mergers and acquisitions, and improving the ability of the organization to bring new products to market. Since it is likely that these are critical business concerns, we must ask why they were not the most important focuses for the human resources executives. Most likely, the executives in these firms simply felt that the human resources function could not have an impact in these areas. This view is supported by studies that have found that HR is seen as most successful by HR executives when it comes to administration (Csoka and Hackett, 1998).

This situation is changing, and the human resources function is beginning to redefine its role (Wright, Dyer and Takla, 1999). A number of studies have investigated the changing directions needed for the human resources function (e.g., Conference Board Study by Csoka and Hackett, 1998; the Human Resource Planning Society (HRPS) study by Eichinger and Ulrich, 1995; American Productivity and Quality Center study by Smith and Riley, 1994; Becker and Huselid, 1998, 1999). There is a growing body of evidence that HR can be a value-added function in organizations. The most important work on the relationship between firm performance and HR practices has been conducted by Becker and Huselid (1998). In their study of 740 corporations, they found that firms with the greatest intensity of HR practices that

reinforce performance had the highest market value per employee. They go on to argue that HR practices are critical in determining the market value of a corporation and that improvements in HR practices can lead to significant increases in the market value of corporations. They conclude that the best firms are able to achieve both operational and strategic excellence in their HR systems.

Ulrich has championed the argument that the HR function needs to be redesigned to operate as a business partner (Ulrich, 1997; Ulrich, Losey and Lake, 1997). Brockbank (1999) has argued that the HR function needs to become “strategically proactive.” A recent HRPS sponsored five-year study of the critical issues in the changing business has found that business challenges of growth, globalization, and rapid change have intensified, and that there is now broad consensus around the need for HR to go beyond its administrative expertise and be expert at strategic business partnering, change management, and employee advocacy (Wright, Dyer and Takla, 1999). The researchers conclude that it is imperative to go beyond talk about what the role should be and get on with executing it. Another study has found broad agreement on the competencies required for Human Resource leaders and managers (Walker and Reif, 1999), confirming the primary importance of the business partner roles. Yet, in this same study, both line managers and Human Resources leaders identify the most critical HR capability gaps in such business oriented areas as strategic assessment, organizational design, development and learning, strategic staffing, and envisioning the organization of the future.

Given the amount of attention during the past decade to the importance of HR becoming a business partner and the apparent slowness of actual progress in this direction, it is clear that describing the new human resources role and associated competencies constitutes only the first step in transitioning HR to this new role. A second step is needed. The human resources

function has been organized to carry out an administrative function; enacting a new role requires organizing the HR function to carry out its new role.

A forward-looking view of the human resources function was presented in the Corporate Leadership Council's *Vision of the Future* (1995). It projected a gutting of the human resources function as we know it today; the transfer of many HR functions to the line, outside vendors, and high-efficiency processing centers; and an almost exclusive focus on business consulting and the management of the organization's core competencies. Certainly changing HR's role will require a different mix of activities and may necessitate reconfiguring the HR function to support changing business strategies and organization designs (Mohrman and Lawler, 1993). It also will require that the HR function make much greater use of information technology. Automating the transactional aspects of HR may free up resources to take on the new business partner activities and, just as importantly, changes the relationship of HR to employees by empowering employees to do things that HR used to do for them. A move toward e-HR also offers the potential for a personalized interface with individual employees. Additionally, HR can take advantage of data bases and powerful analytical tools to track trends and data useful in determining strategic HR policies and practices and ensuring that the organization maintains its needed talent pool.

Are HR functions implementing the changes in their own organizations that are required to support the new roles and capabilities that their businesses need? One study found that 64 percent of the companies examined report that they are transforming their human resources organization (Csoka and Hackett, 1998). In 1995, our first wave of this CEO-HRPS study of the HR organization found some evidence of change in HR activities, structures, and practices, but noted that there may be more discussion of change than actual organizational change (Mohrman, Lawler, and McMahan, 1996). In 1998 we once again examined whether the strategically

oriented changes that have been predicted for human resources organizations are actually occurring, and what difference they make for HR effectiveness.

Methodology

Surveys were mailed to medium and large companies that are either sponsors of the Center for Effective Organizations at the University of Southern California or members of the Human Resource Planning Society, or both. The surveys were filled out by HR leaders who are in a director-level or above position with corporatwide visibility to the human resources function. In 1998, one hundred and nineteen usable surveys were received (17.9 percent response rate.). In 1995 we had a slightly higher response rate and a sample of 130 companies. One hundred and fifteen companies responded to both surveys; thus, this second study offers a good picture of the amount of change in the HR function in this sample of companies. The surveys were generally filled out by large companies from a variety of industries. The average organizational size in 1998 was 34,948. Therefore, these findings must be considered as characterizing large companies.

The 1998 survey was an expanded version of the 1995 survey.¹ It covered nine general areas:

1. General descriptive information about the demographics of the firm and the human resources function.
2. The organizational context that the human resources function serves, including its broad organizational form and the amount and kinds of strategic change and organizational initiatives being carried out by the company.

3. The changing focus of the human resources function measured in terms of how much time it is spending in different kinds of roles compared with five to seven years ago.
4. The extent of emphasis that a number of human resources activities are receiving.
5. Human resources' use of various organizational practices to increase efficiency and business responsiveness and the extent to which human resources is investing in a number of strategic initiatives to support strategic change.
6. The use of shared service units and their effectiveness (new in 1998).
7. The use of outsourcing and the problems that have been encountered (new in 1998).
8. The use of information technology and its effectiveness (new in 1998).
9. The changing skill requirements for employees in the HR function and satisfaction with current skills.

Staffing of the Human Resources Function

In the firms studied, the average number of employees in the human resources function was 402, a slight increase from the 377 number in 1995. The ratio of human resources employees to all employees was 1 to 87. This ratio is slightly lower than the median 1 to 100 ratio reported in the Conference Board Study (Csoka, 1995) and lower than the 1 to 92 ratio we found in our 1995 survey, thus suggesting growth in the HR function of large organizations. A similar result is reported in the SHRM-BNA survey of human resources functions which shows a slight growth in both staff and budget from 1997 to 1998 (BNA, 1998). Thus, as of 1998, there was no evidence of a shrinkage of the HR function.

Demographic information on the staffing of the HR function for the firms responding to the study is portrayed in Table 1. Of the total human resources staff in these

organizations, 59 percent were characterized as professional/managerial and 46 percent were described as generalists. The percentage of the human resources professional/managerial staff that are part of a centralized corporate staff function is 43 percent. Overall, there was no significant change in staffing of HR functions from 1995 to 1998.

Insert Table 1

Companies in the survey typically operated in several countries; 63.3 percent had more than 5 percent of their revenue come from outside the United States. In the companies that operated internationally, 17 percent of their HR professionals were located outside the United States, whereas 21.5 percent of their employees were outside the United States. This suggests that to some degree there is less staffing of the HR function outside of the United States than inside the United States. Undoubtedly this is because some corporate services from the United States are provided to employees in other countries. The locations outside the United States were typically staffed by local nationals. Seventy percent of the companies reported that they use only local nationals outside the United States. No company had most of their international HR staff come from the United States.

Seventy-five percent of the top human resources executives came up through the human resources function. In the other 25 percent of cases, these executives came from functions such as operations, sales and marketing, and legal. This number is slightly higher than the 21 percent we found in 1995. Hence, a substantial number of firms continue to place executives over the human resources function who are not trained as human resources executives.

Change in the Human Resources Organization and Activities

In order to become a business and strategic partner the HR function must go beyond developing administrative systems and practices and delivering HR services to ensuring that the company's human resources have the needed competencies and are motivated to perform effectively. It also must help the organization transform and develop itself to accomplish its strategy and be successful. Thus, the human resources function should be positioned and designed as a strategic business partner that participates in both strategy formulation and implementation.

When asked to look retrospectively, HR leaders in both 1995 and 1998 reported that during the last 5-7 years there has been a significant decrease in the amount of HR time devoted to maintaining records, and auditing/controlling the HR practices of the organization. They also report that there has been a significant increase in time spent on the development of HR systems and practices and on being a strategic business partner. In 1995 they reported a decrease in time spent delivering HR services, but in 1998 they report that there has been no change in this area. When asked to estimate the percentage of time currently spent in these areas, the only significant change between 1995 and 1998 is a reported increase in the percentage of time spent on service delivery—the implementation and administration of HR practices. There is no decrease in the time spent on record keeping, control and audit and no increase in the development of systems and processes or strategic business partnering activities (see Table 2). Thus, although HR leaders may have the impression of a shift in the way their function is allocating its time, there does not appear to be much of a shift in the time spent in these broad categories of activities.

Insert Table 2

It is possible that the perceived increase in service delivery in 1998 reflects an expansion of HR services so that more of the services are strategically focused. Indeed, when asked about the focus of HR on specific activities (see Table 3), the respondents see an increase in focus on such strategic and business support areas as strategic and HR planning and on organization design and development, as well as on talent and performance oriented issues such as employee development, compensation, performance management, benefits and recruitment and selection. HRIS also has increased in focus, no doubt reflecting the shift to automated systems. There has been no change in the focus on traditional HR areas of control, audit, and “care” of employees, such as legal affairs, affirmative action, and employee assistance and union relations. A very slight decrease in focus on record keeping is reported.

Insert Table 3

A number of changes in structure and process have been advocated in order to increase business responsiveness of staff functions (Lawler and Galbraith, 1993; Mohrman, Galbraith, and Lawler, 1998). Table 4 shows the relative extent of use of them. Business support oriented practices that are frequently applied in these firms include decentralizing HR generalist support to operating units, the use of HR teams to support the business, and the use of joint HR/Line task teams to develop HR systems and policies. Additionally, these companies are employing corporate centers of excellence, and the centralization of administrative processing. Interestingly, this pattern of organization shows a blend of centralization and decentralization that may explain why the percentage of HR employees that are at the corporate level has not gone down, despite the fact that companies also say they are to some extent trying to maintain a very small corporate

staff. Practices that have been advocated to increase the business orientation and responsiveness of HR but that are currently less widely used include outsourcing, providing employees and managers with the HR self-service, rotation of people within and in and out of HR, and self-funding for HR services. It is instructive to note that the infrequently utilized approaches are more radical in the sense that they blur the boundaries of the HR organization and change its relationship to the business.

Insert Table 4

Determinants of HR Effectiveness

A basic premise underpinning the discussion of the appropriate HR role is that being a business partner is essential to HR effectiveness. Table 5 shows the relationship between the type of business partnership that the HR organization has and its rated effectiveness in a number of areas. For this analysis each HR function was characterized as either a full business partner or not a full business partner based on the companies' answers to the questionnaire. The results for these two groups are significantly different on most of the measures of effectiveness. They clearly establish that HR rated itself as more effective when it is a full business partner. There are a few exceptions. Business partnership doesn't impact the effectiveness of managing outsourcing, shared services and centers of excellence, activities which for the most part transfer the traditional transactional and the expert functional roles of HR into new units. These results suggest that making HR a business partner can enable HR staff to deliver business-oriented services more effectively. This makes sense since if HR executives understand the business strategy, they can do a better job of supporting the business strategy and may even influence the business strategy so that it is more realistic in terms of the kind of support HR can offer.

It is important to point out that this is simply a statistical relationship, and it is possible that the causal direction between effectiveness and being a business partner operates in the reverse direction. That is, it may be that HR effectiveness is the price a HR organization has to pay in order to be regarded as a full business partner. Our estimate is that the influence is predominately from business partner to effectiveness, but both directions of causation may be operating.

Insert Table 5

Table 6 shows the relationship between how time is spent by the HR organization and the effectiveness of the HR organization. The table shows a negative relationship between the amount of time spent on records, auditing and providing services and effectiveness. On the other hand it shows a strong positive relationship between the degree to which a HR organization spends its time as a strategic business partner and its perceived effectiveness.

The results strongly support the idea that in order to be effective the HR organization needs to decrease the amount of time it spends maintaining records and doing auditing and controlling, and increase the amount of time it spends as a strategic business partner. This conclusion is reinforced by the areas of human resource performance where effectiveness is most strongly related to being a strategic business partner. The correlation is highest for helping develop business strategies, providing change consulting services, and being a business partner. This suggests that being an effective business partner leads to the view that the HR organization is effective. It is also consistent with the work of Brockbank (1999), which finds that performance is higher when HR departments focus more on strategy.

Insert Table 6

Table 7 shows the relationship between effectiveness and how much HR organizations have increased their attention to certain activities. There are highly significant positive relationships between effectiveness and increased attention to organizational design and development. In particular, increasing the amount of activity in the area of strategic planning, organizational design, organizational development, and HR planning are all significantly related to high ratings on effectiveness. It is interesting that spending more time in other areas of activity with the exception of recruitment, a hot topic, is not significantly related to effectiveness. Even an increased focus on such core areas as compensation, performance management, and employee and management development are not related to HR executives' own ratings of their function's performance effectiveness. Surely this represents a sea change from the era when purely functional excellence was the standard by which HR was judged.

Insert Table 7

We have argued that HR must not only help the business with its organizational design, but that in order to develop new capabilities and perform differently, it must pay more attention to its own organizational design. Table 8 shows the relationship between how the human resources function is organized and its rated effectiveness. A number of significant relationships are in the predicted direction. For example, having corporate centers of excellence and the deployment of resources to business units are associated with high levels of effectiveness. Also associated with effectiveness are the rotation of people within HR, self-service, the use of HR teams to provide service and to support the business, and development of HR systems through

joint line/HR task forces. The later relationship is particularly strong and highlights the importance of having line management input and ownership.

Insert Table 8

A key organizational challenge is how to increase the level of activity in the business support areas of organizational design and development and planning without greatly inflating the number of HR professionals in the organization. Clearly, organizational changes such as the creation of shared services and centers of excellence and a reliance on self-service are ways to leverage resources throughout the organization and free up headcount to deliver business support. The effectiveness of this approach depends, however, on having a quality of information system that can efficiently link decentralized business units and employees to centralized systems and service units.

One way to judge the impact of information technology (IT) on the effectiveness of the HR organization is by the relationship between the degree of IT use and HR effectiveness. Table 9 shows the average overall effectiveness rating of organizations with different degrees of HR process automation. It shows a pattern in the direction of more automation leading to greater effectiveness. Additionally, when statistically comparing the components of effectiveness across companies with different levels of IT process capability, the areas of effectiveness that are most enhanced by increasing IT process automation are providing HR services, tailoring practices to fit business needs, and operating shared service units. Thus, it appears that the HR function can indeed be a more effective service deliverer, can leverage service across business units, and can tailor services more easily if there is good process automation. Process automation currently does not, on the other hand, appear to significantly impact the ability of the organization to

provide strategic business support in such areas as change consultation, developing business strategies, and being a business partner, presumably because it depends more on responsive support from knowledgeable HR professionals. On the other hand, by automating transactional and some functional services, it may be possible to free time and people for business support activities.

Insert Table 9

Conclusion

Overall, the results show relatively strong relationships between how the HR organization operates and its effectiveness. This study provides considerable support for the argument that HR organizations need to be business partners. It suggests that focusing on strategy, organizational development, and organizational change is a high payoff activity for the HR organization. It also suggests that information technology and changes to HR organizations can lead to a more effective HR organization. For HR to do more than simply talk and think about becoming more of a business partner, it is imperative that it change the way it organizes its resources and its mix of activities. Although there is some progress, it appears that at this point in time most HR organizations have been adding new activities and focuses and that the hard work of eliminating some lower value adding focuses and streamlining others is still a journey in process.

Footnotes

1. A complete copy of the questionnaire can be found in Lawler, E.E. and Mohrman, S.A. (2000) *Creating A Strategic Human Resources Organization* (Los Angeles: Center for Effective Organizations).

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| TABLE 1 HUMAN RESOURCES GENERALISTS AND SPECIALISTS | | |
|--|-------------|-------------|
| Percentage of human resources employees | 1995 | 1998 |
| ▪ Professional/Managerial | 57 | 59 |
| ▪ HR Generalist | 46 | 46 |
| ▪ Corporate Staff | 44 | 43 |

| TABLE 2 PERCENT OF TIME SPENT ON VARIOUS HUMAN RESOURCES ROLES | | |
|--|--------------|-------------|
| | MEANS | |
| | 1995 | 1998 |
| Maintaining Records Collect, track and maintain data on employees | 15.4 | 16.1 |
| Auditing/Controlling Insure compliance to internal operations, regulations, legal, and union requirements | 12.2 | 11.2 |
| Human Resources Service Provider Assist with implementation and administration of HR practices | 31.3 | 35.0 |
| Development of Human Resources Systems and Practices | 18.6 | 19.3 |
| Strategic Business Partner Member of the management team. Involved with strategic HR planning, organization design, and strategic change | 21.9 | 20.0 |
| N = 119 | | |
| * The change is significant in all companies. The percent of change is significantly higher in companies with several groups or sectors of businesses. | | |

| TABLE 3 CHANGE IN FOCUS ON HR ACTIVITIES | |
|--|--|
| Significant Increase | No Change |
| HR Planning Organizational Development Organization Design Strategic Planning Employee Development Management Development Career Planning Compensation Performance Appraisal Benefits HRIS | Employee Record Keeping Legal Affairs Affirmative Action Employee Assistance Union Relations * |
| * very slight decrease | |

| TABLE 4 CHANGE IN APPLICATION OF ORGANIZATIONAL APPROACHES | |
|--|---|
| Low Overall Use | Higher Overall Use |
| Rotation into & out of HR Rotation within HR Self-Service Outsourcing Allowing HR Practices to Vary ** Self-Funding for HR Services | Corporate Centers of Excellence * Decentralizing HR Generalists * HR Teams to Support the Business * Centralizing Administrative Processing Small Corporate Staff Joint HR / Line Task Teams to Develop HR Systems |
| * Increased in use from 1995 to 1998 | ** Declined in use from 1995 to 1998 |

| TABLE 5 RELATIONSHIP OF TYPE OF BUSINESS PARTNER TO EFFECTIVENESS | | |
|--|-----------------------------------|------------------------------------|
| | MEANS | |
| | NOT PARTNER (N=84) | FULL PARTNER (N=35) |
| PERFORMANCE EFFECTIVENESS¹ | 6.0 | 7.0* |
| Providing HR Services | 6.9 | 7.3 |
| Providing Change Consulting Services | 5.3 | 6.0* |
| Being a Business Partner | 6.1 | 7.5* |
| Developing Organizational Skills and Capabilities | 5.5 | 6.1* |
| Tailoring Human Resource Practices to Fit Business Needs | 6.6 | 7.5* |
| Helping Shape a Viable Employment Relationship for the Future | 5.4 | 6.6* |
| Helping Develop Business Strategies | 5.6 | 7.6* |
| Being an Employee Advocate | 6.5 | 7.5* |
| Overall Performance | 6.4 | 7.3* |
| MANAGING OUTSOURCING OF TRANSACTIONAL SERVICES (E.G. BENEFITS) | 6.4 | 6.9 |
| MANAGING OUTSOURCING OF HR EXPERTISE (E.G. COMPENSATION DESIGN) | 6.1 | 6.4 |
| OPERATING CENTERS OF EXCELLENCE | 5.4 | 5.8 |
| OPERATING SHARED-SERVICE UNITS | 5.7 | 5.7 |
| Significant difference ($p \leq .05$) between the two categories. Scale response: 1 = Not Meeting Needs, 10 = All Needs Met ¹ Scale Score For 9 Items that Follow | | |

**TABLE 6
RELATIONSHIP OF HUMAN RESOURCES ROLE TO EFFECTIVENESS**

| | Activity Areas | | | | |
|--|---------------------|-----------------------|-----------------------|-----------------------|-------------------------------|
| | MAINTAINING RECORDS | AUDITING/ CONTROLLING | PROVIDING HR SERVICES | DEVELOPING HR SYSTEMS | STRATEGIC BUSINESS PARTNERING |
| EFFECTIVENESS¹ | -.35*** | -.20* | -.19* | .15 | .44*** |
| Providing HR Services | -.19 ^t | -.07 | .00 | -.02 | .17 ^t |
| Providing Change Consulting Services | -.32*** | -.12 | -.21* | .19* | .46*** |
| Being a Business Partner | -.39*** | -.12 | -.25** | .12 | .53*** |
| Developing Organizational Skills and Capabilities | -.32*** | -.10 | -.05 | .12 | .24* |
| Tailoring Human Resource Practices to Fit Business Needs | -.15 | -.05 | -.17 ^t | .01 | .29* |
| Helping Shape a Viable Employment Relationship for the Future | -.17 ^t | -.14 | -.15 | .12 | .24* |
| Helping to Develop Business Strategies | -.25** | -.15 | -.23* | .07 | .46*** |
| Being an Employee Advocate | -.14 | -.19 ^t | .03 | -.01 | .18 ^t |
| Overall Performance | -.25** | -.16 ^t | -.13 | .10 | .32*** |
| MANAGING OUTSOURCING OF TRANSACTIONAL SERVICES (E.G. BENEFITS) | -.25* | .08 | -.09 | .10 | .14 |
| MANAGING OUTSOURCING OF HR EXPERTISE (E.G. COMPENSATION DESIGN) | -.06 | .00 | -.14 | -.02 | -.01 |
| OPERATING CENTERS OF EXCELLENCE | -.22* | -.08 | -.03 | .08 | .16 |
| OPERATING SHARED-SERVICE UNITS | -.16 | -.12 | -.01 | .01 | .11 |
| Zero order correlation: ^t $p = 0.10$ * $p = 0.05$ ** $p = 0.01$ *** $p = 0.001$ | | | | | |
| N = 119 | | | | | |
| ¹ Scale Score for 9 Items that Follow | | | | | |

**TABLE 7
RELATIONSHIP OF HUMAN RESOURCE ACTIVITY INCREASES TO EFFECTIVENESS**

| | EFFECTIVENESS |
|--|--------------------------------------|
| DESIGN & ORGANIZATIONAL DEVELOPMENT¹ | .46*** |
| HR Planning | .30*** |
| Organizational Development | .33*** |
| Organizational Design | .43*** |
| Strategic Planning | .40*** |
| EMPLOYEE "CARE"² | -.09 |
| Benefits | -.03 |
| Employee Record Keeping | -.11 |
| Legal Affairs | .03 |
| Affirmative Action | -.13 |
| Employee Assistance | -.05 |
| EMPLOYEE & MANAGEMENT DEVELOPMENT³ | .16^t |
| Employee Training/Education | .17 ^t |
| Management Development | .13 |
| RECRUITMENT & SELECTION³ | .17^t |
| Recruitment | .18* |
| Selection | .13 |
| COMPENSATION | .07 |
| HR INFORMATION SYSTEMS | .11 |
| PERFORMANCE APPRAISAL | .10 |
| CAREER PLANNING | .07 |
| UNION RELATIONS | -.14 |
| Zero order correlation: ^t $p = 0.10$ * $p = 0.05$ ** $p = 0.01$ *** $p = 0.001$ | |
| N = 119 | |
| ¹ Scale Score for 4 Items | ² Scale Score for 5 Items |
| | ³ Scale Score for 2 Items |

| TABLE 8 RELATIONSHIP OF HUMAN RESOURCES ORGANIZATION TO HR EFFECTIVENESS | |
|---|------------------------|
| | EFFECTIVENESS |
| SHARED SERVICES¹ | .21* |
| Administrative processing is centralized | .08 |
| Corporate centers of excellence | .26** |
| DEPLOYMENT OF HR RESOURCES TO BUSINESS UNITS¹ | .24* |
| Decentralized HR generalist's support business units | .18 ^t |
| Very small corporate staff – most HR managers and professionals out in businesses | .21* |
| ROTATION INTO AND OUT OF THE HR FUNCTION¹ | .15 |
| People rotate into HR | .15 |
| People rotate out of HR to other functions | .13 |
| SELF-SERVICE¹ | .28** |
| Some activities that used to be done by HR are now done by line managers | .25** |
| Some transactional activities that used to be done by HR are done by employees on self-service basis | .22* |
| OUTSOURCING¹ | .16^t |
| Transactional work is outsourced | .19* |
| Areas of HR expertise are outsourced | .07 |
| HR TEAMS PROVIDE SERVICE AND SUPPORT THE BUSINESS | .24** |
| HR PRACTICES VARY ACROSS BUSINESS UNITS | -.06 |
| SELF-FUNDING REQUIREMENTS FOR HR SERVICES | .00 |
| HR SYSTEMS AND POLICIES DEVELOPED THROUGH JOINT LINE/HR TASK TEAMS | .33** |
| PEOPLE ROTATE WITHIN HR | .27** |
| Zero order correlation: ^t $p = 0.10$ * $p = 0.05$ ** $p = 0.01$ *** $p = 0.001$ N = 119 ¹ Scale Score for 2 Items that Follow | |

| TABLE 9 RELATIONSHIP OF HR PROCESS AUTOMATION TO EFFECTIVENESS | |
|---|--|
| | MEAN EFFECTIVENESS RATING |
| Completely Integrated HR Information System | 6.6 |
| Most Processes are Automated but Not Fully Integrated | 6.6 |
| Some HR Processes are Automated | 6.0 |
| Little Automation Present in HR Function | 6.4 |
| No Automation Present | 5.9 |
| Response Scale: 1 = Not Meeting Needs, 10 = All Needs Met | |