DOES HUMAN RESOURCE MANAGEMENT ADD VALUE TO ORGANISATIONS IN NEW ZEALAND OR IS IT JUST ANOTHER JOB?

Dr. A.J. du Plessis  
School of Management and Entrepreneurship  
Private Bag 92025  
Unitec New Zealand  
Auckland, New Zealand  
E-mail: aduplessis@unitec.ac.nz

Prof P.S. Nel  
School of Management and Entrepreneurship  
Private Bag 92025  
Unitec New Zealand  
Auckland, New Zealand  
E-mail: pnel@unitec.ac.nz

Ms. L. Struthers  
School of Management and Entrepreneurship  
Private Bag 92025  
Unitec New Zealand  
Auckland, New Zealand

Ms. K. Robins  
School of Management and Entrepreneurship  
Private Bag 92025  
Unitec New Zealand  
Auckland, New Zealand

Ms. K. Williams  
School of Management and Entrepreneurship  
Private Bag 92025  
Unitec New Zealand  
Auckland, New Zealand

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ABSTRACT
This paper aims to discuss current literature, the focus areas of future HR in academic context, roles of the HR professional, and a model with three key areas for the HR professional which are identified for future use by New Zealand organisations. Trends and developments in HR should not be ignored. Generation Yer’s entering the workforce affects how the HR manager should manage workforces in future. HR’s future is dependant on committed practitioners who are knowledgeable in their field. HR has four distinct areas where they can contribute to add value and they are discussed. In conclusion: HR is not just another job, but a profession that’s on the forefront of business success with leading thinkers and respected executives. The HR value proposition is the blue print for the future of HR.

Keywords: Key areas, academic context, future, HR management, adding value, profession.
INTRODUCTION

Niels Borh, a Danish Nobel Laureate in Physics, is quoted as saying "Prediction is very difficult, especially if it's about the future." (University of Reading, 1998; Wisdom Quotes, 2006). This highlights that predictions about the future will forever only be just that – predictions based on events from both the past and the present. As time progresses the needs of societies change and evolve. Human Resources Management (HRM) constitutes one of the areas of the corporate world that evolves and changes rapidly with time.

The contemporary role of the Human Resource (HR) manager in an organisation is a complex one in the context of the global village, and keeps on evolving continuously. There are many aspects that make up the HR manager’s role and there are many issues they must face. These issues include how to ensure the best staff are attracted, recruited, trained and retained: further how to gain commitment from senior management to align the business strategy to the HR strategy. There are trends in the area of HR that must not be ignored such as the aging workforce approaching retirement age; Generation Yer’s entering the workforce, and the debated ambiguity of this area of business (Gen Y, 2006; Limerick, et al., 2002). All of these issues affect how HR managers should manage their workforce and also plan for the future.

This paper highlights some of the areas of development that may occur in the field of HRM. The areas considered are that of academic research, curriculum and theory development, changes to the role HR plays in an organisation with the increased use of outsourcing and devolving part of the HR function to the line manager. Evolving technology is used to change the way the work function is done: on a performance level through the introduction of telecommuting and on the analytical level through the use of Human Resource Information Systems (HRIS). We define the multiple roles of the HR professional, from the processes through to the people, as well as the day-to-day operational focus
through to the future strategic focus. A job description identifying the knowledge, skills and abilities required of the HR manager is also outlined. This classifies the many competencies and capabilities that are required to perform the job effectively. The paper concludes with recommendations with relation to HR professionals and how to conduct these recommendations in future in a way that is beneficial to their organisation and the people within the organisation that they are championing.

FOCUS AREAS OF FUTURE HRM IN ACADEMIC CONTEXT

Academic research is always going to be an important area for HR; however research areas are dependant on the interests of the researchers. Kiessling & Harvey (2005) propose that more research is needed into the use of methods to control employees on a global scale despite the differences in culture. Ball (2000) suggests that further research into how HRIS is used and the advantages and disadvantages of the types available. Richbell (2001) is equally adamant that research into the use of call centres in countries where the labour cost is low is very important, along with research into the use of telecommuting as an option for certain employees and occupations. Marchinton & Zagelmeyer (2005) suggest research into the effects of devolution of the HR function to line managers and their subsequent performance is equally important. Paauwe and Boselie (2005) argue that research results are “piecemeal” in the area of strategic HRM and greater progress can only be made when a broader viewpoint towards the research of developing trends is taken. What this does prove is that HRM as a research field provides a lot of options for future researchers to explore. More than a decade ago Truss and Gratton (1994) suggested that providing answers to these and other research questions will provide HRM practitioners higher quality information to use as a basis for decision making and policy implementation. Academics need to take note of what is said by researchers.

Van Fleet & Peterson (2005) highlight that tenure for university professors is dependent more on their ability to produce viable research than on their ability to teach. Calabrese & Roberts (2004) highlight this as the “publish or perish culture” (p.335). Van Fleet & Peterson then continue in this vein and highlight that while this will encourage the production of research and add to the promotion chances and academic prestige for the professors, it may not entirely be what employers or the students who
could be future HRM practitioners’ need. Calabrase & Roberts (2004) also highlight that this culture adds to the amount of research available but not necessarily the quality of the research, especially because of pressure exerted by superiors, the methods used to obtain the research are either invalid or unethical. Therefore the future of HRM is dependent on committed practitioners who are knowledgeable in their field. This also includes academics skilled in teaching, which are also able to produce quality ethical research that expands knowledge and be free of academic pressure to produce an arbitrary amount of research each year. Van Fleet and Peterson (2005) suggest that a greater recognition of teaching ability and its value in the academic world in order to effectively develop both the profession and that of students and their skills in the future.

Anderson (2005) argues that because HR practitioner’s theories are usually not explicitly stated, they avoid the kind of challenges that academic theories are routinely subjected to. Academics are no different in this regard, because no one likes to hear the flaws and weaknesses of their explanations and understandings. It’s simply a professional hazard that has to be endured. This adversarial nature of science is crucial because people inherently tend to be much more willing to seek and accept evidence that supports their theories than evidence that question them. Fortunately, academics review each other’s work anonymously.

Both Langbert (2005) along with Sincoff & Owen (2004) highlight the need for an expanded curriculum both at the undergraduate and Masters Level. The HRM curriculum itself is an area of interest, as what the students of today are taught impacts on business in later years when they have power to make decisions. HRM needs a knowledge base in the future from which to draw, and research is showing areas that business and academics believe needs to be included in the subjects taught. Payne & Wayland (1999) highlight that there needs to be an increase in the coverage given to the ethical aspects of decision making and the subsequent outcomes. Students need to be aware of this to avoid outcomes where ethics were originally disregarded in favour of profit. Thussu (2000) and also Ahlawat & Ahlawat (2006) highlight the need for increased knowledge of employment practices around the world especially with the increasingly globalised marketplace in which organisations operate. HR practitioners need not only specialised HRM knowledge, but also more general and
business knowledge to widen their viewpoint and skill base. It confirms that as HRM is both a field of study and function in an expanding area, the higher the quality and availability of education in the future the greater the chances for HRM to show itself as a viable and successful area adding value to the organisation.

THE ROLE OF HR PRACTITIONERS IN INDUSTRY

It is necessary to confirm in more depth the emerging profile required of the HR professional and what skills are needed to fulfil the requirements of this role. As organisations become more aware of the value an effective HR professional can add to their organisation, the HR professional must step up their performance and deliver on the numerous roles that are now required within this title. The role of the HR manager has evolved from a functional specialist to a business and strategic partner. Dessler, Griffiths and Lloyd-Walker (2004) point out these changes that have taken place and add that it is HRM who provides the competitive key. This competitive advantage comes from involving HR from the earliest stages of developing and implementing the organisation’s strategic plan rather than simply allowing HR reacting to it. It is further necessary to consider what type of legitimate power the HR manager should be entrusted with, and how adept they must be in wielding this power. HR managers cannot afford to get caught up in the importance of their title, they must be perceived as just another employee, the same as those they are representing.

Stone (2005) refers to HRM as ‘managing people within the employer-employee relationship, specifically to involve the productive utilisation of people in achieving the organisations objectives as well as the satisfaction of individual needs’. This is a very simplistic view of what is required of the HR professional. It is necessary to fully investigate the roles to appreciate what is expected of the HR professional. Dessler et al (2004) question the term ‘standard HRM’ and advise to rather refer to the three perspectives of HRM: HRM and management practise, HRM professionals and Professional knowledge and HRM. They add that HRM can focus on the daily work of HR and general managers,
on the professional lives of HR people, and on the knowledge that they build and use in their work. It can also be said that HRM is the leadership of an organisation’s people to ensure productive and profitable outcomes for the organisation and quality material and personal satisfaction for its employees.

Figure 1. The multiple roles required of today’s HR professional.


As illustrated above, there is much more required of the HR manager today than the personnel manager of yesterday. HR has four distinct areas where they can contribute to the well being of their organisation, as well as the welfare of their employees (Figure 1). The role of the HR professional is
not one of simply managing people. Management have a newfound appreciation of involving their HR professional in strategic planning for their business, refer to Figure 1 above.

Dessler et al (2004) explain that HR should play an important role as ‘Strategic Partner’ in the formulation and implementation of the strategic planning, and their input is bound to have an influence on the outcome of the organisation’s strategic plan. McMillan (2004) is supporting this view by pointing out that developing an appreciation of the industry and business enables HR professionals to provide valuable input in strategic planning sessions. Initiating and joining in significant strategic discussions also reveals a commitment to the future of the organisation and a level of comprehension about the wider issues influencing the business.

Richardson (2000) has another perspective: an organisation needs to clearly understand the factors driving the organisation’s performance, and then translate this into a visionary ‘people’ strategy. The expertise of the HR professional is vital for this translation. The strategic partner concept was discussed more than a decade ago already by Capelli & Singh (1992) where they imagine a ‘marriage’ between the organisation’s strategy and HRM strategy centred on joint recognition of the sustainable competitive advantage that accomplished employees potentially generate for their organisations. Thus, competitive advantage arises from firm-specific precious resources that are hard to copy. The strategic significance is where HRM professionals develop valuable, non-transferable skills for HR to impact optimistically on long-term performance (Bratton & Gold, 1999).

Cummings (2005) has basically the same view of an organisation’s strategy that it is about what it does relative to the competitors and ‘how it is different’. He adds that the main difference between competing organisations is the attitude and quality of its people. He explains that unlike systems, products, technology and espoused strategic plans, human behaviour, personality and relationships cannot readily be reverse engineered and copied because HR has become increasingly strategic. It can be deduced then that mechanisms, systems, policies and procedures can only be designed to achieve
pre-determined objectives. Because humans can re-think, over-shoot and out-perform such objectives; this is generally what HR needs to do now to ensure that the organisation stays ahead of their rivals.

Purcell (1995) offers an optimistic scenario in which the organisation’s HR assets can make the potential contribution of strategic HRM immense. The role for internal HRM strategy is to steer clear of becoming entangled in short-term decentralised financial-control models. Instead the strategic role for HRM is to build up horizontal long-term strategies that put a premium on the HR and highlight intangible, learning and skill transfer as well as reducing transaction expenditure. On the other hand Ulrich and Brockbank (2005) are of the opinion that external business realities such as technology, regulatory and economic factors, and demographics of the global business environment connect them to their day-to-day work. Knowing business realities makes it possible to put HR practices in context, tie them to competitive challenges and relate them to concerns facing line managers. The HR team should be conversant with both the realities of the external world and how HR actions will help their organisation to compete in this changing context.

HR must also earn and deserve their place as a strategic partner. As stated by Drovetta, (2005), if HR wants to be included in the organisation strategy, it must organise its own strategy. It is vital to show the company how useful HR knowledge is and invite its professionals to the strategic arena. Ulrich and Brockbank (2005) and Waterman (1994) provide an important insight on the link between strategy and effectively managing people. They documented that the vital source of competitive advantage is the organisation – people, culture and capability. People are the strategy. If the HR strategy is not managed properly, how effective is the competitive advantage going to be? The HR function needs a strategy and structure that will deliver value; the strategy will focus attention on key factors and respond appropriately to business realities; the structure will organise HR resources in ways that govern how HR work is done where it can add the most value to the organisation.

An important function for the HR professional is the role of ‘Change Agent’. In fact, Armstrong (1995) and Cosgrove (2005) ten years later, argue that this role is one of the most important
contributions they can make towards improving organisational effectiveness. They must have an understanding of the internal environment, processes, systems, interventions, media and interactions which are the levers for change; in turn relate this understanding to an appreciation of the culture, the key business, people issues and critical success factors affecting the organisation which will end up with a culture of personal responsibility and a ‘one-organisation’ behaviour.

HR must have their finger on the pulse of the organisation to determine the best way of handling change in the organisation. The HR professional should be well aware of the organisational culture and how healthy or unhealthy it is. Walmsley (1998) advises that two aspects of culture to monitor for ‘good health’ in organisations include: firstly people’s response to ‘problems’ and secondly the way that conflict is managed within the organisation. If conflict is managed effectively, the climate within the organisation will be a ‘healthy’ one. A competent HR professional must be the ‘health monitor’ of the organisation; reacting proactively to ensure ongoing ‘good health’ in the organisation is achieved, during the change process.

Wilson (2004) states that strategic HR will be the champion of change with the focus on business development. It will be a sail – not a sea anchor – and make the difference between survival and exceptional business performance. HR needs to take a holistic approach to re-gear, broaden its horizons and embrace the development philosophies and practices required for sustainability. Lipiec (2001) supports HR’s strategic role with the emphasis on change management. HR professionals must play a greater direct role in an organisation’s pursuit of its goals at various levels of management. HR managers will execute a visionary leadership role in the future which must be more strategic in nature. Nel, Du Plessis and Marx (2005) see change agents as HR practitioners that will have to focus on being leaders in the future changes in organisations to keep up with the ever changing global work environment demands.

Work relationships take long to form and are harder to replicate because they are more complex. While they are hard to quantify, they are also of greater strategic value to an organisation. They are
unique, context dependant and cannot be successfully duplicated. To be an effective ‘Employee Champion’ HR must be available to their people at all times. An open door policy encourages interaction. Employees must be able to trust their employee champion completely. The professionalism and confidentiality of the HR professional must be unquestionable, as feedback and honesty from the employees is crucial. Getting to know each individual that you are representing is vital. This will go a long way towards building mutually beneficial relationships within the organisation. As quoted by Armstrong (1988) ‘wisdom is not uniquely located at the top, it is distributed throughout the organisation and must be shared and used everywhere’ (p. 104).

Boxall & Purcell (2003) recognise that managers are generally treated as a critical employee group, however they strongly emphasise the point that HRM is concerned with the management of all employee groups. The HR manager is part of the management team; however the importance of the management role should not in any way detract from being available and receptive to the employees. The HR manager, who sits behind a big desk, in a flash office, full of their own importance, has no value to add to the organisation or the people. As Pfeffer (1998) advises, the focus must be on the human assets as these are the critical source of competitive advantage for the organisation. Harvey (2005) highlights teamwork in the management team where team members have to co-operate with each other and be in partnerships with other parts of the organisation. Team members must be prepared to share knowledge with each other. He regards this as values that are important to New Zealand HR people. White (1996) also points out that ‘our people’, being the most important resource that the organisation has, are also the most costly, so HR must use them wisely. It is up to HR to empower their people to enable them to deliver their best and to be highly productive.

A practical example is that of Peter May (of Deloitte Touche Tohmatsu in Australia) who won the Mercer Award for ‘Best HR Director of 2002’ after rebuilding the HR department and creating one team nationally from four existing groups. May knows that an extremely motivated team that is aligned to the core business of the organisation is vital to any HR director wishing to demonstrate that
HR adds value. His approach to building a high-calibre team is about really understanding them as people (Robbins, Millett & Waters-Marsh, 2004).

HR as an ‘Administration Expert’ is responsible for writing up policies and procedures for their organisations. Macky & Johnson (2004) see these policies as the basic rules for managers and employees to respond to when predicted events or contingencies occur. The HR department is responsible for developing and recommending policies, however management have the final say. HR must educate staff to ensure there is a good understanding of company policies, as well as monitoring implementation and effectiveness of policies and procedures.

An effective and efficient human resource information system (HRIS) is essential for any organisation wishing to thrive in today’s competitive environment. Greengard (1999) confirms that a study conducted by the Gartner group identified that organisations utilising technology effectively to manage their HR function will have a tremendous advantage over those that do not. Gill (2005) advises that for HR practitioners to be effective tactically and strategically, they must have a methodology that is quick, reasonably precise as well as providing new and meaningful insights. HR must therefore focus on their ‘customers’ needs; provide solutions rather than outline policies and they must show initiative by continually review the way they work; be prepared to change regularly and raise the bar with regard to performance expectations.

HR is also responsible for ensuring that the private records of their employees are retained in the strictest of confidence. According to Myers (1988) employers are obligated to protect employees’ personal records, medical records, as well as results of employment related tests. Their professionalism and discretion in this instance cannot be questioned. Harvey (2005) is more specific about this in saying that HR must always behave in an ethical manner the way they want others to behave. They must also set the examples of honesty and integrity and take ownership of their actions when working with employees’ records and information. Therefore the organisation and the HR professional must ensure their HRIS is secure; all authorised users are aware of strict security policies
and are using the system securely. HR must also ensure that adequate firewalls are installed to prevent hackers gaining access to their employee’s private details and it will have to be updated constantly. Hubbard (1998) claims that a company should only collect and store information for a solid business employment purpose. It is up to HR to decide what type of information is required and stored.

Robbins et al (2004, p.532) provide a simplistic model (Figure 2) of the HRM process identifying key components. This model illustrates the varying functions that the HR professional must focus on while demonstrating their specific skills in all these areas. If the HR manager has the ability to recruit and select the right people, then train and develop them to enhance performance, they will be adding value to the organisation. Knowledge and the ability to effectively perform each of these tasks is the difference between just a HR person and a great HR professional adding value to the organisation.

Figure 2. The HRM process

Source: Adapted from Robbins et al (2004, p.532).
With the above model in mind the authors have put together three key areas, from various sources, in which the HR professional must excel in to add value to the organisation and that can be used by New Zealand organisations when creating a HR specialist’s job description.

Knowledge required:

- Recruitment, selection, training, rewards/compensation, benefits and services, employment relations/negotiations, preferably international HRM as well as HRIS.
- Business and management principles involved in strategic planning, resource allocation, HR modelling, leadership technique, production methods, and coordination of people and resources.
- Excellent mathematic and English language knowledge.
- Education, training, career development.
- Employment relations and all employment legislation.
- Extensive knowledge about human behaviour and performance.

Skills required:

- Ability to motivate, develop and direct employees.
- Ability to identify the best person for the job.
- Able to communicate in writing appropriately for the needs of the audience.
- Great communicator, converse with employees to convey information effectively.
- Active listening skills.
- Be a critical thinker, able to use logic and reasoning to act pro-actively.
- Social perceptiveness, an awareness of others’ reactions and an understanding of why they react as they do, social responsibilities and responsiveness.

Abilities required:

- Written comprehension, ability to read and understand information and ideas presented in writing.
- Ability to speak clearly and be understood.
- Ability to communication information in writing for others to comprehend.
- Ability to listen and understand information and ideas shared through the spoken word.
Deductive reasoning, applying general rules to specific problems to produce answers that make sense.

Problem sensitivity, ability to identify when something is wrong or is likely to go wrong, able to recognise there is a problem and solving of such a problem.

Inductive reasoning, ability to shift backwards and forwards between two or more activities (multi-tasking).

Another key issue identified by Chote (2005) is the role of promoting the employer brand; much the same as the marketing department promote the product brands. Not only must the organisation be a great place to work, it must also be seen as a great place to work.

Story (2004) believes that HR professionals have become front-line combatants in the war to retain key talent. Graduates are rushing overseas for better and bigger things; retaining your key people is vital in enabling your business to compete effectively. Cummings (2005) reports that there is a rise in head-hunting for key individuals, organisations are bending over backwards to tailor-make innovative packages to keep or attract key employees. Organisations continue to see HR as a key strategic resource and the question can then well be asked: ‘what might organisations do in future?’ The answer is not so simple and straightforward as it might seem. What organisations should do is shift the focus from maintaining key individuals to identifying and maintaining groups and think more about facilitating a living knowledge culture rather than indulging in knowledge capture.

Edward E. Lawler III (distinguished professor of business), states that companies can and must move beyond simply calling people their greatest assets, to treating them right for the benefit of both the individuals and their organisations (Crainer, 2004). Many companies say that their people are their greatest asset, but do not treat them accordingly. Collins (2001) takes this one step further by advising that the old adage ‘people are your most important asset’ turns out to be wrong. People are not your most important asset. The right people are. It is up to HR to identify who the right people are. What types of skills and knowledge does the organisation require, and who is going to fuse all that talent together to achieve the desired outcomes for the organisation? Hopefully the competent HR manager!
Another key issue is the way the HR professional use their ‘power’ that comes with the role. White (1996) explains how some managers equate having information with having power, and they withhold information from those who need it to enhance their power. To be an effective HR professional, one has to be seen as an effective communicator with no hidden agenda or surprises up their sleeve that will impact on the morale of the team. The knowledge the HR professional has, gives them power; however misuse of this knowledge, or withholding it from those who need it actually causes damage to their real power. It affects their credibility as a manager in terms of leading their team and delivering an enhanced performance.

The most critical issue as seen by Birchfield (2003) is that other business managers must see HR professionals as ‘credible’. They must be more than HR specialists. They must have an exceptional knowledge of how the organisation functions and know what the key internal and external drivers of the business are. (See Figure 1 and the model in Figure 2). Each HR professional in the organisation must learn to play a role and master competencies to deliver value. They must be seen to be adding value to the organisation by being the strategic professional, employee champion, admin expert and role model in the organisation. The HR specialist has to be aware of how their role is perceived. It is a real balancing act ensuring they are not underplaying their specialised service for fear of being ignored by their management team. Nor must they over-emphasise their role as the line managers may relinquish their HRM responsibilities and this in turn will make them ineffective leaders (Bratton & Gold, 1999).

CONCLUSIONS AND FUTURE PERSPECTIVE

It is concluded that all the issues outlined above confirm the important competencies and capabilities required by the HR professional of today. Punter (2004) believes that CEOs know, deep that HR is the team that brings them their desired results. Having the right people in the right seats is paramount to the survival and the future sustainable growth of the organisation. For the HR manager to be effective, performing the four key roles identified by Rudman (2002) at the beginning of this paper will no doubt ensure that they are appreciated by their management team, and by the rest of the employees they are
representing within the organisation. Quite simply put by Collins (2002), the business of HR is influencing individual and collective work related behaviour to achieve the organisation’s objectives. In achieve this they are fulfilling their responsibilities to the organisation and to the individuals within the organisation. Ulrich (1997) offers the following solutions: that HR professionals spend more time professing than being professional and he believes it is time they started acting more professional – talk less and do more. It is time to add value, not write value statements; time to build competitive organisations, not comfortable ones; be proactive, not reactive. The time has come to be counted on, not counted out. It is time to act, not be acted upon; time to perform, not preach, time to deliver, not dialogue. These solutions are very valuable and every HR professional must take these on board. Having clear roles and distinct competencies ensures that they will deliver the value they intend to. Ross McEwan, CEO of AXA New Zealand, claims “essentially, the organisation lives or dies on its people” (2002). This is a very strong statement, and one must appreciate that the ‘health and well-being’ of these people, is dependent on the capabilities of the HR professional.

HR has evolved into a more complex role with more expectations on the HR professional of today and more so in the future. HR has a lot to live up to and must step up their performance to achieve in the areas outlined above. The overall picture for New Zealand’s future workforce is one where a wider range of people work in a wider range of ways. HR must ensure their place in the boardroom is deserved, and their role is visible and measurable throughout the organisation. To have value-driven HR in the organisation, top management should recognise HR’s impact on investor, customer, business, and employee results. Ulrich and Brockbank (2005) confirm that HR is not just another job, but a profession that’s on the forefront of business success with leading thinkers and respected executives. Now more than ever, an organisation’s success comes from HR. The DNA for HR success is the value proposition. Therefore, the HR value proposition is the blueprint for the future of HR. With this value proposition, the HR profession has a point of view about what can be and should be for all stakeholders namely; a set of standards about how HR investments in strategy, structure, and practises should be made, as well as a template for ensuring that each HR professional adds value to the organisation.
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