

hr SPECTRUM

Cornell Center for Advanced Human Resource Studies

Research Highlight

Missing Variables in Theories of Strategic HRM: Time, Cause and Individuals

Human resources leaders are constantly on the lookout for ways to demonstrate the value their organizations add to the business. For over a decade, research has been conducted to show the cost benefit of HR programs and practices, which has led to a more strategic approach to HR as well as an increase in the level of respect and position that HR commands within firms.

In an attempt to propel these theories and research a step further, Patrick M. Wright and John J. Haggerty have released a working paper titled, *Missing Variables in Theories of Strategic Human Resources Management: Time, Cause and Individuals*.

The goal is to critically evaluate the existing research. "This is not an attempt to show that HR doesn't matter," says Wright. "It demonstrates that we need a more rigorous approach to further show how HR really impacts our businesses."

After carefully evaluating the existing research on the theoretical

development of the HR-performance relationship, the researchers noted three areas that are missing. They are time, cause and individuals.

Time is an important factor because most current research is cross-sectional. It measures both input and output variables at one point in time. It looks at the HR practice or program and its effect on the organization as a snapshot view. Time is assumed as a constant or considered in a relatively shallow way.

It is either "post predictive" because it asks respondents to measure practices after the performance period that is being evaluated. Or, it is "retrospective" in that it asks respondents to recall HR practices that existed prior to the performance period. Only a few predictive studies have explored if practices assessed at one point in time were related to specific changes in firm performance.

Given the increasingly fast pace of environmental and organizational change, the seeming lack of attention to time, as it relates to HR practices,

**Improved
company
performance
can lead to
investment
in better
HR practices.**

In This Issue

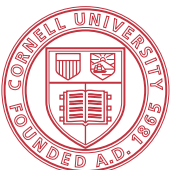
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is problematic according to these researchers. It is an area that is ripe for additional theoretical and empirical analysis in the future. The evaluation of the time factor led the researchers to the next area that is missing: cause.

"It is a *chicken or the egg* issue. This leads to that," says Wright. Our existing research seldom addresses the potential for anything other than a one-way causal relationship. That assumed direction is almost always expressed as *HR does this, then that happens*. Reverse causation isn't considered. That is, as company performance improves they invest more in better HR practices.

A number of HR practices more logically show a reverse causation effect. Practices such as percentage of total pay that is variable, differences in merit increases between high and low performers, and hours of training employees receive are obviously influenced by the economic success of a business.



Cornell University

Up Close with ...

Tony Bloxham of AstraZeneca

A 30-year veteran of leadership, Tony Bloxham is the Executive Vice President of HR at AstraZeneca, one of the world's largest manufacturers of pharmaceuticals. It is a large company—more than 64,000 employees in over 50 countries—with an even larger responsibility. It spends over \$15 million daily on research and development to improve health and quality of life. Tony takes his role and the company's mission very seriously.



Tony Bloxham

“The majority of people in this industry believe they are privileged to do what they do. We are contributing to human health,” says Tony. It is an important perspective, especially considering the recent coverage of alleged scandals and adverse affects of some drugs.

This perspective makes the role of HR at AstraZeneca all the more critical. “To say that attraction and retention of talented people is a priority seems obvious but it is really at the essence of what we do,” remarks Tony. “Intellectual capital is critical. It's why we are a people based organization.”

How does Tony lead an organization whose products may literally offer a life or death proposition? “As HR, we must enable this business to continuously adapt to a changing and more demanding business environment while we are changing ourselves as a function. We are not just here to tell other parts of the organization to change but we are about changing ourselves; improving our own effectiveness and capability is paramount.”

AstraZeneca is not just global in scope, but global in origin. It was a spin-off of ICI, a U.K.-based industrial powerhouse that included a pharmaceutical arm among other things, which merged with Astra, a Swedish drug company, in 1999.

Because of its merged history and worldwide scope, change management is a priority. “We are focused on becoming more globally aligned. Wherever we have

core processes, they should be clear at a global level so that whether you're in the Philippines or Argentina you can recognise that they are of a consistently high standard.” Tony remarks that this is crucial as marketing and regulatory requirements become regional and global in scope, not just dictated country by country.

As for the specific people elements of the business strategy, those are closely incorporated into the business rationale.

Tony shares his function's current priorities: “First is optimizing performance through high quality performance management systems. This includes helping our managers develop good coaching and feedback skills to improve individual and team performance. Second is talent management and creating a method to identify, assess and develop a continuous pipeline of global high performers. Next is defining consistent expectations for organizational behaviors and building these into performance and development planning. Lastly, leadership development to ensure we are giving existing and potential leaders the capabilities to work effectively across functional and geographical boundaries.”

Tony's management philosophy supports these people based initiatives. “You must have courage to step up and be singled out, have the conviction to make a difference.” It's a perspective that clearly ties to a mission critical industry. “Behavior and values have always been very important to me. As leaders we must develop relationships with those on the other side of the table in any situation. Trust and openness is a very strong driver for me and critical for anyone aspiring to leadership.” It is reassuring to know that this is the professional and personal philosophy helping lead a company that might make your father's heart medication or cancer treatment for a dear friend. [hr](#)

AstraZeneca, Inc. joined CAHRS in 2005, the “UP Close With...” profiles feature interviews with leaders of CAHRS sponsors.

The CAHRS Advisory Board

New Members

The CAHRS team would like to welcome new CAHRS Board members and honor those moving on. John Hofmeister, President of Shell Oil Company, moved on to new and exciting roles leaving the Chair position he has held since July of 2004. John has been an impeccable leader, an 'HR Champion' showing the world that an HR background has the business understanding and intellectual skills to get the job done. We will miss his presence. Stepping up to the role is Eva Sage-Gavin, Executive Vice President of Human Resources and Corporate Communications of the Gap Inc. Eva began her participation as a CAHRS Board member in July of 2003, and we now welcome her as our new Chair. In her role as Chief People Officer, she sets the strategy for the company's communications and human resources operations worldwide, including staffing, diversity, rewards, recognition, employee benefits, learning & development, strategic change, and internal & external communications. Sage-Gavin joined Gap Inc. in March 2003. Prior to this she worked at Sun Microsystems where she was Senior Vice President of Human Resources, and at Disney Consumer Products, a division of The Walt Disney Company, where she also was Senior Vice President, Human Resources. In addition, she has served in various senior human resources leadership positions for The PepsiCo Corporation, including its Taco Bell division, and for Xerox Corporation. She serves on the Cornell University School of Industrial and Labor Relations Advisory Board, works with the President's Council of Cornell Women, Alumni Relations Committee, and is also a member of the Human Resource Policy Association Board of Directors. She holds a bachelor's degree in industrial and labor relations from Cornell University.

We are also proud to welcome new HR executives to the board this summer. Joining the team are: Hugh Mitchell, Human Resources Director for Royal Dutch Shell; Laurie Siegel, Senior Vice President, Human Resources at Tyco International; and L. Kevin Cox, Executive Vice President, Human Resources of American Express Company. Hugh is stepping into our Board having shared knowledge with John, and in his role at Shell he is responsible for the provision of HR strategy, planning and support to all Shell businesses across 140 countries involving 120,000 direct staff. Hugh is also responsible for managing Shell's worldwide real estate portfolio and Shell Aircraft which provides technical and advisory services, and operates the Group's fleet of corporate aircraft. Hugh is a Foundation Board member of the International Institute for Management Development (Lausanne). He was



Eva Sage-Gavin



Hugh Mitchell



Laurie Siegel




Kevin Cox

educated in central Scotland and graduated from Edinburgh University with a degree in History.

Laurie is the Senior Vice President of Human Resources of Tyco International. She has worldwide responsibility for leading the company's strategy in the area of leadership development, organizational effectiveness, compensation and benefits, staffing, diversity, learning, and human resource systems and processes and internal communications. Laurie serves on the Board of Directors of Embarq Corporation. She holds a Bachelor of General Studies from the University of Michigan and received an M.B.A and a masters degree in city planning from Harvard University.

Kevin is the executive resource for the Compensation and Benefits Committee for the Board of Directors and a member of the Global Management Team. Kevin is responsible for HR strategy, business unit support, recruiting and staffing, compensation, benefits, diversity, employee and executive development, employee relations, organizational and succession planning, and health services. Kevin joined American Express from the Pepsi Bottling Group, where his most recent position was executive vice president for The Pepsi Bottling Group. For the past several years, he has been involved with Ability Beyond Disability, a rehabilitation institute located in Brookfield, Connecticut, and currently serves as the organization's Vice Chairman. Kevin received a B.A. degree from Marshall University in Huntington, West Virginia, and a master of labor and industrial relations degree from Michigan State University.

CAHRS is looking forward to contributions from the new members to an already strong CAHRS Board that includes: David Pace, Executive VP, Partner Resources, Starbucks; Pam Kimmet, Global Head of HR, Bear Stearns; William Rosner, Chief HR Officer, PNC; Ken Carrig, Executive Vice President, Administration and CAO, SYSCO; Susan Cook, Vice President, HR, Eaton; John Murabito, Executive Vice President, HR and Services, Cigna; Elise Wright, Senior Vice President, HR, Aetna; William Bucknall, Senior Vice President, HR, United Technologies; William J. Conaty; Senior Vice President, Corporate HR, General Electric; J. Randall MacDonald, Senior Vice President, HR, IBM.

Ex. Officio members include: Lee Dyer, ILR Professor; Rosemary Batt, Alice H. Cook Professor of Women and Work; Kevin Hallock, ILR Professor; Bruce Carswell, Visiting Executive Director; and CAHRS management Patrick Wright, Professor and Director; Pamela Stepp, Executive Director; Scott Snell, Professor and Director of Executive Education. 

The ILR School's HR High Flyers

ILR Alumni & CAHRS Sponsors

The ILR School's HR High Flyers are all at the pinnacle of their field. In our previous article our HR High Flyers indicated that receiving a BS degree at the ILR School provided them with a solid foundation from which to grow, an opportunity for life-long learning, and a strong connection to other top people in the field. They built on that foundation throughout their careers by championing the strategic role of human resources, staying true to the values they developed early on, developing consultative skills, and looking for challenging opportunities.

Championing the Strategic Role of Human Resources

As mentioned last time, the Vice Presidents praised their ILR undergraduate education for putting them at the forefront of a major paradigm shift in human resources. When they graduated, only a handful of companies truly recognized the contribution Human Resources could make to the bottom line. All the Vice Presidents emphasized the importance of working for organizations that understood the strategic value of Human Resources. David Pace, James Williams and Ken Carrig, advised seeking out best-in-class Human Resource organizations because, as stated by James Williams, "they are accelerators for learning and you will be stifled in other organizations."

The Vice Presidents learned early in their careers that they could be effective champions only by thoroughly understanding their companies' businesses. The key, according to Mike D'Ambrose, is knowing what drives shareholder value. He asks all his Human Resource staff three questions during performance reviews; "(1) what are you going to do to drive revenue? (2) what are you going to do to reduce costs? and (3) why are you doing it?" Kevin Barr tells his staff they are as accountable as general managers for the performance and retention of employees, even though they may not have complete control over the outcomes. He stresses the importance of looking at business in a holistic way. "All you have to do to learn the business intimately is ride with the sales people, listen to customers, and walk the shop floor if it's manufacturing."

Values

In addition to championing the strategic role of HR, the Vice-Presidents emphasized the importance of finding organizations whose values matched their own. Steve Leven found his match at Texas Instruments, soon after he graduated from the ILR School, and has spent almost his entire career there. When he first visited as a job candidate in 1973 he met employees who were motivated and excited by the work they were doing. "Texas Instruments is my

community. It's diverse, global, and the core values have been established through several generations."

The other Vice-Presidents learned over time how to assess an organization's value system. Pam Kimmet suggested that job candidates do a reverse interview during the hiring process and: (1) ask how the company gets things done; (2) pose an ethical dilemma and ask the interviewer how it would be handled; and 3) ask for the organization's code of conduct. Then talk to employees to see if the company puts the code into practice, and look at internet sites and the media to see what people are saying.

Both Ken Murphy and Ken Carrig had the opportunity to contribute significantly to value shifts within organizations. Ken Murphy had taken a job with Phillip Morris, but planned to leave after the first year because of the company's product and a culture that did not match his own values. However, a new CEO came on board determined to make changes, facilitate honesty and trust, and lift the business out of its siege mentality. Ken Murphy was offered the top Human Resources position, and he jumped at the chance to make a difference.

Ken Carrig had been working for PepsiCo for several years when he decided to take on a new challenge at Continental Airlines, a company which had been losing money for years and was in its third bankruptcy. When he arrived he found a complete lack of trust and cooperation among managers, yet he and his team contributed to Continental's turnaround from "the worst to first" airline in the industry.

Consultative Skills

In order to have an impact on the culture of an organization and be effective business partners, all the Vice Presidents needed to develop strong consultative skills. They praised the ILR School for giving them the basics: the ability to think clearly; express their ideas effectively both orally and in writing; and solve problems in a collaborative way. From there, they needed to learn to be more service oriented and slowly build trust among their constituents. David Nachbar said he needed to become a non-filtering mirror to his CEO and peers. "You need to be able to talk back to power. The old generalists used to want to be everyone's best friend. I don't want to be a best friend; I want to be a respected peer, a confidant or consigliere." According to Pam Kimmet, "You need to be a leader who tries to inspire, motivate, and build your team. You must practice what you preach, even if it's sometimes very difficult to do so."

Continuous Learning Opportunities

To develop their leadership skills, the Vice Presidents searched continually for new challenges and learning opportunities. They learned a great deal from role models (frequently their bosses), and mentors (sometimes other ILR graduates) who helped them along the way. They also learned from switching industries and building a repertoire of transferable skills. For example, David Pace went from heading a unit with 300,000 people in 92 countries to managing 300 people where he said, “if you wanted a writing pad you had to go out and get it. In big companies you take a lot of things for granted. In a small company you have no staff; no one will help you with your presentations to the Board, but you can start from a blank slate.” Eva Sage-Gavin spent time in five companies and relocated 15 times. “You have to take jobs that stretch you, that give you the opportunity to learn. When you close one door, there is another one to open—that is the excitement of treating life as a continuous learning experience.”

The most challenging events and greatest learning opportunities for these Vice Presidents, however, centered around culture change, either through mergers and acquisitions, and/or responsibility for a global business. They all emphasized the importance of acquiring global experience, either by heading a global unit located within the U.S., or by working for an overseas division. Mike D’Ambrose worked with Ingersoll Rand in Switzerland, Italy and Australia. David Pace held positions in England and the Middle East while working for PepsiCo, and Kevin Barr worked for Nabisco in Singapore. Before that, he had worked in an international capacity in the U.S. covering Asia, Latin American and Canada. The other Vice Presidents who obtained overseas experience while they were based in the U.S. included James Williams at AlliedSignal-Honeywell, Eva Sage-Gavin at Disney, Steve Leven at Texas Instruments, and Pam Kimmet at Citigroup.

James Williams and Mike D’Ambrose faced some of their greatest challenges during mergers and acquisitions. James Williams was working for AlliedSignal when they bought Honeywell, and his job as Vice President of

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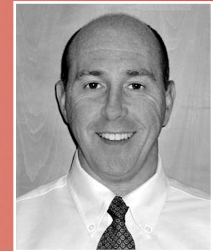
Cornell University’s ILR School HR High Flyers



Kenneth F. Murphy*
Senior Vice President,
HR and Administration
Altria Group



David Nachbar
Senior Vice President, HR
Baush & Lomb



James P. Williams
Corporate Vice President, HR
Danaher International



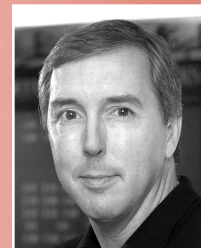
Michael D’Ambrose**
Executive Vice President, HR
First Data Corporation



Eva Sage-Gavin
Executive Vice President, HR
GAP Inc.



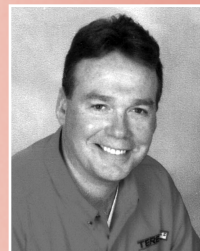
Pam Kimmet***
Senior Vice President,
HR
Lucent Technologies



Dave Pace
Executive Vice President,
Partner Resources
Starbucks Coffee



Ken Carrig
Executive Vice President
Administration and CAO
SYSCO Corporation



Kevin Barr
Senior Vice President,
HR
Terex Corporation



Steve H. Leven
Senior Vice President
Texas Instruments

* Formerly with Altria Group
** Formerly with First Data Corporation
*** Now working for Bear Stearns

SAVE THE DATE**CAHRS Spring Sponsor Meeting****The Talent Management Challenge****May 10-11, 2006 • Cornell University, Statler Hotel, Ithaca, NY**

After years of cost-cutting and down-sizing, many companies now are in financially healthy positions to grow their businesses. During this growth period and emphasis on globalization, companies are facing serious talent issues. The Center for Advanced Human Resource Studies reacted to the "The Talent Management Challenge" by building a year long study to learn how HR Talent Management executives at leading companies in the world are going about making sure that they have the right people in the right place with the right competencies.

We are pleased to present the results of our study including practices and processes associated with successful talent management at two different meetings to reach both domestic and international audiences.

Both of these meetings will highlight some of the companies that have achieved excellence in identifying high potential talent and succession planning, developing leadership competence across different levels of the leadership pipeline, and creating a development culture. The meeting in Ithaca will add sessions on integrating HR information systems to help manage talent more effectively and using an employment brand to attract talent. The Amsterdam meeting will include additional issues of diversity and inclusion, the role of the top HR executive in Talent Management, building talent in the new economies and finding a pool of resources at the most efficient cost. These meetings are ideal for anyone interested or charged with talent management, leadership development, or succession planning in their firm.

AGENDA**WEDNESDAY, May 10, 2006**

6:00 - 7:00pm — Reception

7:00 - 9:00pm — Dinner

THURSDAY, May 11, 2006

7:30 - 8:00am — Breakfast

8:00 - 8:30am — Welcome and Introductions

Pamela Stepp - Executive Director, Cornell CAHRS

Patrick Wright - Director, Cornell CAHRS

Scott Snell - Director, Executive Education, Cornell CAHRS

8:30 - 9:15am — "Overview on Talent Management Study:
Issues and Challenges"

Christopher Collins - Assistant Professor, Cornell CAHRS

9:15 - 10:00am — Keynote Address:

"Building A Leadership Culture"

American Express - Kevin Cox, Executive Vice President, HR

10:00 - 10:30am — Break

10:30 - 12:00pm — Panel Discussion: "Succession Planning and
Identifying High Potential Talent"

Facilitator - Pamela Stepp - Executive Director, Cornell CAHRS

General Electric - Joe Ruocco, Vice President, HR

United Technologies - Bill Panetta, Director,

HR Leadership Development

Citigroup - Ram Sreekantan, Vice President, SHRO for

Consumer Sector Group, Talent & Diversity

12:00 - 1:00pm — Lunch

1:00 - 2:30pm — Panel Discussion:

"Developing Leaders and Leadership"Facilitator - Brad Bell - Assistant Professor,
Cornell CAHRSIBM - Mike Markovits, Vice President of Global Executive
& Organization Capability

Corning - invited

Shell - Rick Brown, Head of Global HR Functional
Excellence

2:30 - 2:45pm — Break

2:45 - 4:15pm — Panel Discussion: "Attracting and
Retaining Top Talent"Facilitator - Chris Collins - Assistant Professor,
Cornell CAHRS

General Mills - Beth Flynn, Vice President, HR

Merck - Dan Guaglianne, Executive Director,
Recruiting & StaffingTime, Inc. - Steve Schloss, Vice President,
People Development4:15 - 5:00pm — "IT and Talent Management at
StorageTek and Sun Microsystems"Sun Microsystems - Steve Fitzgerald, Leader Global
Talent Management, Sun Microsystems

5:00 - 5:15pm — Program Wrap-Up

Pamela Stepp - Executive Director, Cornell CAHRS

Patrick Wright - Director, Cornell CAHRS

Scott Snell - Director, Executive Education,
Cornell CAHRS

5:30 - 7:00pm — Reception

Registration Information

To register for either meeting please fill out our on-line registration form located on our website:
www.ilr.cornell.edu/cahrs

SAVE THE DATE

CAHRS International Spring Sponsor Meeting**The Talent Management Challenge****June 27-28, 2006 • Renaissance Amsterdam Hotel, Netherlands**

AGENDA

TUESDAY, June 27, 2006

12.00 - 13.00 — Welcome Lunch

13.00 — Welcome and Introductions

Pamela Stepp - Executive Director, Cornell CAHRS

Patrick Wright - Director, Cornell CAHRS

Scott Snell - Director, Executive Education, Cornell CAHRS

13.30 - 14.30 — “Overview on Talent Management Study:
Issues and Challenges”

Chris Collins - Assistant Professor, Cornell CAHRS

14.30 - 15.45 — “Head of HR Role in the Executive Suite for
Talent Management”

Hugh Mitchell - Human Resources Director, Royal Dutch Shell plc

Pauline van der Meer Mohr - Group HR Director, TNT N.V.

15:45 - 16.10 — Break

16.10 - 17.25 — Panel Discussion - “Finding Pool of Resources at
the Most Efficient Cost”Facilitator - Federico Castellanos - VP HR Global S&D,
IBM Corporation

Bert Ferwerda - Director, HR Netherland, IBM Corporation

Joe Severi - Vice President, HR Southwest Europe,
IBM CorporationMichael Burkhardt - Vice President, Northeast Europe,
IBM Corporation

18.00 - 19.30 — Reception

19.30 - 21.30 — Dinner

WEDNESDAY, June 28, 2006

8.00 — Welcome

Pamela Stepp - Executive Director, Cornell CAHRS

Patrick Wright - Director, Cornell CAHRS

Scott Snell - Director, Executive Education, Cornell CAHRS

8.15 - 9.30 — Panel Discussion - “Building Talent in the
New Economies”

Facilitator - Kevin Hallock - Professor, Cornell CAHRS

Willem Lammertink - Director HR&C Europe,
Johns Manville Europe GmbH

Johns Manville Europe GmbH

Marcia Fish - Human Resources Director,
General Electric Consumer & Industrial

General Electric Consumer & Industrial

Bina Chaurasia - VP, Corporate HR & Strategy, Gap, Inc.

9.30 - 9.45 — Morning Break

9.45 - 11.00 — Panel Discussion - “Managing Bias in a
Global Workplace”

Facilitator - Lisa Nishii - Assistant Professor, Cornell CAHRS

Quinetta Roberson - Professor, Cornell CAHRS

Pre Rungasamy - HR Director, Corporate Center
South Africa, Anglo American

South Africa, Anglo American

Madelon Flint - Head of Services HR, ABN AMRO

11.00 - 12.15 — Panel Discussion - “Unlocking Human Potential”

Facilitator - Derkjan van der Leest - Professor/Partner,
Strategic Management Centre

Strategic Management Centre

Jos Nijhuis - Senior Partner, PwC NL

Scott Sherman - Vice President, Human Resources,
Medtronic Europe, Canada and Emerging Markets

Medtronic Europe, Canada and Emerging Markets

12.15 - 13.15 — Lunch

13.15 - 14.30 — Panel Discussion - “Developing Leadership
Competencies”

Facilitator - Pamela Stepp - Executive Director, Cornell CAHRS

Randall Peterson - Professor, London Business School

Curran Brugger - Global Director of Leadership
Development, AstraZeneca

Development, AstraZeneca

Marielle de Macker - EMEA Organization & Staffing Partner,
GE Europe NV

GE Europe NV

14.30 - 14.45 — Afternoon Break

14.45 - 16.00 — Roundtable Discussion - “Identifying High
Potentials”16.00 - 16.50 — “Creating A Culture of Coaching and Leadership
Development”Colleen Rumbal - VP, HR Relationship Leader, EMEA,
American Express

16.50 - 17.15 — Wrap Up

Pamela Stepp - Executive Director, Cornell CAHRS

Patrick Wright - Director, Cornell CAHRS

Scott Snell - Director, Executive Education, Cornell CAHRS

18.30 — Closing Reception/Dinner Cruise

Hotel Information

To reserve a room at the Renaissance Amsterdam Hotel in The Netherlands, you need to contact the Hotel by April 27th via fax, using the form located on our website.

Inquiries for Amsterdam Program, please contact: Jo Hagin Program Manager

Phone: 607-255-9358 Fax: 607-255-4953

Email: jap7@cornell.edu


ILR Alumni & CAHRS Sponsors

Continued from Page Five

Human Resources was to accelerate the integration of two extremely different cultures. He compared the experience to being the first one on the beachhead during an invasion, or like walking off a cliff. Mike D'Ambrose had significant responsibility for the integration of Citibank and Travelers. The companies had 56 Presidents and Division Heads who needed to learn how to work together within a new corporate culture.

Final Advice

As final advice to those who want successful Human Resource careers, James Williams suggests, "Take the tough

assignments, your career is not a 'Candy Land' path, step out and take chances, learn, go for it, have confidence, and don't take the obvious path. There are no dress rehearsals, and eventually the cream rises to the top." Perhaps David Nachbar summed up the careers of these Vice Presidents most eloquently when he said, "You are on a voyage of discovery and you never know how your learning will come into play." He compares Human Resources to "polishing a stone with a grinding wheel and slowly unveiling all the facets so that the stone becomes a gem." 

Missing Variables in Theories of Strategic HRM

Continued from Page One

Consequently, our research around HR impact can benefit from a more thorough approach to addressing cause in the relationship between specific HR practices and changes in firm performance. One way to do this may be to recognize how individuals impact this causal relationship.

To date, much of the research and literature on strategic HR has ignored the critical role that individual and group differences play in the implementation and interpretation of HR practices. Capturing and measuring such variation requires more sophisticated analytical tools and more complex research designs than have been applied so far. While this variation will be difficult to measure, it is essential that we move in this direction if we are to better understand exactly how HR practices lead to appropriate or desired individual and group behaviors.

There may also be a benefit to recognizing that there is variance in how individuals form their impressions of HR practices because everyone has a different way of attending to and processing data. This issue suggests the need for

more multi-level theories of the relationship between HR management practices and economic performance. This modeling would simultaneously explain variance at the individual, group and organizational level.

Wright and Haggerty conclude with the encouragement that there is a definite advantage to extending our current research work in HR to examine time, cause and individuals. This expanded theoretical approach can build a more robust empirical base that will significantly increase our knowledge of the relationship between HRM and economic performance. The ultimate result is a more eloquent and meaningful way to demonstrate the value we add as strategic partners and professionals in our firms.

For more information regarding this research please contact Patrick Wright via email: pmw6@cornell.edu, or Tel: (607)255-3429. This article references research from the CAHRS Working Paper #05-03, which can be found on our web site: www.ilr.cornell.edu/cahrs/paper.html



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*Dr. Patrick Wright, Director
Dr. Pamela Stepp, Executive Director*

In The News



Tae-Jin Kim

Tae-Jin Kim of SK Group Continues to Excel in Seoul - Tae-Jin Kim, Vice President and Head of Human Resources and Industrial Relations at SK Group in Seoul, Korea, has been promoted. This unique promotion gives Tae-Jin two additional titles: Head of SK Management System (SKMS), a newly created segment to find strategies for overall company management and; Director of SK Academy, a training and development center within the firm. In these combined roles Tae-Jin will oversee HR, employee education, management-related regulations and practical strategies for SK Group. Tae-Jin is a '93 MILR, a devoted Cornell Alumnus and CAHRS Sponsor since 1995, and a longtime friend to the ILR School. In learning of this promotion, ILR Dean Harry Katz said, "Tae-Jin Kim has emerged as a foremost alumnus and a leader in international HR/IR. The ILR School congratulates him on this well-deserved promotion and wishes him every success." SK Group is one of the leading business organizations in Asia, composed of more than 50 companies. It is a major player in a range of industries including Energy & Chemicals, Information & Telecommunications, Logistics & Services, and Finance. In addition, SK is Korea's dominant wireless service provider and is a key participant in the development of the global information network.



Anna Fishman, Maureen Martin and Rebecca Ong

Cornell ILR HR Seniors Win Northeast Region HR Games – Chris Collins, ILR HR Professor and coach for the team is happy to announce that three seniors—Anna Fishman, Maureen Martin, and Rebecca Ong—won the 2006 Northeast Region HR Games this past month in New Jersey taking home the Championship Plaque. The winning team of seniors will now compete in the National HR Games competition that is held during the Society for Human Resource Management Annual Conference in June. There were 16 teams in the competition, representing 15 different Northeastern universities. The Cornell Team beat a team of seniors from Penn State in the finals, overcoming a 4000 point deficit in the first round of the finals, to win 4400 points to 4000. As you may remember the HR Games are a college bowl/Jeopardy style competition that tests the students knowledge on HR and Labor Relations issues (topics include such areas as staffing, training, compensation, benefits, labor law, collective bargaining, motivation, leadership theories, and workplace health and safety). Everyone is very proud of the students for their hard work in preparation and training, and for their huge success at the competition.

HR Leaders Address The Conference Board at Senior HR Executive Conference – The Conference Board 2006 Senior Human Resources Executive Conference was held at the Millennium Broadway Hotel in New York on April 6-7. The theme of The Conference Board 2006 was: Strategic Workforce Management and Growth—Aligning People, HR and Business Strategy. HR management amid global competition and the increase of knowledge workers were some of the topics covered at the conference. On April 7th Sue Oliver, Senior Vice President, People, Wal-Mart Stores delivered the keynote address, "Aligning HR with Business Strategy in a Dynamic Corporation," and Samuel Bacharach, Director, Institute for Workplace Studies, Cornell ILR, moderated the executive roundtable, "The HR Challenge." The closing session, "2020 Vision: Preparing for the Next Decade," was moderated by Scott Snell, Professor of HR Studies and Director of Executive Education, School of ILR, Cornell University. A full copy of the program is available on The Conference Board's website: www.tcb.org.

CAHRS EVENTS CALENDAR

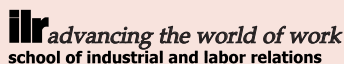
2006 - 2007

- CAHRS Advisory Board Meeting April 6, 2006 New York, NY
- CAHRS Spring Sponsor Meeting May 10 - 11, 2006 Ithaca, NY
The Talent Management Challenge
- CAHRS Spring International Sponsor Meeting June 27 - 28, 2006 Amsterdam, The Netherlands
The Talent Management Challenge
- ILR Orientation and CAHRS Executive Roundtables August 22, 2006 Ithaca, NY
- CAHRS Fall Sponsor Meeting October 23 - 24, 2006 Ithaca, NY
(Please note new date)
- CAHRS Spring Sponsor Meeting May 9 - 10, 2007 Ithaca NY
- ILR Orientation and CAHRS Executive Roundtables August 21, 2007 Ithaca NY
- CAHRS Fall Sponsor Meeting November 14 - 15, 2007 Ithaca NY

ILR Executive Education & Events

- TNT Custom Program: HR Leaders March 19 - 24, 2006 Amsterdam, The Netherlands
- Managing for Impact: HR Metrics and Firm Performance April 6 - 7, 2006 New York, NY
- TNT Custom Program: HR Leaders April 23 - 28, 2006 Amsterdam, The Netherlands
- HR Transformation: April 30 - May 5, 2006 Ithaca, NY
Partnering to Achieve Functional Excellence
- The Cornell Industry Consortium: May 7 - 12, 2006 Ithaca, NY
Critical Strategies in Employee Relations
- Shell Custom Program: Strategic Business Partners May 14 - 19, 2006 The Woodlands, TX
- ILR International Programs Annual Training May 31 - June 4, 2006 Ithaca NY
Seminar On Global Labor Standards And Monitoring
- SKGroup Custom Program August 24 - 28, 2006 Ithaca, NY
- HR Strategy September 24 -29, 2006 Ithaca, NY
- Shell Custom Program: Strategic Business Partners October 8 - 13, 2006 The Hague, The Netherlands
- Talent Management October 12 - 13, 2006 New York, NY
- HR Impact November 9 - 10, 2006 Arlington, VA

For more information, contact Jo Hagin at 607/255-9358 or email: jap7@cornell.edu, or visit our website at:
www.ilr.cornell.edu/cahrs/Calendar.html



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Big Oil's HR Champion

This oil industry leader is a problem-solver who relies on his HR skills to tackle the most intractable challenges.

By **Ann Pomeroy**

John Hofmeister, president of Shell Oil Co. and U.S. Country Chair for Royal Dutch/Shell Group, exudes an air of quiet confidence.

Seated in his book-lined office overlooking the collection of glass skyscrapers that forms the Houston skyline, the head of U.S. operations and former HR leader at one of the world's largest oil companies strikes an observer as a man who is comfortable in his own skin.

Although he works in what he describes as "a dangerous business" at a job that demands he be on call 24 hours a day, seven days a week, Hofmeister is undaunted.

"I love it," he says. "I hope to do this for a long time to come."

Hofmeister the Behaviorist

While today he is a focused executive, Hofmeister wasn't always so sure of his career path. Like most college freshmen, Hofmeister entered Kansas State University in the late 1960s without a clear idea of what career he wanted to pursue. He was interested in political science, but less as a study of government than as a study of behavior. Growing up in the Cold War era, he recalls that "the great democratic/communist divides were fascinating to me as a student." He was 14—"a very impressionable age"—when the Berlin Wall was built. The arms race and then the Vietnam War galvanized his political thinking, Hofmeister says.

He earned bachelor's and master's degrees in political science and also studied economics and the social sciences with a view toward giving himself several career options. He wrote his thesis on a form of political behavior, and considers himself to be a behaviorist.

When he graduated, he was broke and in debt, recalls Hofmeister. "I didn't have two nickels to rub together." As he considered what to do next, he examined four possibilities: attending law school (he had applied and been accepted at several schools), going back to graduate school for a Ph.D. (he had been offered a fellowship), working for the federal government or working for General Electric (GE).

Pragmatism carried the day. Deciding that further schooling could wait—"I needed money!"—Hofmeister entered GE's Human Resources Management Program in 1973. This turned out to be a felicitous choice that established his HR career path, and Hofmeister spent 15 challenging years working in five of GE's major businesses in several locations.

A Businessman First

"My first assignment in HR was actually in the marketing and sales of lightbulbs in France and West Germany" as part of GE's cross functional training program, says Hofmeister. It was his job to commission a study on how to improve the sales penetration of lightbulbs in those countries and make recommendations to GE.

"I enjoyed it," he says. "I learned a lot, and GE became more successful as a result of my recommendations."

Hofmeister praises the training he received at GE, where he took courses—complete with homework—taught by senior GE executives. In some ways, he says, the classes were like a continuation of graduate school. It was at GE, says Hofmeister, that he learned to approach business issues from an HR point of view.

"I am a businessman first who worked in HR as my main contribution to business," he says. He has always been interested in working in large

At a Glance: John Hofmeister

Personal: Age 58. Born in Cheverly, Md. Lives in Houston with his wife, Karen. They have two adult daughters.

Current Job: President of Shell Oil Co. and U.S. Country Chair, Royal Dutch/Shell Group, based in Houston, 2005–present.

Previous Jobs: Served as group human resources director at Royal Dutch/Shell Group, based in The Hague and London, 1997–2005; worked at Allied Signal Inc. (now Honeywell International) as vice president, international human resources, based in Hong Kong and Paris, 1995–1997, and as vice president, aerospace human resources, based in

technical global companies that are "multi-industry, multi-country, multi-function and multi-technology," he says. And he has always loved a challenge. "The pattern of my career," says Hofmeister, "has been to be with extremely challenging technical businesses at difficult cycles in their history. I'm a sucker for difficult cycles."

Hofmeister has ridden out difficult cycles to eventual success at four major corporations: GE, Northern Telecom Inc. (now Nortel), Allied Signal Inc. (now Honeywell International) and Shell. At each company, he says, he has had the satisfaction of feeling that he has made a difference.

Los Angeles, 1992–1995; served as vice president, U.S. human resources, at Northern Telecom Inc. (now Nortel), based in Nashville, Tenn., 1989–1992, and as assistant vice president-human resources based in Raleigh, N.C., 1988–1989; began his career at General Electric, working in several GE facilities from 1973–1988.

Some Major Challenges

The toughest challenge at GE came in the mid-1980s, says Hofmeister, "when the Rust Belt issues of America were roaring in my ears." Facing high domestic costs and global competition—especially from Asia—in GE's motor business, "we arrested the decline in" the division, he says.

He left GE in 1988 to join Northern Telecom, where he took up the challenge of shifting that organization from a national company to a global company.

At Allied Signal, which he joined in 1992, he discovered that "we were organized backward to the industry," he says. Realizing that the company needed to become more market-focused, Hofmeister helped it take 23 product divisions and reorganize them around four major divisions. "We reorganized for the customer, not for ourselves," he says, "and gained a competitive advantage."

When Hofmeister joined Shell as group human resources director in 1997, he was one of the first external hires into a senior leadership position at a company that favored long-term employees and promotion from within.

Hofmeister brought 25 years of experience to the job, including stints in Hong Kong and Paris at Allied Signal. That global experience was extremely valuable, he says, as he tackled the challenges of shifting Shell from a national to a global focus.

The company has faced plenty of challenges during his tenure, including what Hofmeister terms a "hugely embarrassing" situation involving Shell's oil reserves. In 2004, the company's proven oil reserves base was discovered to be significantly less than had previously been stated, and Shell was forced to perform a major re-categorization of reserves. The company also postponed publication of its 2003 annual report.

Hofmeister, who was based in The Hague at the time, maintains that the problem was the result of a "flawed process" and involved no intentional wrongdoing. "We didn't know what we didn't know," he says.

"Shell investigated and corrected the problem," says Hofmeister, and two senior executives were asked to leave the company following a vote of no confidence by the board.

In the wake of this scandal, the company merged Royal Dutch and Shell Transport and Trading into a single entity known as Royal Dutch/Shell Group. The reorganized company is headquartered in The Hague and trades both on the London Stock Exchange and the New York Stock Exchange.

Running U.S. Shell

In March 2005, Hofmeister was named to the new position of president of Shell's U.S. affiliate, Shell Oil Co. In that role, he represents the interests of the Shell Group to U.S. stakeholders, including investors, the government, customers, staff and communities. Working closely with U.S. policy-makers, Hofmeister says he is a "bipartisan business leader" who tells every member of Congress, "It is my goal that you will never know whether I'm a Democrat or Republican."

As a 23-year Shell veteran, Dale Wunder, vice president of human resources in the Americas for Shell's exploration and production business, says he wasn't surprised by Hofmeister's promotion to president. "HR plays a significant role at Shell," he says. "HR isn't just warming a seat [here]; it's clearly at the table, and John is a strong proponent of HR as part of the business."

David Sexton, vice president of strategy and portfolio and a 28-year Shell veteran, agrees that Hofmeister is eminently qualified for his current role. "He sat at the highest levels of Shell" before becoming president, Sexton says. "Having an HR person [as president] sends a message to employees that HR and talent and people" are important to the company.

In addition, Sexton says that Hofmeister is an extremely effective company spokesman and "a very good communicator who doesn't allow us to become too siloed." He adds that Hofmeister is "a believable, creditable presence when giving congressional testimony."

(Hofmeister was one of several oil company executives who appeared before the Senate Energy and Commerce committees last fall to answer questions about high oil prices and high oil company profits following the Gulf hurricanes in August and September.)

Wunder says he appreciates the fact that Hofmeister provides a broad perspective and a long-term vision, and then "allows people to deliver without micromanaging."

Shell's U.S. Country Controller, Randy Braud, says that in addition to understanding the business, Hofmeister knows that "it's all about the people. He's a great listener with an excellent radar detection system."

As U.S. Shell's "head bean counter," Braud says he and Hofmeister developed a close working relationship last year during hurricanes Katrina and Rita. Shell's offshore platforms in the Gulf of Mexico were heavily damaged, as were refineries in the affected area. Nearly 5,000 Shell employees were affected by the storms, he says, and 1,000 New Orleans employees had to be evacuated and relocated to other offices.

"John's passion for HR was evident" in the way he handled this disaster, says Braud. "Our employees were the top priority." Braud says all affected employees remained on the payroll and the company located apartments and homes for those whose homes were damaged or destroyed by the hurricanes.

Managing Globally

Talent management will be a critical focus of Hofmeister's efforts to position U.S. Shell for the next 50 years and build its reputation as a major U.S. company, he says, and that includes recruiting and retaining new staff to keep up with attrition; 70 percent of Shell's 24,000 U.S. employees are baby boomers in their 40s and 50s.

In his previous role as head of HR for Shell, Hofmeister says he wanted "a globally consistent HR agenda for the world, recognizing that its application had to be locally adapted and managed." To that end, Shell has developed a global framework for talent management that encompasses recruitment, compensation and benefits, HR information management, and leadership learning.

Shell's integrated global processes "work throughout the whole of Shell," Hofmeister says proudly. "All are focused on today's business deliverables we are trying to achieve."

Shell has facilities in 140 countries, and Hofmeister says the company "needs to be developing global nationals around the world so that our future management population is not dominated by any particular nationality" to pursue a diversity of thought.

To aid in such efforts, he advises HR executives to take global assignments. It's difficult to understand global operations if you haven't worked and lived internationally, he says. "They can't be understood by visitors."

Hofmeister stresses three critical success factors that have worked for Shell and should be the focus at any major organization: Have a succession plan, a talent management plan and a leadership development plan, he says, with each plan serving the future purposes of the organization. "But you need all three. You can't do just one."

The Workforce of the Future

A major HR issue for the next 20 to 25 years will be ensuring the availability of future talent, says Hofmeister, and he's greatly concerned about what he terms a "bipolar future workforce." In his opinion, the U.S. education system requires a "serious update" to avoid creating a society of haves and have nots, a society in which some children receive an excellent education and others—those in poor inner-city schools—receive a very poor one.

"HR people must address this [issue]. It is missing the boat!" he says. The problem falls under HR's purview, he insists, because the function is responsible for ensuring the welfare of the workforce. At Shell, he says, the company's workforce development program is working to improve math and science in the nation's secondary schools. "We've started in six states, and the program will continue to grow."

According to Hofmeister, HR also has another critical responsibility. He stresses the need for HR to "advocate on behalf of employees and not simply be stewards of the organization. Our people are the reason for our success."

A Balanced Life

Unlike business leaders who talk about concern for employees but personally model a lifestyle where work/life balance is nearly nonexistent, Hofmeister makes time for personal pursuits.

That's a tall order, given that his responsibilities require him to burn the midnight oil at times. But even workaholics need a respite now and then. He says executives need to learn, early in their careers, to "compartmentalize" their responsibilities at work and at home. "There must be room for both," says Hofmeister, "as well as room for their responsibilities to society."

We all make choices, he says, and he is comfortable that his have been balanced choices. "I have no regrets. All choices have consequences," he says, and he and his wife "thought about the consequences ahead of the choice," rather than after the fact.

"I've always compartmentalized my time and energy," he says, "and tried to have invigorating pursuits outside work."

One of those outside interests is the historic farm and gristmill he owns in Lancaster County, Pa. "This is a deliberate pursuit to take me out of my 'compartment' as business leader," says Hofmeister, "and put me into nature and agriculture." His farm, he says, provides "a complete refreshment of my otherwise very busy business life, far removed from shareholders, quarterly results and other business dynamics."

Hofmeister, who grew up in New Holland, Pa., has fond memories of childhood summers spent working on a farm. He's also interested in historic preservation. These interests mesh as he and his wife work to restore the 18th century mill and convert what is a traditional dairy farm today "back to its organic, non-chemical tradition."

He is able to visit the farm about three times a year, he says, and one of those visits coincides with an annual event that represents another of his interests—cycling. Each August, Hofmeister participates in a 100-kilometer bike ride over a route that crosses seven covered bridges in the Amish countryside.

Being who he is—the quintessential businessman—Hofmeister and his wife have formed the John and Karen Hofmeister Foundation and incorporated the farm. It's a working farm, he says, which sells wool from the sheep raised there, as well as corn and other field crops. (The web site is www.limevalleymill.com.) Although restoration efforts are expensive, Hofmeister says the farm has been profitable two out of the last five years.

'Success Is Fleeting'

Asked to describe his greatest career success, Hofmeister maintains that he's "not satisfied with anything yet. Success is fleeting," he says. "Today's success is tomorrow's challenge." Good HR people, he says, can never rest on their laurels because tomorrow's business needs will be different.

In the highly visible energy business, "everybody in all walks of life is interested in what we do and how we do it," says Hofmeister. He's on call around-the-clock because "the refineries never stop. And if the phone rings in the middle of the night, it's probably an important call," he says, and one that he must take.

Hofmeister admits that this nonstop responsibility has "given me headaches, it has given me stomachaches, and it has exhausted me physically. So it's not easy."

And yet, he says, "I deeply embrace what I do. It gives me joy, fulfillment and the satisfaction of challenge."

Ann Pomeroy is senior writer for HR Magazine.



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