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An assessment instrument for the emerging needs of human resources professionals in a global economy

Cecilia M. Chilundo

To the Graduate Council:

I am submitting herewith a thesis written by Cecilia M. Chilundo entitled "An assessment instrument for the emerging needs of human resources professionals in a global economy." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Human Resource Development.

Jacquelyn DeJonge, Major Professor

We have read this thesis and recommend its acceptance:

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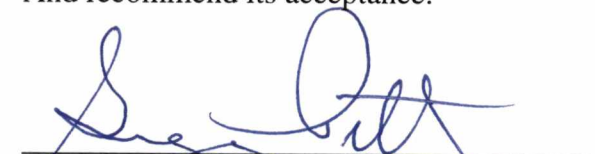
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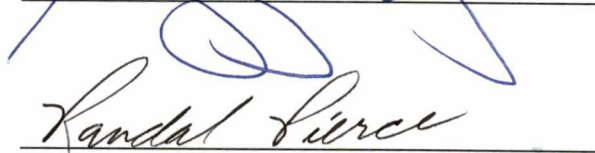
I am submitting a thesis written by Cecilia M. Chilundo entitled: "An Assessment Instrument for the Emerging Needs of Human Resources Professionals in a Global Economy." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Human Resource Development.

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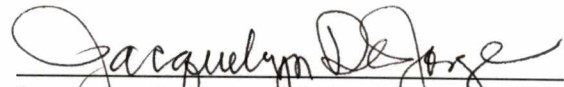Interim Vice Provost and
Dean of The Graduate School

AN ASSESSMENT INSTRUMENT FOR THE EMERGING NEEDS OF HUMAN

RESOURCES PROFESSIONALS IN A GLOBAL ECONOMY

A Thesis Presented for the

Master of Science Degree

The University of Tennessee, Knoxville

Cecilia M. Chilundo

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Dedication

This thesis is dedicated to my father, Goncalo M. Chilundo and my mother, Adelina Jacob, who always showed their belief in the importance and goodness of education and made enormous sacrifices to enable me to have an education.

Acknowledgements

I would like to express my sincere gratitude to Dr. Jacquelyn DeJonge for her encouragement and expert guidance throughout the entire project. Her support has certainly been invaluable. I would also like to thank my committee members, Dr. Gregory Petty and Dr. Randal Pierce for their constructive comments and participation in this project. My acknowledgements are also extended to the members of the Board of Experts, Dr. Doo Lim, Dr. Alan Chesney, Frank Laszlo, and Debra Brown, for their contribution in helping validate the instrument.

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Abstract

The increasing incidence of globalization in today's business world brings about fierce competition and increased pressure to perform at increasingly higher levels. This has lead organizations to the realization that if they are to achieve and maintain sustainable competitive advantage in this business environment, they will have to review the role of their Human Resources (HR) function in their organizations. This has, in turn, lead to the realization that in order to achieve and maintain corporate success in this changing business environment, the HR function will need to assume the role of *business partner.*

The purpose of this thesis was to design an instrument that assesses those competencies that will allow HR professionals to effectively perform as *business partner.* The design of the instrument was based on the assumption that in order for HR professionals to perform effectively as *business partner,* they will have to be able to play multiple roles including those of *strategic partner, administrative expert, change agent,* and *employee developer and advocate.* Thus, the instrument assesses HR professionals' competence levels in terms of the skills required to assume each of these roles.

The multiple role proposition for the HR function is reflected in current HR literature. Following the design of the instrument a Board of Experts (BOE) composed of four HR professionals was selected to validate the instrument.

The ultimate goal of the instrument is to help determine the types of competencies that HR professionals will need to develop in order to help their organizations achieve higher corporate success. It is also the purpose of this assessment to help shed light on

what might constitute areas for improvement in terms of strengthening higher level

educational programs of HR.

Table of Contents

List of Tables

CHAPTER 1 - SETTING THE STAGE

Introduction

Current literature (Amit & Belcourt, 1999; Ferris, Hochwarter, Buckley, Harrel-Cook & Frink, 1999; Gratton, 1996; Harrel-Cook & Frink, 1999; Ulrich, 1996; Wintermantel & Mattimore, 1997) has indicated that the role of the Human Resource (HR) function in organizations has changed over the years. The reasons most frequently cited for the change include: globalization, increased competition, and continuous change in markets and technology.

In the past decades, the main sources of competitive advantage were financial resources or the use of technology (Lam & White, 1998; Luthans & Stajkovic, 1999). However, given the increasing competition in today's business world, these are viewed as necessary but not sufficient sources of competitive advantage. Thus, an increasing number of companies view the source of sustained competitive advantage as resting not only with finance or capital, but within the organization and with people capable of delivering the customer satisfaction or rapid innovation that will place the company ahead of its competitors. This realization has made it apparent to organizations that in order to achieve competitive advantage and remain competitive in today's business world, the HR function needs to play an important role in the organization's business strategy. Further, for the HR function to be effectively utilized as a source of competitive advantage, the HR function needs to be viewed as a business partner (Ulrich, 1996).

Nevertheless, the proposition to place the HR function as a business partner has far reaching implications for HR professionals and their organizations. The function of HR as a business partner dictates that HR professionals will have to assume a number of roles for the HR function to perform effectively as a source of competitive advantage (Beatty & Schneir, 1997; Ulrich, 1996).

This means that HR professionals will need to be able to take on a number of new roles in addition to those that they already assumed in their traditional HR roles. Ulrich , 1996, proposed four roles including *strategic partner*, *employee champion*, *administrative expert*, and *change agent*.

For HR professionals to be able to assume these roles effectively, however, they are likely to need adequate training that should help them develop the competencies that are essential to their ability to assume these multiple roles. This project involves the design of an instrument
to determine the training needs of HR professionals who will be assuming the multiple roles involved in the function of HR as a business partner.

The project is based on the assumption that most HR professionals who have essentially functioned in traditional HR roles (i.e., mostly administrative and more concerned with isolated practices) are likely to, if not require, at least benefit from training. In order to determine the types of training programs that will be appropriate to meet the HR professionals' needs, an appropriate training needs assessment instrument is essential. Such an instrument should contribute to a more effective move from the traditional HR role to that of business partner.

This project is organized into five chapters. The first chapter began by stating the problem to be addressed in the project. Following the statement of the problem the purpose of the project was then stated. The chapter then moved on to provide a theoretical framework for the instrument designed. Next the limitations and delimitations of the instrument designed were discussed and the definitions of the terms used were provided. The second chapter presented a review of related literature. Chapter 3 described the methodology employed in the project. Chapter 4 looked at the design of the actual instrument as well as the process involved in validating the instrument designed. Chapter 5 presented the summary, conclusion, and recommendations.

Statement of the Problem

As outlined in the introduction, the HR function has, over the past years, come to be viewed as a critical component of corporate success. However, for the HR function to be effectively utilized as a source of competitive advantage, its role needs to change from the traditionally administrative to that of business partner.

It has also been pointed out (Capelli & Crocker-Hefter, 1996; Jackson & Schuler, 1999; Ulrich, 1996) that for the HR function to successfully assume the role of business partner, HR professionals will need to be able to play multiple roles. The practical implications are that most HR professionals involved in this change of role are likely to require training that will help them develop the essential competencies to their successful transition to the role of business partner.

In turn, for any training program to serve the purposes for which it is intended, it must be designed with the trainees' needs in mind. These, on the other hand, may only be determined with the help of an appropriate training needs assessment. Without an appropriate needs assessment, it may not be possible to determine what these professionals' training needs are. Therefore, the need to conduct a training needs assessment that will help determine these professionals' training needs is apparent. Thus, the present project was designed to form the basis for determining the training needs of HR professionals moving from the traditionally administrative HR role to that of business partner.

Purpose of the Study

The purpose of this study was to design an instrument to determine the extent to which HR professionals in transition from the traditionally administrative HR function to that of business partner require training. The underlying rationale for constructing such an instrument was that for the HR function to add value to corporate success in today's business world, it needs to assume the position of business partner.

In turn, the position of business partner entails playing multiple roles of both administrative and strategic nature. This instrument will be helpful in determining the extent to which these professionals require training that will enable the development of the competencies that are essential to their ability to assume these multiple roles. In essence, the instrument will constitute the basis for determining both the types of training

4

programs that are necessary and the extent to which such programs are necessary.

The instrument will help organizations assess training needs and may also provide direction for HR higher educational programs for competencies needed in course work. This should allow HR professionals to be better equipped to function in the ever changing and competitive business world of this century.

Theoretical Framework

The literature review conducted has made it apparent that for HR professionals to be able to perform effectively as a business partner, they will need to develop a number of competencies. This section presents three frameworks for competencies that HR professionals are expected to develop in order to be able to perform effectively as a business partner. Following the presentation of the frameworks, a discussion of these follows which leads to a selection of a single framework on which the TNA instrument will be based.

Grossman, 2000, and Yeung & Berman, 1997, suggested the utilization by HR professionals of a balanced scorecard framework to impact business performance through HR. The balanced scorecard framework, as defined by these authors, is a framework that is designed to help professionals define what HR practices and processes will help the company achieve the organization's goals.

This framework is termed the *balanced scorecard* because it is based on the premise that for a business to succeed in the long run, the needs of the three main stakeholders of

the business have to be satisfied. These stakeholders include shareholders, customers, and employees. According to this theory, the success of the business depends upon the ability of a company to respond to the needs of the three stakeholders in an interrelated manner.

The rationale underlying this framework is that there is a close link between the three stakeholders. It is suggested that employee attitudes and behavior impact the level of customer satisfaction and retention. Customer attitudes and behavior will, in turn, influence shareholder satisfaction and retention. Ultimately, shareholder satisfaction and retention affects employee satisfaction and behavior. Thus, the balanced scorecard framework is viewed as a powerful diagnostic tool that can be used to make certain that HR utilizes the right people and processes to achieve competitive advantage through HR.

While Yeung and Berman's framework provided the basis for the roles that the authors believe HR professionals should be able to play to make HR the source of competitive advantage, Grossman's framework was designed solely to assess the effectiveness of the HR function. In their framework, Yeung and Berman identified three paths through which HR practices contribute to business performance:

1. Building Organizational Capabilities

2. Improving Employee Satisfaction, and

3. Shaping customer and shareholder satisfaction

To assess the effectiveness of the adopted paths, Yeung & Berman 1997, proposed the use of three clusters of measures: *internal operational HR measures, internal strategic measures*, and *external strategic measures*. The internal operational HR measures are concerned with assessing the degree of efficiency and effectiveness of HR

practices. The internal strategic measures address issues concerning how effectively the HR practices build organizational capabilities, and how effectively HR practices increase employee satisfaction. External strategic measures should deal with the question of how well HR practices increase customer and shareholder satisfaction.

Jackson & Schuler, 1999, and Ulrich, 1996, presented multiple-role models that reflect the roles that HR professionals will, according to them, need to assume in order to effectively perform as a business partner. And hence make HR the source of sustained competitive advantage.

According to Jackson & Schuler, 1999, for a company to achieve and sustain competitive advantage through HR, HR professionals need to be able to play six roles: *partnership role, strategic role, enabler role, monitoring role, change facilitator*, and *innovator role*. Below is a characterization of each of the six roles.

Partnership role – In the partnership role, HR professionals are part of the decision-making process. They are primarily involved in strategic planning in areas that are most closely related to HR issues. By assuming the partnership role, HR professionals make certain that all HR programs help achieve the company's goals. Jackson & Schuler emphasized the partnership role because they believe that this role is the key to long-term success. By performing this role well, HR professionals help their organization balance the sometimes competing concerns of the business as defined by line managers and the employees upon whom the business success ultimately depends.

Strategic role – Jackson & Schuler, 1999, defined the strategic role as being that role which involves linking Human Resource Management (HRM) practices to the broader,

longer-term needs of the firm. Strategic business needs as defined here typically arise from decisions such as cost or innovation, or for purposes of survival, growth, adaptability, and profitability. These decisions are associated with the formulation and implementation of the organization's strategy. Thus, they reflect characteristics of the external and internal environments.

Enabler role – In this role, HR professionals provide administrative services to line managers. To provide the most adequate services, Jackson & Schuler, 1999, recommended that HR functions should remain accessible to line managers so that they do not lose touch of line managers' needs as well as employees'. Jackson & Schuler noted that in this role, the key word is *customization*, by which they mean that HR professionals should be mindful about treating line managers as customers. And accordingly, work with them to provide them with adequate services to satisfy their needs.

Monitoring role – In the monitoring role, HR professionals are responsible for making certain that HR programs are implemented fairly and consistently. To meet this obligation, HR professionals must monitor the outcomes and effectiveness of all HR activities. In addition to monitoring the organization's compliance with legal regulations, HR professionals must continuously monitor the effectiveness of HR activities to ensure that they meet the various and changing needs of both line managers and employees.

Change facilitator – In this role, HR professionals facilitate change within the organization. They help the organization adopt new technologies, new processes, new structures and also change the organizational culture as a whole. In playing this role, HR

8

professionals must focus on the future so that they are able to prepare for envisaged forthcoming change. They must ensure that the new skills and competencies required by the change are available at the appropriate time.

Innovator role - As defined by Jackson & Schuler, 1999, the innovator role involves the review of work processes in such a way as to improve efficiency and effectiveness while complying with the law in an environment characterized by uncertainty, scarce resources and increased competition. HR professionals must streamline operations and redesign the way in which work gets done.

The multiple-role model presented by Ulrich, 1996, is composed of four roles. The model is based on the premise that for HR professionals to create value and impact business performance, they need to refocus their efforts to outcomes, rather than activities. Refocusing efforts to outcomes, on the other hand, necessarily implies what Ulrich designated 'deliverables'. That is, what the work must deliver in term of results. Further, in order to achieve the desired outcomes, HR professionals must assume both operational and strategic roles. Ulrich's multiple role model included: *strategic partner*, *administrative expert*, *employee champion*, and *change agent*. Below is a characterization of each of the four roles.

Strategic partner – HR professionals in this role, are involved in the process of decision-making and in the planning of business strategic goals. They are thus; able to align HR plans with the business plans through performing organizational diagnosis. Organizational diagnosis allows HR professionals to articulate the organization's expectations of employees and create the capabilities the organization needs.

9

Organizational diagnosis involves:

a) Defining an organizational architecture

b) Creating an assessment process

c) Providing leadership in improvement practices, and

d) Setting priorities

In order to execute the business strategy more effectively, Ulrich recommended the creation of a balanced scorecard. The scorecard must focus on serving the firm's main stakeholders including investors, customers and employees.

Administrative expert – In this role, HR professionals are involved in reengineering organizational processes through *shared services* or what Jackson & Schuler, 1999, designated *customization*. The aim of the activities in this role is to achieve an efficient and effective infrastructure. The tasks performed in this role include improving processes and rethinking HR value creation.

Employee champion – The tasks involved in this role include listening to and responding to employees' needs. This is achieved through remaining in close contact with employees and listening to their concerns and providing them with the resources they need. This role also involves making certain that employees' satisfaction is maintained. The aim of the activities in this role is to increase employee commitment and capability.

Change Agent – HR professionals in this role are engaged in managing and initiating transformation and change. They do this through performing activities that facilitate change. The aim of activities performed in this role is to create a renewed organization

that is adaptable and flexible. That is, create conditions that make change easier.

Activities performed in this role include:

-Focusing on future trends and designing a plan that will help the organization to change

-Identifying key success factors for building capacity for change

-Profiling the extent to which these key success factors are being managed

-Identifying the improvement activities for each success factor, and

-Seeing the key factors as an iterative process rather than an event.

<u>Comparing the Three Models Presented</u>

As presented above, Jackson & Schuler's multiple-role model included six roles. These are *partnership role, strategic role, enabler role, monitoring role, change facilitator*, and *innovator role*. Ulrich's multiple-role model included only four roles including: *Strategic partner, administrative expert, employee champion*, and *change agent*.

However, despite an apparent difference in the classification of roles and a disparity in the number of roles specified between the three models presented, there are many similarities among the models. For instance, Ulrich's *strategic partner* role included two roles from Jackson & Schuler's model. These are the *partnership role* and the *strategic role*. This is because Ulrich, unlike Jackson & Schuler, included the participation of HR professionals in corporate decision-making and the linking of long-term HR plans to the long-term business plans in one category. Which he designated *strategic partner*.

In addition, Yeung & Berman's *balanced scorecard* framework was also included in Ulrich's *strategic partner* role. Similarly, Ulrich's *administrative expert* included three of

11

Jackson & Schuler's roles namely *enabler, monitoring,* and *innovator roles.* This is because the *enabler role,* as Jackson & Schuler defined it, consists of providing administrative services (customization) to line managers. These tasks are included in Ulrich's *administrative expert* role.

The *monitoring role* is also concerned with administrative tasks, although this role is specifically concerned with HR professionals' responsibility for a fair and consistent implementation of administrative activities. The *innovator role* is concerned with the reengineering of organizational processes and the improvement of efficiency. All of these are part of Ulrich's *administrative expert* role.

In contrast, Ulrich's *employee champion* does not appear to have an explicit equivalent from Jackson & Schuler's model. However, this role is implied in the *enabler role.* Because part of the enabling role involves the provision of the resources that employees need. Finally, Ulrich's *change agent* is equivalent to Jackson & Schuler's *change facilitator* role.

The Model Selected

Given its completeness, and thoroughness in terms of inclusion of essential categories of competencies for business partnering as reflected in current HR literature, the instrument's framework was based on Ulrich's model. Ulrich's multiple-role model included four roles namely, *strategic partner, administrative expert, change agent* and *employee champion.* However, a slight modification was proposed in the *employee champion* role so that this role became *employee developer and advocate.*

The reason for this modification is that Ulrich's definition of employee champion

12

assumed that HR professionals' role in this category, includes performing tasks such as listening, responding, and finding ways to provide employees with resources that meet their changing needs. In sum, these are tasks that are designed to improve the management of employee contribution and increase employee commitment.

However, current indicates that in order to make HR a source of sustainable competitive advantage, the HR function has to be able to perform on-going employee development efforts that respond to the needs of the business (Capelli & Crocker-Hefter, 1996; Harel & Tzafrir, 1999; Lam & White, 1998; Wright & McMahon, 1997). Therefore, although the employee development component is implied in Ulrich's *strategic partner role*, it is important to underscore the importance of employee training and development in enabling the company to gain sustainable competitive advantage through HR. Thus, adding *employee developer* to *employee champion* should result in the maximization of employee commitment and contribution to business performance through a better-equipped human capital that is responsive to the needs of the business. Please see Table 1, which illustrates the theoretical framework selected as well as the authors that advocate each of the main HR roles included.

Elements of the Framework

The theoretical framework section has presented three frameworks, and from these a single framework constituted the basis for the design of the instrument was selected. This section presents a description of the four elements of which the instrument is composed. The purpose of this section is to provide information regarding the types of issues that questionnaire items in each of the four sections have addressed.

Table 1. Theoretical Framework

<div align="center">HR Professional's Role</div>

	Strategic Partner	Administrative Expert	Change Agent	Employee Developer and Advocate
Authors Advocating Role	*Grossman *Jackson & Schuler *Ulrich *Yeung & Berman	*Grossman *Jackson & Schuler *Ulrich *Yeung & Berman	*Delaney & Huselid *Jackson & Schuler *Ulrich	*Grossman *Jackson & Schuler *Ulrich *Wright & MacMahon *Yeung & Berman
Example Key Competencies to be Measured	*Translating Business Strategy into HR Strategy *Addressing Globalization, Diversity, and Organizational Development Issues *Designing and Utilizing Appropriate HR Measures	*Creating an Efficient and Effective Infrastructure that Supports the Strategy of the Business * Effective Utilization of Technology to Improve HR Efficiency and Effectiveness	*Initiating and Managing Change and Transformation	*Performing as Employee Developer *Performing as Employee Advocate

14

In order to determine the extent to which HR professionals require training designed to develop the types of competencies that are essential in enabling them to perform as business partner, the instrument is composed of four elements. Each element represents a section. Each of the four sections is composed of questionnaire items designed to determine the HR training needs in competencies required to play one of four roles identified in the theoretical framework. The questionnaire items should provide answers to a number of questions including the following:

Section 1 – Role: Strategic Partner: To what extent are HR professionals able to:

Participate in the process of defining the business strategy?

Perform organizational Diagnosis?

Translate business strategy into HR priorities?

Define HR practices that will assist the firm realize present and planned strategy?

Section 2 – Role: Administrative Expert: To what extent are HR professionals able to:

Create an efficient and effective infrastructure?

Effectively engage in activities that will result in continual reengineering of the work processes they administer?

Continuously redesign HR value creation strategies?

Section 3 – Role: Employee Developer and advocate: To what extent are HR professionals able to:

Utilize the company's human resources to create rare and unique capabilities that are

difficult for competitors to imitate?

Manage employee contribution and foster employee commitment?

Section 4 – Role: Change Agent: To what extent are HR professionals able to:

Initiate organizational change?

Respond to or manage externally imposed change?

Create organizational conditions that facilitate change?

Limitations

1. The competencies for each area may not be all inclusive.

2. The competencies may not be related to all business contexts

3. This study involves the development of the instrument and content validation only.

Delimitations

The main delimitation of the study is that the validity of the instrument's results may be affected by the fact that the instrument relies on participants' own perceptions of their abilities, rather than on objective evaluation of participants' competencies. In addition, the instrument assumes total honesty in respondents' responses. The study is further delimitated by the lack of a pilot study or use of a reliability index.

Definition of Terms

The terms below are defined in accordance with the way they are used in this project.

Business partner: An HR professional who assumes any of the roles that HR professionals have to take on in order to assist their organization achieve corporate success. These include: Strategic partner, administrative expert, change agent, and

employee developer and advocate. The use of this term will be based on the definition proposed by Ulrich, 1996, p.37:

"Business partner = Strategic partner + Administrative Expert + Employee Champion + Change agent"

Strategic partner: The HR professional when involved in translating the business strategy into HR priorities and practices (Ulrich, 1996).

The HR function: The company's Human Resource Department or section that is responsible for dealing with issues related to the company's human resources.

HR professionals: Those individuals in the company that are responsible for dealing with the human resources issues. They include human resources managers, trainers and other specialists often found in the human resource function.

Competencies: Suitable and sufficient skills and knowledge and experience to perform certain tasks (Random House Webster's College Dictionary, 1998).

Strategic Human Resources Management (SHRM): The management of the human resources of a firm when the HR professional is viewed as a business partner.

Human Resources: The available talents and energies of people who are available to an organization as potential contributors to the creation and realization of the organization's mission, strategy and goals. Jackson & Schuler, 1999, p. 37.

Summary

This chapter has presented a brief description of the instrument designed and stated the purpose of the instrument. In addition, a brief rationale for the need of the instrument was given. The usefulness of the instrument and the expected outcomes were also discussed. Next, a framework on which the instrument was based was outlined, and the elements on which the framework was built were outlined. Following this, the limitations and delimitations of the instrument were discussed. Finally, the definitions of the terms used were provided.

CHAPTER 2 - REVIEW OF RELATED LITERATURE

Introduction

This chapter presents a review of literature. A closer examination of current HR literature made it apparent that at least seven HR issues would need to be addressed. Thus, the literature review is divided into seven sections. The first section presents a brief historical overview of the role of the HR function in organizations. Given the fact that the historical overview conducted indicated the occurrence of major changes in the HR function, the second section looked at the major factors that have lead to these changes in the role of the HR function in organizations.

As the second section indicated, businesses today realize that in order to attain and sustain competitive advantage, the HR function needs to be utilized as a source of competitive advantage. Hence, section three looked the most effective ways in which the HR function may be utilized as a source of competitive advantage. Given the increasing incidence of globalization and workforce diversity among the workforce, effective ways to utilize the HR function to attain competitive advantage will need to address these issues. Therefore, section four discussed the implications for the HR function of increasing globalization and workforce diversity.

While it is acknowledged that in order for an organization to attain competitive advantage through HR the HR function needs to change, it must also be pointed out that the HR function can only be effectively utilized as a source of competitive advantage if

certain organizational conditions are met. Thus, section five examined the types of organizational conditions that are essential to an effective utilization of the HR function for corporate success.

Having established in previous sections that the HR function has changed over the past years and that this change is essential to corporate success, the need to address the implications of this change in terms of the appropriate measures is apparent. Hence, section six addressed the implications of the change in the role of the HR function in terms of the types of measures used to gauge effectiveness of this function in achieving its goals.

Although it has been argued throughout this project that the HR function can and should be utilized in conjunction with other business functions to provide sustainable competitive advantage, no substantial evidence has been presented to support this view. Given the importance of this type of information, section seven presents a review of research studies that aimed to establish a link between the HR function and corporate success. Finally, the last section presents a summary of the literature review.

The Emergence of the HR Function as a Business Partner

The First HRM function and department is believed to have been initiated in 1920 (Ferris, Hochwarter, Buckley, Harrrel-Cook, & Frink, 1999). Since then, a great deal of change has occurred in the science, research and practice of HRM. In addition, a considerable amount of transformation in form and function has occurred within the past

two decades (Amit & Belcourt, 1999). Various internal and external environmental forces, including restructuring coupled with globalization and increased competition, have motivated the latter changes.

Due to these factors, the HRM function has had to be re-evaluated. Traditionally, the HR function has been largely viewed as a maintenance function with an emphasis on controlling labor costs. From this role, an element of compliance was later added, which resulted from an increasing number of laws and regulations surrounding the employer-employee relationship (Jackson & Schuler, 1999). More recently, however, the study of HRM has expanded its scope of analysis beyond the functional tasks of record keeping, selection, training, compensation and performance appraisal (Capelli & Crocker-Hefter, 1996; Huselid, 1995). The HR function has now been recognized as an important component of corporate success.

The Forces of Change

Some scholars have contended that unless HR changes to match the pace of business today, HR faces the possibility of extinction. Beatty & Schneier, 1997; and Schofield, 1999, are some of the HR scholars who have expressed some concern of the possibility of the HR function becoming extinct. Schofield made reference to the results of the National Human Resources Directors' Survey 1999, conducted by the Institute of Directors and Development Dimensions International (DDI).

The survey indicated that 94% of the 230 HR directors interviewed believed that in

order for HR to significantly contribute to business performance, HR has to take advantage of three opportunities. First, HR has to seek and take advantage of an understanding of business issues; secondly, HR has to take advantage of its relevance to core business goals. Finally, HR has to assume a more internal consulting role than has traditionally done. Further, 43% of the HR directors feared that with the increased outsourcing of routine administrative tasks, the HR function might eventually become extinct. Thus, the role of HR as a business partner is essential to the survival of the HR function.

Marshall, 1995, presented the results of a quarterly survey of American Business Leaders. Senior executives and HR executives in fortune 1000 companies participated in the study. The survey indicated that 79% of the corporate executives and 87% of the HR executives thought that the HR function had grown in importance to the corporate organization during the past 10 years.

Two thirds of the corporate executives and nearly all of the HR executives believed that HR expenditures were a strategic investment that must be managed, rather than a cost. Further, more than three quarters of both the corporate executives and the HR executives held that their companies would be able to achieve significant productivity increases over the next three to five years by focusing and investing on human resources issues. The study further indicated that most respondents believed that employees must add value to their jobs in order to justify their employment. Most of the respondents believed that management is responsible for empowering the workforce so that they can be innovative and creative in their jobs. The belief that employers should offer

meaningful developmental opportunities to employees in order to attract and retain them also seemed unanimous among most respondents.

According to most respondents, two of the greatest HR challenges facing their companies are: a) Creating an environment to attract and retain qualified employees in a competitive environment, and b) Developing compensation packages to adequately compensate and motivate the workforce to meet both the customer and internal needs. In short, the findings indicated that in order to be successful, companies should strive to have a productive and well-trained workforce. They also indicated that the HR function is the vehicle to structuring changes and creating a dynamic workforce. The findings also indicated that the HR function has emerged as a critical component of corporate success. This has resulted in a change of the HR function from a tactical to a more strategic role.

Beer, 1997, made the point that in addition to increased competition, globalization, and continuous change in markets and technology, there has recently been a revolution in capital markets. This has given shareholders a more powerful position and made it possible for them to claim a larger share of the corporation's resources. As a result, organizations have been facing pressures to reevaluate and restructure all organizational functions. Hence, management systems, finance, research and development and HR are being pressured to demonstrate their value added and refocus their resources for higher leverage. This has, in turn, resulted in outsourcing, automation, and elimination or downsizing to conserve organizational resources.

However, not all the measures taken have had the desired effect. For instance, Singh, 1998, presented a study's findings that indicated that firms that hire laid off individuals

are likely to find that these new employees are more concerned with their own personal well being and less committed to the organization's goals.

Downsizing has also been linked to a decreased morale in a company's remaining employees, and to a subsequent reduction in productivity (Cascio, 1993). It has also been suggested that downsizing and outsourcing may weaken or destroy a company's culture (Luthans & Stajkovic, 1999). Furthermore, the underlying rationale for outsourcing has been that outside vendors, who often serve numerous organizations, should be more efficient. However, many companies are now realizing that outsourcing often results in higher costs (Jackson & Schuler, 1999).

It is not surprising, then that a growing number of firms and HRM scholars (Barney & Wright, 1998; and Lepak & Snell, 1999; Wright & McMahon, 1997), have argued that the human resources of a firm are potentially the most important source of sustainable competitive advantage. These scholars have drawn on the resource-based view of the firm (Barney, 1991). They have argued that few of the more traditional sources of competitive advantage (i.e., technology, and access to financial resources) create value in a manner that is rare, nonimitable, and not easily replaceable.

This is because as Luthans & Stajkovic, 1999, put it: "Technology is easily obtained and replicated and only levels the playing field. An organization's valued human assets cannot be copied. ...machines do not make things, people do." P.48
Luthans & Stajkovic, 1999, went on to make the point that rapidly advancing technology makes human resources even more critical to organizational success. And that capital and machinery are essential to organizational success, but that it is a firm's human resources

24

that actually make it happen.

The resource-based view of organizations provides an economic foundation for examining the role of HR in a firm's competitive advantage. This view focuses on firm resources that can be sources of competitive advantage within the industry (Barney, 1991). Barney described three basic types of resources that can provide this competitive advantage.

Physical capital resources include such things as the firm's plant, equipment and finances. Organizational capital resources consist of such things as the firm's structure, planning, controlling, coordinating, and HR systems. And human capital resources include the skills, judgment, and intelligence of the firm's employees (Barney, 1991). In this project, the focus was on the characteristics of a firm's human resources including all of the knowledge, experience, skill, and commitment of a firm's employees and their relationship with each other and with the other stakeholders.

How Can HR Provide a Sustainable Competitive Advantage?

Having argued that for an organization to achieve and sustain a competitive advantage in today's business world, a more prominent role needs to be given to the HR function, let us now look at the ways in which the HR function may be utilized as a source of competitive advantage.

Drawing from the *value*, *rareness*, *imitability*, and Organization framework, Barney & Wright, 1998, pointed out that HR professionals can use the firm's human resources in

four ways. *Value Added* – First, HR professionals should address the following question: How can the HR function add value to the business? A firm's employees may add value in a number of ways. These include the following: a) by enhancing customers' perceptions of the products and services the organization has to offer, b) by reducing costs and increasing revenues through an improved customer satisfaction, and c) by increasing productivity and helping the firm offer lower costs or provide increased benefits to customers.

The Rareness Component – In addition to finding ways to add value to the business through HR, HR professionals must find ways to exploit and develop the job-related rare characteristics of the firm's human resources (Barney & Wright, 1998). Such characteristics may include rare skills, abilities, and competencies. HR professionals should make certain that the organization's culture supports the continual development of these types of characteristics among their workforce. And in order to attract and retain the best available talent, the firm needs to make certain that the firm's HR managing practices make the firm an employer of choice.

The imitability component – because competitors may copy the valuable and rare characteristics of a firm's human resources, the HR function should develop and nurture characteristics of a firm's human resources that cannot be easily imitated by competitors. According to Barney & Wright, HR professionals should focus on developing socially complex phenomena including the organization's unique history and culture.

The Organization Component – In order to effectively use the characteristics above listed for sustainable competitive advantage, HR professionals must develop HR systems

to support the development and use of those characteristics. Focusing on HR systems, rather than isolated practices should be the ultimate goal to make certain that the HR function is used to achieve a sustainable competitive advantage (Barney & Wright, 1998).

Ulrich, 1996, pointed out that there are many challenges facing executives today. According to Ulrich, HR holds the key to overcoming such challenges. In addition to globalization and rapidly advancing technology, Ulrich cited profitability through cost and growth, rapid change and attracting, retaining, and measuring competence and intellectual capital. Ulrich further contended that in order to build and operate competitive advantage, organizations need to be more customer responsive. Responsiveness as Ulrich defined it, includes innovation, faster decision-making, leading an industry in price or value, and effectively linking with suppliers and vendors to build a value chain for customers.

The value chain argument is supported by empirical research, which indicates that employee attitude correlates highly with customer satisfaction. For instance, Beatty & Schneier 1997, and Yeung & Berman, 1997, pointed out that a balanced scorecard framework is necessary for a company to succeed. The balanced scorecard framework is based on the premise that for a business to succeed in the long run, the expectations of three stakeholders, namely shareholders, customers, and employees need to be satisfied. The three stakeholders are interrelated. Employee attitudes and behaviors impact the level of customer satisfaction and retention. In turn, customer attitudes and behaviors influence shareholder satisfaction and retention through increased profits. And ultimately, shareholder satisfaction affects employee satisfaction and retention through bonuses,

stock options or further investment in employee growth and development.

The authors stressed that if even one of the components fails, the system cannot work. The strength of the balanced scorecard framework lies in its ability to provide a simple conceptual and diagnostic tool to ensure that companies utilize the right processes and people to drive customer satisfaction and business performance.

It has also been pointed out (Schofield, 1999; Ulrich, 1996) that profitability through cost requires rethinking organization and HR tools so that growth aspirations can be realized through organizational actions. The implications of profitability through growth raise new issues for HR practices. These include the task of finding: a) ways to create commitment to rapid growth and the culture that supports it while controlling costs, and b) ways to make certain that the people that are hired can directly contribute to business growth while reducing overall labor costs.

In addition, an organizational structure that provides the autonomy needed for growth and the discipline needed to control costs will need to be created. These issues mean that HR professionals seeking profitable growth while reducing costs must reengineer and restructure organizational processes.

It has also been suggested (Tan, 1996; and Wright & McMahon, 1997), that in order to make HR a source of competitive advantage, the HR function has to be able to articulate the organization's expectations of employees and create the competencies the organization needs. To achieve this, the HR function has to be able to align HR plans to the organization's business plans. Ulrich, 1996, argued that an essential step towards aligning HR plans with the company's strategic goals involves creating a capability focus

28

within the firm. As defined by Ulrich, capabilities are those processes and practices that enable a company to add value for customers in unique ways. By creating a capability focus, HR professionals are able to clarify how strategies can be translated into HR processes and practices.

Delaney & Huselid, 1996; Jackson & Schuler, 1999; and Ulrich, 1996, made the important point that in the increasingly rapid pace of change in the business environment, HR professionals need to be able to help the organization change fast but comfortably. In order to achieve this, HR professionals need to create an environment where on-going learning is encouraged and valued and flexibility is encouraged and facilitated. In addition, HR professionals have to encourage the risk-taking attitude necessary for change and innovation without putting the firm in jeopardy.

Schofield, 1999, pointed out that managers and HR professionals responsible for redefining work at their firms, need to find ways to make technology a viable and productive part of the work setting. They need to stay ahead of the information curve; they need to be able to use information systems to manage the workforce and impact business results.

Capelli & Crocker-Hefter, 1996; Jackson & Schuler, 1999; Marshall, 1995, pointed out that attracting, retaining, and measuring competence and intellectual capital are and will be a major source of competitive advantage. The successful firms will be the most skilled at attracting, developing and retaining individuals with the skills, perspectives and experience sufficient to drive a global business. In fact, Marshall contended that leadership in the future will be team-focused and shared, rather than driven by a single

individual. Hence, to be successful, business leaders of the future will have to have the skills that will enable them to work effectively in team settings and feel comfortable in many global contexts. They will need to be able to appreciate and leverage diverse cultures while balancing global economies of scale with local responsiveness.

Gratton, 1996, pointed out that often, corporate plans and mission statements have little meaning to those people with the task of delivering the customer service or bringing complex products rapidly to the market place. According to Gratton, in order to instill in employees the mission and strategy of the firm, open communication needs to take place. However, open communication may only occur where there is trust between management and employees.

Indeed, the issue of trust between management and the workforce is an important one. For instance, Davis, Schoorman, Mayer & Tan, 2000, reported results of an empirical study that examined the relationship between trust for a business unit's general manager and organizational performance. Trust was found to be significantly related to sales, profits and employee turnover rates in the restaurant industry. Managers that were more trusted by employees enjoyed lower employee turnover rates, while enjoying higher sales and profits.

Gratton, 1996, examined ways in which explicit links between individual performance, HR processes, and business strategy are created and sustained. According to Gratton these links and practices are a central feature of Strategic HRM (SHRM). The contextual variables Gratton identified are based on the following questions:

-How does the linkage between the business strategy and the HR strategy work?

-What are the key internal and external contextual variables that affect the design and implementation of HR strategy?

-What are the key HR activities that link business strategy to performance?

-What role does line management play in influencing outcomes? (Gratton 1996, paragraph 7)

In discussing the first question, the aim should be to identify the types of HR policies, processes, and practices that will help execute the strategy of the firm. With regards to the second question, Gratton identified external variables as those social level factors that change the shape of the workforce. They include demographics, such as the number of young people entering the labor market, and increased level of education among the workforce.

According to Gratton, these factors are important because they influence recruitment and selection strategies as well as the way human resources are managed. For instance, the increase in the number of highly educated employees means that ways to design more challenging jobs need to be found. Similarly, the increase in diversity in the workforce means that a wider variety of compensation packages needs to be offered that will satisfy the needs of a more diverse workforce.

Technological change and change in the economy are other external variables that have implications for the way people are managed. For instance, technological change may require changes in the way work is structured. Internal variables include such elements as organizational culture, the technology used in the firm, philosophy and management style, and structure. Organizational culture is one of the most important

31

aspects of an organization's internal variables. In fact entire books have been dedicated to organizational culture (Cameron & Quin, 1999; Schein, 1992, Senge, 1990).

This is because the type of culture an organization has can have a strong influence on the nature of its business strategy as well as its chosen HR strategy. One particularly important aspect of organizational culture is the nature and style of leadership. Schein, 1992; Cameron & Quin, 1999; Frost et al., 1991; Schein 1992, discussed the dynamics involved in the development of organizational culture. They pointed out that leadership style is an important element in influencing the culture of an organization. Thus, organizational leaders and managers should make certain that their management style is consistent with the organization's mission and goals. They should also make certain that their leadership style reinforces the types of cultural features that will be conducive to the accomplishment of business goals.

With regards to the third question, HR activities that link business strategy to performance, Gratton, 1996, divided these into two groups. The first group comprises the types of activities that are necessary to deliver short-term business performance. The second group includes the types of activities that are necessary to prepare for longer-term business success. The short-term activities include those activities that link annual business objectives to the performance of individuals. Linkage is established through objective setting, performance appraisal and measurement rewarding, and targeted technical and managerial training.

Activities for longer-term success are divided into four clusters. The first cluster focuses on the processes and routines that ensure that the people implications of longer-

term plans of the company are understood and acted on. In the second cluster, the emphasis is on the role of the HR function in developing long-term strategy documents, and emphasizes the formal process of involvement and documentation. In the third cluster, the scanning processes are examined, particularly those processes associated with the capability to understand the long-term people trends. The fourth cluster is concerned with those processes that distinguish between the need of the future capabilities and those of the present.

Concerning the role that line managers play in influencing outcomes, Gratton, 1996, identified three factors that have an impact on the degree to which line managers take an active and committed role in people management. The first factor relates to the level of people management objectives set in the company. When people management is viewed as an important aspect of performance appraisal, and the people management competency is assessed, line managers tend to be more committed to people management than when this is not the case.

The second factor concerns the existence of a system of workforce training. Those organizations with a workforce training system tend to have managers that emphasize the role of training and people management skills. The third cluster is related to the degree to which short-term goals are emphasized in the organization. Companies that overemphasize short-term goals, often have line managers who do not invest time in processes such as the transformation of individuals. This is because these types of processes do not have a short-term payoff.

The Role of HR in the World of Globalization and Increased Workforce Diversity

Beachy, 1997, presented the results of a survey conducted by the accounting firm Ernst &Young on firms' involvement in international business, and the barriers they face when doing business internationally. The study revealed that nearly half of the top executives at 384 fast-growing mid-sized companies do international business. However, 38% of the executives reported that their greatest barrier to international expansion was a lack of understanding of the markets and the customers in the countries they were entering.

The study also indicated that the tendency to expand internationally is expected to accelerate as entrepreneurs learn more about exporting, the trades rules, and see more competitors do it. Threat of global competition, a stagnant market in the home country, and new opportunities being created by lower trade barriers are some of the reasons given for expansion to other countries. Furthermore, technological advances in transportation and communications have made the growth of international commerce easier (Jackson & Schuler, 1999).

Another barrier faced in doing business internationally is the tendency to make wrong assumptions. Thus, misinterpreting people because of cultural differences could mean lost contracts, slow productivity, and poor marketing. In addition, increased international business practice means that more managers are sent on international assignments. And according to Bennett et al., 2000, the cost of international assignments ranges from three to five times base salary.

Hence, companies increasingly recognize that they must take all the necessary steps to promote assignee success and avert failure. Due to these factors, cross-cultural training has increasingly been identified as a top priority in organizations today. In fact, Jackson & Schuler, 1999, suggested that cross-cultural training is one of the main growth areas in the training field.

It has been pointed out that companies striving to create global organizational capabilities must begin with a basic assessment (Barney & Wright, 1998). Such assessment should address issues such as the types of unique skills and perspectives necessary to be a global competitor. The assessment should determine the percentage of the existing management members that has those skills and competencies, and the percentage of those who are sensitive to the subtle differences in global markets and products. In addition, the company must determine the types of incentive systems that will encourage employees to move around the world and share ideas worldwide. In order to be successful in the global arena, operating managers and HR professionals wrestling with these issues must create new ways of thinking about organizations.

A number of skills have been identified as being essential for successful performance in the global business arena. These include the ability to work well in teams with team members from differing cultural backgrounds, the ability to communicate well and to listen, negotiate and compromise in group decision-making. The successful professional will also need to be able to take on added responsibility, be creative and innovative. The ability to embrace change and adapt fast is also essential to be successful in the global arena (Blanchard, 1997; Hickman & Creighton-Zollar, 1998).

There is a growing recognition of the fact that in order to function successfully as leaders, leaders of international companies need to acquire competencies that will enable them to become 'global leaders'. Lublin, 1996, and Neary & O'Grady, 2000, pointed out that there is a perceived need by a growing number of global oriented firms to equip their managers with global skills if they are to be able to develop a people's competitive advantage globally.

Neary & O'Grady pointed out that for many companies operating in various countries, there is an increasing need to unify the vision and goals of the company as a whole. In order to accomplish this, global leaders are needed. These are leaders who will be able to function across national and cultural boundaries and manage as effectively in countries with very different beliefs and practices as those in their countries of origin. Neary & O'Grady further contended that firms operating in more than one country need to achieve a synergy of their parts. And that this synergy may only be possible if business leaders are adept at leading not only in one locale, but also have skills that can cross, transcend, and take advantage of cultural and national differences.

Indeed, the notion of global leadership development has recently received a considerable amount of attention. Black & Gregerson, 2000, pointed out that many global companies are faced with a shortage of global leaders who can effectively manage across nations. According to these authors, in order to effectively prepare leaders to function across nations, training programs must be designed that will help them change from locally specific leaders to leaders with mental maps equipped to effectively function across nations.

Dillon, 1990; Gundling, 1999; Scott, 1999, underscored the importance of adequate cross-cultural training in areas such as work values, communication systems preferences, and cultural fluency in those involved in cross-cultural interaction situations.

Browning, 1994, made the compelling point that lack of provision of cross-cultural training may be the cause of failure to accomplish important business objectives. Browning used the examples of the problems faced by three big corporations while working in a joint venture. The corporations involved were Siemens AG of Germany, Toshiba Corp. of Japan and IBM of the U.S. These companies were involved in a project to develop a revolutionary computer memory chip. The location of the project was IBM's office in the U.S.

One of the biggest difficulties that the scientists faced, according to Browning, was cross-cultural cooperation. The professionals found that they were accustomed to working differently, and held different values about work. For instance, the Japanese scientists are reported to have found it difficult to work in small offices and speak English. This is because they are reportedly accustomed to working in big groups in larger offices where everyone shares information. Using English to communicate also proved to be a challenge. As a result, the Japanese scientists tended to withdraw into all Japanese groups whenever they could. On the other hand, IBM scientists complained that the Germans planned too much, and that the Japanese would not make clear decisions. As a result of these cross-cultural misunderstandings, suspicions began to arise that some scientists were withholding information from the group (Browning, 1994).

However, it later became clear that cross-cultural cooperation needed to be learned.

For instance, the Japanese later revealed that they were accustomed to exchanging important information in informal social situations and that at the East Fishkill's office of IBM, this was not an option. Thus, often after office hours it became a common occurrence for the Japanese engineers to be found working informally after their American counterparts had left.

The human issues raised in this particular venture provide lessons, not just for the three prominent firms involved, but also for companies in a wide variety of businesses across the globe. This is because increasingly, it has been suggested that bringing professionals with diverse backgrounds results in more enriched teams that are likely to generate innovation, creativity and advancement (Hickman & Creighton-Zollar, 1998). Nonetheless, such progress can only be achieved if attention is paid to the provision of adequate cross-cultural training.

In addition to globalization, there has been an increase in diversity in the U.S labor force. Francis, 1995, presented research findings according to which about 10% of the total labor force would be composed of immigrants by the year 2000. Given the increasing incidence of globalization throughout the world, the increase of diversity among the workforce should be expected worldwide. Dean (1999) suggested that by 2005, women would constitute about 48% of the workforce and that racial minorities would enter the workforce more rapidly than whites in the U.S. This trend in the labor force composition has scholars raising a number of issues.

Francis, 1995, raised the question: Given the increasingly diverse cultural backgrounds among the workforce in U.S organizations, are trainers responding to the

38

demographic shift with respect to instructional design? Francis argued that in many

contexts, it is assumed that by learning a new language and joining a new learning

environment, participants will naturally adapt to new learning styles, which is not

necessarily the case. According to Francis, training techniques that have been developed

and effectively used with largely homogeneous groups may not be appropriate for

culturally diverse groups of employees.

Therefore, changes are often required to make such programs appropriate for

culturally diverse groups. Francis argued that adult learning is culture bound and that

most Human Resource Development (HRD) training programs offered in the U.S. are

based on experiential training. The underlying assumption behind experiential training is

that learner participation is essential to the learning process. Thus, active learning is the

basis of the learning process. Training programs aim at encouraging learners to be active

and do research as well as to share information with one another. In this type of training,

instructors are not necessarily viewed as the figure of authority.

Francis argued that not all cultures are comfortable with this type of learning style. To

support this claim, Francis presented research findings according to which cultures differ

along four work-related dimensions. *Power distance, uncertainty avoidance,*

individualism/collectivism, and *masculinity/femininity*. The first two are considered to be

more relevant to a training context. According to this theory, the *power distance*

dimension is likely to describe the degree to which participants are self-directed or trainer

directed. Cultures with small *power distance* are likely to value self-directed learning,

whereas cultures with large *power distance* are likely to value trainer-centered learning

styles.

Uncertainty avoidance is described as a measure of the extent to which members of a certain culture feel threatened by unstructured, unpredictable situations and the extent to which they try to avoid these situations. In a training context, the uncertainty avoidance dimension describes the degree to which participants seek to structure information and avoid ambiguity. Thus, cultures with strong *uncertainty avoidance* will normally expect the trainer to have all the answers. In cultures with weak *uncertainty avoidance*, however, trainers are not expected to provide all answers because trainees take responsibility for their own learning.

Following this cultural analysis, Francis, 1995, suggested that two training techniques that may be appropriate for different types of cultures are *didactic* (trainer-centered), and *experiential* (learner-centered). Didactic techniques can be considered to be *high power distance* and *strong uncertainty avoidance* value oriented. Whereas experiential techniques are *low power* and *weak uncertainty avoidance* value oriented. Francis argued that to be effective, trainers need to analyze the dimensions of the cultural values of their trainees and then adapt their training style to their trainees' preferred learning style. Francis noted that many cultures will be found somewhere between the two classifications.

Other scholars have also argued that the type of training approach, as well as the types of workforce training programs provided to employees, need to consider the diversity composition of the workforce. This is because often, the composition of the workforce will influence the types of training style, training needs, and even the degree to

which training is perceived to be necessary (Dilorenzo, 1999; Marquardt, 1998; Peterson, 1997; Schrage & Jedlicka, 1999; Shafer & Park, 1999).

Champion, 1996; and Dean, 1999, pointed out that to stay competitive, Organizations today must be able to realize the benefits of a new structural form that will still reduce costs while optimizing flexibility and employee diversity. This will enhance creative problem solving as different viewpoints and employee backgrounds will be leveraged for the benefit of the company.

According to Dean, diversity hiring is important because it sets up a system that helps unlock the widest pool of talented people. In addition, a firm that does not practice diversity hiring is likely to be perceived as prejudiced. Further, if talented professionals believe that there is prejudice in hiring, they are unlikely to apply. Thus, the organization cannot benefit from their talent. Hence, organizational performance is improved through diversity practices in more than one way.

Indeed, the proposition that diversity practices impact organizational performance is supported by Richard & Johnson, 1999. These authors presented the results of a study that examined the universalistic and contingency approaches to diversity practice and firm effectiveness. The objectives of their study were twofold: 1- to determine the extent that formal diversity practices influence organizational effectiveness, and 2- to examine the moderating effect of innovative business strategy on the relationship between formal diversity practices and organizational effectiveness.

Their findings indicated that the extensive system of diversity practices was negatively related to turnover. It was also found that when diversity practices were

integrated into the firm's business strategy, productivity and market performance were higher than when these practices were not integrated into the firm's business strategy. In addition, it was found that HR diversity practices can have joint universalistic contingency effects.

According to Richard & Johnson, 1999, the underlying rationale for diversity management practices is that prejudice, conflict, and miscommunication inhibit productivity, hinder the upward mobility and job satisfaction of women and minorities. This leads to a decrease in the firm's performance.

Hence, the researchers concluded that the study provided some evidence that diversity practices can contribute to a firm's competitive advantage, and should be given a more important role in organizations. This conclusion means that HR professionals need to pay more attention to diversity issues and to design adequate instructional cultural diversity programs if they are to make HR a source of sustainable competitive advantage.

Organizational Conditions Conducive to Success

In order to make HR the source of sustainable competitive advantage, an organization must meet certain conditions. For instance, in order for employees to add value through innovation and creativity, the organization must have the structure and climate that encourage risk-taking, creativity, continuous learning, and the sharing of ideas. This type of organization has been designated the 'learning organization' (Senge, 1990). An organization characterized by a culture that values employee contribution, and flexibility

is likely to result in improved creativity and innovation.

A growing body of literature (Blanchard, 1997; Denton, 1991; Orsburn et al, 1990; Shonk, 1992; Shuster, 1989; Zenger et al., 1994) has supported the view that empowered teams or Self-Directed Work Teams (SDWTs) should replace traditional hierarchy. According to this view, the traditional hierarchy is not effective because it fosters lack of flexibility by not allowing those who need the information the most to acquire it so that they can make vital decisions related to their work.

Lack of flexibility means that it takes longer for problems to be solved because employees have to follow specified standards and procedures that do not allow for flexibility. Information has to be forwarded to the top of the hierarchy where decisions are made, and then passed down to the bottom of the hierarchy, where they are implemented. As a result, customer needs are not met with the urgency that would be desired and so customer satisfaction cannot be assured. However, it is important to recognize that SDWTs or empowered teams may not be appropriate for all organizational settings.

Nonetheless, even in organizations where empowered teams or SDWTs may not be perceived as appropriate, a certain level of employee involvement is required to achieve competitive advantage through HR. And whatever level of employee involvement is adopted will require (HRD) efforts to be made. These should prepare employees as well as managers to assume the new roles and added responsibility they will have to assume.

In addition, in order to develop in employees the commitment that is essential to becoming better contributors to the organization's performance, Dessler, 1999, suggested

43

that HR professionals should create an HR system conducive to employee commitment. The system should be characterized by the use of value-based hiring practices, value-based orientation and training, the use of tradition-building symbols, stories and rites and the use of extensive two-way communication systems. The system should also be characterized by the use of fair HR management practices, and a sense of community. Other practices designed to foster employee commitment include an emphasis on teamwork, information sharing, commitment to employee actualization, employee empowerment, use of the internal labor market, and a commitment to people-first values.

The New HR Measures

It has been suggested (Wintermantel & Mattimore, 1997; Yeung & Berman, 1997) that pressures to reduce costs in recent years have meant that HR professionals are expected to justify their contribution to their employer and account for their existence. However, the traditional measures of HR productivity are inappropriate and irrelevant because they focus on tracking administrative activities and costs. Given the expanding role of HR, the authors suggest that more appropriate measures should be designed that closely match the new mission of the HR function.

Yeung & Berman, 1997, identified three paths through which HR practices contribute to business performance. The first path is through building organizational capabilities. The second path is the improvement of employee satisfaction, and the third path involves shaping customer and shareholder satisfaction. In order to assess the effectiveness of the

adopted paths, Yeung & Berman proposed the use of three clusters of measures including internal operational HR measures, internal strategic measures, and external strategic measures. In the internal operational measures, the HR function is concerned with efficiency and effectiveness of HR services (i.e., activity costs, and quality level). The internal strategic HR measures assess the effectiveness of HR practices in building organizational capabilities and enhancing employee satisfaction. External strategic measures should deal with the question of how well HR practices increase customer and shareholder satisfaction.

Thus, what Yeung & Berman have essentially argued is that HR practices can contribute to business performance through a multidimensional approach. This approach is based on the notion of a balanced scorecard, where the objective of the HR function is to satisfy the needs of three stakeholders: shareholders, customers, and employees. The success of this approach depends upon the ability of the organization to build organizational capabilities, improve employee satisfaction, and increase customer and shareholder commitment.

However, Yeung & Berman, 1997, suggested that in order to capture and drive the impact of HR on business performance, new clusters of measures need to be created in addition to the traditional HR measures. If new measures are not created to refocus the resources and energies of the HR function towards its goals, there is a risk of concentrating the HR function on the least important activities.

The authors proposed three steps to the development of appropriate measures.

-1. Determine what it takes for the corporation to succeed,

-2. Understand how HR can add value to the critical success factors, and

-3. Design the appropriate HR measures to be aligned with the framework.

The writers further contended that the full potential of HR measurement cannot be fully utilized until the following conditions are satisfied: a) accurate data on desirable HR measures are collected on an on-going basis; b) HR measures are analyzed and feedback is presented in a timely manner; c) The purpose of HR measures is to stimulate change and improvement; and d) both HR professionals and line managers are accountable for HR measures. Yeung and Berman, 1997, contended that without moving through such a complete cycle, HR measures cannot drive the desirable behaviors of line managers in utilizing employee contribution.

Grossman, 2000, also presented a balanced scorecard as the basis for HR measures. However, Grossman's scorecard has slightly different clusters of measures. These include strategic, operational, customer and financial measures. In the aggregate these clusters of measures produce a qualitative assessment of the HR function's performance. Each cluster of measures should address issues related to the indicator in question as follows:

Strategic perspective:

-Do we have the talent we need to be successful in the future?

-How is HR helping the organization position to meet the needs of our external customers?

-Is HR creating an environment that encourages integration and a shared vision?

-Do we have the leadership bench strength we need to be successful?

-Are we investing in growing our HR capabilities?

Customer perspective:

-Is our company viewed as a great place to work?

-Is our company creating an environment that engages people?

-Is HR viewed as an enabler to attracting and retaining top talent?

-Is HR viewed as providing effective support systems to employees?

Operational Perspective:

-Are our staffing support systems fostering better recruiting and selection?

-Are our other HR processes effective and efficient?

-Are we using technology to improve HR efficiency?

Financial perspective:

-Are the company's HR plans and programs competitive?

-Are we managing the cost of turnover?

-Is the company's HR service delivery cost effective?

-Are we managing financial risk?

-What is the company's return on investment on people?

Grossman, 2000, has argued that the use of measures such as these improve accountability for HR processes and functions and leads to an effective utilization of the HR function to gain a sustainable competitive advantage.

The Impact of HR on Business Performance – Research Studies

Throughout this project, reference has been made to the importance in today's organizations of utilizing the HR function to achieve and sustain competitive advantage. This section presents the findings of studies that were conducted with the purpose to determine the impact, if any, of the utilization of the HR function to gain competitive advantage.

Harel & Tzafrir, 1999, conducted a study with the aim to establish the level of impact of human resources management (HRM) practices on the firm's performance. Specifically, the researchers hypothesized that there would be a positive relationship between the use of certain HRM practices and the perceived organization's performance. They also hypothesized that there would be a positive relationship between certain HRM practices and the firm's market performance. The practices identified as being consistently strategic and universalistic HRM practices were: recruitment, selection, compensation, employee participation, the utilization of the internal labor market, and training.

The findings indicated that these practices do have a significant impact on both the perceived organizational and market performance of the firm. However, the single independent variable of particular importance in affecting organizational performance was training practices. It was found that organizations that invested more in training, based compensation on performance, and used the internal labor market for recruitment

and employee mobility had significantly higher organizational performance.

The findings also indicated that market performance was significantly related to selection practices. In addition, the study indicated that organizations that carried out these practices in an environment of employee participation were more successful in impacting organizational performance.

The implications of these findings are that managers should give special attention to training, and organizations should invest wisely in training. The training should focus on the capabilities that are required by the business strategy. The training should also prepare employees to work in teams, since teams are the structure of empowerment and flexibility. In addition, the use of the internal labor market as a source of talent should not be overlooked because it helps create opportunities for career advancement and encourages innovation and participation.

Lam & White, 1998, conducted a study with the aim to determine whether HR orientation has any impact on corporate performance. Lam & White defined HR orientation has a systematic organizational effort to attract, retain, and develop competent and committed employees. The researchers identified three measures of corporate performance, namely, return on assets, growth in sales and growth in stock values.

The findings indicated that there is a positive strong relationship between HR orientation and corporate performance. Significant financial payoffs were found among companies that strongly emphasized recruitment, compensation, and training and development. The results indicated that through a strong HR orientation, companies develop their employees into a more competent and committed workforce. Their

competent and committed workforce allows these companies to enjoy a sustainable competitive advantage that their competitors find difficult to surpass.

Given these findings, Lam & White, 1998, recommended the inclusion of HR directors at the strategic level of decision-making. Including HR directors at the strategic level of decision-making will enable them to help select the strategic alternatives so that HR strategies are formulated to support the organizational strategic choices. In this way, staffing requirements will be known and fulfilled, wage and salary policies can be worked through, and necessary training requirements will be developed so that critical HRD activities can be initiated at the right time. Firms that adopt such HR orientation will be positioned to capitalize on the advantages of a well-trained and committed workforce.

Most of the research conducted on the role of HR in impacting business performance has been conducted in large companies. Nevertheless, Rowden, 1995, examined the role of HRD in small to mid-sized manufacturing firms. The aim of the study was to determine the extent to which these types of companies engage in formal and informal activities related to training and development, organizational development, and career development to improve individual, group, and organizational effectiveness.

The findings indicated that although none of the companies studied labeled their practices as such, the companies did, in fact engage in a considerable amount of HRD activities, both formal and informal. The findings also indicated that the HRD activities conducted contributed to the organizations' success by supporting the companies' market niche through knowledge, skills, and attitude development. This was achieved through

integrating employees into the companies' work practices, and by enhancing the quality of work life.

The results of this study indicate that although many HR scholars appear to hold the view that HRD practices are not conducted in smaller companies, these organizations do in fact engage in HRD activities. Hence, similar to larger organizations, HR practices can be integrated into the business strategy to drive business performance.

Bennett, Ketchen, & Schultz, 1998, conducted a study with the aim to examine the factors associated with integration of HRM with strategic decision-making. In this study, Bennett et al., had two specific purposes. First, they sought to investigate the association of several conceptually antecedent strategic organizational and environmental factors with the extent that HRM is integrated with strategic decision-making processes across a large sample of diverse organizations. Their second purpose was to examine the relationship between HRM integration with strategic decision making and performance related indicators.

Bennett et al., formulated six hypotheses. Their hypotheses were based on their definitions of types of strategy, environment, and other aspects of leadership/organization. The researchers distinguished between three types of strategy: *Defenders*, *prospectors* and *analyzers*. Bennett et al., argued that different strategies represent different requirements of levels of integration between the HR function and strategic decision-making. Thus, their first hypothesis was that *analyzers* would have more integration than *defenders* or *prospectors*.

With respect to the environment, the hypothesis was that firms operating in

munificent labor markets would have less integration than those operating in labor markets characterized by labor scarcity. Leadership/organization was a general term that the researchers used to capture important organizational characteristics other than strategy and the external environment.

Their focus was on growth rate and on whether or not top management viewed employees as strategic resources. Hence, hypothesis three was that organizations' rate of change in size would be positively related to the level of integration between the HR function and strategic decision-making. Hypothesis four was that the extent to which top managers view employees as strategic resources would be positively related to integration between the HR function and strategic decision making.

Hypotheses five and six are related to departmental and organizational performance. Hypothesis five was that the level of integration would be positively related to the performance level of the HR function. Hypothesis six was that the level of integration would be positively related to organizational performance.

The findings supported hypothesis one, which predicted that integration of HRM with strategic decision-making would vary as a function of strategic type. HR managers in firms categorized as *analyzers* reported a higher level of integration than did the two other types. Contrary to the researchers' prediction in hypothesis two, organizations in munificent labor markets reported no less integration than those in scarce labor markets.

Similarly, no significant relationship was found between the degree to which an organization was growing and integration. However, the findings supported the proposition that integration would be greater in organizations where top management

viewed employees as a strategic resource.

Hypothesis five predicted that the level of integration between the HR function and strategic decision making would be positively related to the level of performance of the HR department/function. To the researchers' surprise, this proposition was not supported by the findings. The findings indicated that top management evaluated highly integrated departments as less effective. Hypothesis six predicted that the level of integration would be positively related to organizational performance. Contrary to this proposition, the findings indicated that no significant relationship existed between integration level and perceived profitability or sales per employee.

In sum, the findings suggested that strategic type and the view that employees are strategic resources are the factors associated with integration of HRM with strategic decision-making. Integration appeared to have interesting implications for top management's evaluation of the HR function, but not for the organization as a whole.

Following these findings, the researchers recommended that HR managers assess and shape top management's perceptions regarding their (top management's) expectations for HR following integration. In addition, the researchers cautioned that although strategically managing HR remains a promising tool to enhancing organizational performance, such a linkage is most likely not direct, but rather embedded in a complex set of relationships among key organization's characteristics. Therefore, HR professionals are more likely to be successful at creating the competitive advantage that lies in HR if they are able to develop an understanding of these relationships as they exist in their organizations and take advantage of them.

Summary of Review of Literature

The literature review conducted indicated that over the past two decades, increasing competition, globalization, a continuous change in markets, increased workforce diversity and changing technology, have meant that the traditional sources of competitive advantage are no longer sufficient. As a result, the HR function has increasingly been viewed as a source of competitive advantage.

For the HR function to be effectively utilized as a source of sustainable competitive advantage, however, the HR function has to be aligned to the business strategy. The HR strategy has to be planned in such a way that it fulfills the needs of the business strategy. This may only be achieved if the HR function is equipped with HR professionals who are able to respond to the emerging and changing HR needs of the business in a dynamic and effective manner. It has been pointed out that in order to make HR a source of competitive advantage, a number of conditions need to be met within the organization. These are conditions that will make it easier for a firm to fully benefit from the potential of its human capital.

Current research made it apparent that the HR function has emerged as a critical component of corporate success. The research studies reviewed illustrated that when adequately utilized in its role as a business partner, the HR function can, and does add value to corporate success. It has been pointed out that in order to impact a firm's performance, HR needs to develop an understanding of what it takes for the business to succeed, determine the ways in which HR will help the organization achieve its goals. In

54

addition, adequate measures that match the new role of the HR function need to be devised and utilized. These will help determine the extent to which HR has been effective in helping the firm execute the strategy. Furthermore, it has been pointed out that if HR is to achieve its goals, both line managers and HR professionals need to be held accountable for HR measures. HR needs to use visualization to identify future HR needs and prepare to meet those needs.

CHAPTER 3 – METHODOLOGY

Introduction

A review of related literature constituted the first step of the instrument design. The literature review helped identify the types of competencies that are essential in enabling HR professionals assume the role of *business partner* and make the HR function a source of competitive advantage. Following the identification of major models of clusters of competencies, a comparison of the models was made and from this comparison a model was selected, and a rationale for the selection was presented. The rationale given for selecting the multiple-role model advocated by Ulrich, 1996, was that this model was the most comprehensive in terms of its inclusion of all the essential roles required of HR professionals to assuming the position of business partner.

After a single model of competencies had been selected, a theoretical framework was designed which was based on the model selected and modified. Following this, the actual design of the instrument followed. Following the design of the instrument, a Board of Experts (BOEs) composed of two HRD professors and two HR professionals at different levels of corporate responsibility was selected to validate the instrument.

The Board of Experts (BOEs)

The BOEs was composed of four individuals. Two of these individuals are HRD graduate professors and the other two members are HR professionals. Both the HRD professors and the HR professionals have a great deal of experience of HR related work. They have occupied a variety of HR positions from line management to general HR directors. Collectively, they have occupied a total of over 20 HR administrative related positions. These positions have included: personnel specialist, assistant HRD manager, corporate trainer, organization developer, training manager, curriculum designer, training coordinator, HR generalist, employment and safety manager, continuous improvement manager, and human resources manager. They collectively have a total amount of HR professional experience exceeding half a century.

Two of the members of the BOEs are graduate HRD professors who remain current with HR emerging issues through their involvement in research and current issues and trends of HR. The two HR professionals have practical experience and insight in the types of HR issues that businesses are faced with in today's changing business world.

Validation of the Instrument

The questionnaire instrument was distributed to all members of the BOEs to examine. The BOEs members rated the competencies based on the extent to which they believed that each of the competencies in the instrument was valid in enabling HR professionals

57

assume the four roles illustrated in Table 1, page 14. The members of the BOEs rated each of the competencies measured on a scale from 1 to 5, where 1= very unimportant, and 5= very important (see Appendix C). In other words, the task of the members of the BOEs was to determine the extent to which the items included in the instrument were valid in measuring the types of competencies that are essential to enabling HR professionals to effectively assume the four roles involved in the function of HR as a business partner.

Consultation with a professional statistics consultant, O'Neil, 2001, resulted in the decision to utilize mean rating scores to determine the extent to which the items could be considered to be valid in assessing the competencies that are essential to assuming the position of HR as business partner. According to O'Neil, the utilization of mean rating scores as indicators of the level of validity of competencies was the most appropriate approach in validating the instrument in this case. This is because other indicators such as standard deviations would not have reflected the extent of validity of the competencies given the limited number of rating agents. Hence, descriptive statistics were computed to determine mean rating scores. The descriptive statistics indicated that on a scale from one to five (1-5), the lowest mean rating assigned to any of the competencies was three (3). Thus, this was interpreted as an indication of a general agreement among all members of the BOEs that all competencies measured are important to enabling HR professionals effectively assume the multiple roles involved in the function of HR as a business partner, see Table 6 to Table 9 for the mean ratings obtained.

CHAPTER 4 –INSTRUMENT DESIGN AND VALIDATION

Introduction

This chapter is divided into two main sections. The first section provides a discussion of how the key competency areas described in the theoretical framework were translated into actual questionnaire items. The second section describes the steps involved in the process of validating the instrument and the conclusions drawn from the results of the validation process.

Instrument Design

This section provides a discussion of how the key competency areas described in the Theoretical Framework shown in Table 1, were translated into actual questionnaire items. This section is divided into four sub-sections.

The first sub- section discusses ways in which key competencies required of HR professionals in order to assume the role of *strategic partner* were translated into questionnaire items. The second sub- section looks at the origin of the items assessing key competencies for the role of HR as an *administrative expert*. Sub-section three discusses the origin of the items assessing key competencies for assuming the role of *change agent*. And the last sub-section, sub- section four, discusses the origin of items that assess key competencies in enabling HR professionals to assume the role of employee *developer and advocate.*

59

<u>HR Professional's Role: Strategic Partner</u>

This sub-section closely examines the origin of questionnaire items in the first section of the assessment instrument presented in Appendix A and also illustrated in Table 2. The items in this sub-section aimed at helping HR professionals assess their competence level in terms of skills and knowledge that are essential to assuming the role of HR as a *strategic partner*.

The literature review (Grossman, 2000; Jackson & Schuler, 1999; Ulrich, 1996; Yeung & Berman, 1997) has made it clear that for HR professionals to assume the position of business partner in their organizations, they will need to be able to play multiple roles including that of *strategic partner*. In turn, in order to assume the role of *strategic partner* effectively, HR professionals will need to have developed certain competencies. Table 2 illustrates the competencies measured for assuming the role of strategic partner and the main authors that advocated the importance of these competencies.

The theoretical framework illustrated in Table 1 indicates that some of the key competencies that are essential to enabling HR professionals to effectively assume the role of *strategic partner* include the ability to:

a) translate business strategy into HR strategy,

b) address globalization, diversity, and organizational development issues, and

c) design and utilize appropriate HR measures to evaluate the effectiveness of HR practices in achieving business goals.

Accordingly, the first 13 items of section 1 of the instrument, which are also presented in Table 2 at the end of this sub-section, were designed to help HR

60

professionals assess their ability to translate business strategy into HR strategy. These items aimed at helping these professionals ask questions such as:

-To what extent am I able to actively participate in the process of defining the strategy of the business?

-Do I have an understanding of business operations that will allow me to take an active part in defining, and translating the strategy of the business into HR strategy?

-To what extent am I able to design appropriate HR measures to evaluate the effectiveness of the HR function?

Second, the review of literature indicated that given the increase in the incidence of globalization of the economy, successful businesses will be those that, among other things, will be able to address HR issues related to globalization. It has been pointed out that in this age of globalization, there is a need among many organizations operating or planning to expand beyond national boundaries, to equip their leaders and managers with global leadership skills if they are to be able to make HR the source of competitive advantage (Black & Gregerson, 2000; Conner, 2000; Morrison, 2000; Neary & O'Grady, 2000). These skills include HR professionals' ability to work in teams and with team members from various cultural backgrounds, ability to negotiate and compromise in teamwork settings and ability to communicate and listen effectively.

Third, the literature review indicated that given an increase in the incidence of workforce diversity in the workplace in today's business world, HR professionals will need to be able to create a diverse workforce and take full advantage of the diversity of their workforce to the benefit of the organization.

In addition, the review of literature indicated that making the HR function a source of sustainable competitive advantage requires the creation of certain organizational conditions. Such conditions should reinforce, rather than contradict the values that the organization needs to instill among the workforce for business success. The review of literature indicated that values that will be conducive to an effective utilization of the HR function as a source of competitive advantage include an organizational culture that encourages risk-taking and innovation, creativity, continuous learning and the sharing of knowledge and ideas.

Hence, the next nine items, items 14-22, shown in Table 2 were designed to help HR professionals assess their ability to deal with globalization related HR issues, workforce diversity issues, and organizational development issues. These items aimed at helping HR professionals assess their own level of global leadership skills, their ability to create a workforce characterized by diversity, address diversity related issues while ensuring that such diversity benefits business goals. Some of the items aimed at helping HR professionals assess their ability to create organizational conditions that are essential to an effective utilization of the HR function as a source of competitive advantage.

Finally, the review of literature has indicated that in order to effectively utilize HR as a source of competitive advantage, HR professionals will need to be able to design and utilize appropriate HR measures to evaluate the effectiveness of HR practices. These measures, it has been argued, should address the extent to which the interests of the three main stakeholders of the business are served by the HR function (Yeung & Berman, 1997). Thus, the last 11 items shown in Table 2 were designed to help HR professionals

assess their ability to design and utilize appropriate HR measures to achieve and sustain competitive advantage through the HR function.

HR Professional's Role: Administrative Expert

This sub-section discusses the origin of the items presented in section 2 of the instrument in Appendix A and also presented in Table 3 at the end of this sub-section.. The items in this sub-section were designed to help HR professionals assess their level of competence in terms of skills required to assume the role of *administrative expert*.

As indicated in the theoretical framework and review of literature, HR professionals in this role perform a number of activities all of which aim to achieve an efficient and effective infrastructure that supports the strategy of the business (Grossman, 2000; Jackson & Schuler, 1999; Ulrich, 1996; Yeung & Berman, 1997). As such, HR professionals need to continually perform tasks that will result in improved processes and ultimately effective HR systems that create value to the organization.

The literature review has indicated that in order to effectively assume the role of *administrative expert*, HR professionals will need to develop a number of competencies including the ability to:

a) create an efficient and effective infrastructure that supports the strategy of the business,

b) effectively utilize technology to improve HR efficiency and effectiveness.

Thus, the first 13 items of this section of the instrument shown in Table 3 were intended to help HR professionals assess their level of competence in terms of skills that are essential for creating an efficient and effective infrastructure that supports the strategy of the business.

The first item seeks to make HR professionals aware of the fact that one of the first

63

Table 2. HR Role: Strategic Partner

Ability to   **Authors Advocating Competency**

	Grossman	Jackson & Schuler	Ulrich	Yeung & Berman
A. Translating Business Strategy into HR Strategy				
1. Understand major business issues	*	*	*	*
2. determine what the business strategy requires of HR to succeed	*	*	*	*
3. translate business strategy into HR priorities	*	*	*	*
4. align HR plans to business plans	*	*	*	*
5. define organizational capabilities that the business strategy requires	*	*	*	*
6. create the organizational capabilities that are essential to the success of the business strategy	*	*	*	*
7. identify key external contextual variables that affect the design and implementation of HR strategy (i.e., changes in the economy or technology)	*	*	*	*
8. identify key internal contextual variables that affect the design and implementation of HR strategy (i.e., organizational culture features or management style)	*	*	*	*
9. define the role that line managers must to execute business strategy	*	*	*	*
10. set long-term and short-term goals that match the business strategy	*	*	*	*
11. define HR practices that will assist the organization realize present and future business goals	*	*	*	*
12. create and share a strategic vision for the future	*	*	*	*
13. define ways in which HR can add value to the business on a long-term basis	*	*	*	*
B. Addressing Globalization, Diversity, and Organizational Development Issues				
14. develop an organizational culture that values innovation and creativity	*	*	*	*
15. create and share a global vision and strategy	*	*	*	*
16. develop an organizational culture that values team leadership skills	*	*	*	*
17. work in teams with professionals from various backgrounds	*	*	*	*
18. negotiate and compromise in teamwork settings	*	*	*	*
19. create a workforce characterized by diversity	*	*	*	*
20. address workforce diversity issues	*	*	*	*

Table 2. (Continued)

	Grossman	Jackson & Schuler	Ulrich	Yeung & Berman
21. take advantage of the diversity of the workforce to impact business performance	*	*	*	*
22. develop an organizational culture that encourages and rewards continuous learning and sharing of ideas	*	*	*	*
C. Designing and Utilizing Appropriate HR Measures				
23. identify key HR activities that link business strategy to performance indicators	*	*	*	*
24. create and utilize a balanced scorecard to drive HR efforts to serve the interests of main stakeholders (investors, customers, employees)	*	*	*	*
25. create indicators that assess effectiveness of HR efforts in achieving established stakeholders' goals	*	*	*	*
26. design and utilize financial measures to assess effectiveness of HR practices	*	*	*	*
27. create and utilize a continuous HR assessment process	*	*	*	*
28. design appropriate HR measures to effectively assess effectiveness of HR practices on business strategy	*	*	*	*
29. collect appropriate data to assess effectiveness of HR practices	*	*	*	*
30. analyze data collected and make appropriate conclusions concerning HR practices' effectiveness	*	*	*	*
31. provide appropriate feedback to line managers and employees regarding performance measures	*	*	*	*
32. utilize HR measurement results to improve business performance	*	*	*	*
33. provide leadership in improvement practices	*	*	*	*

65

aspects an HR professional needs to consider in creating an efficient and effective infrastructure that supports the strategy of the business is to define the role of HR in creating value for that business strategy. Once the role of HR in creating value has been defined, appropriate structures to support this role will need to be developed and adequately utilized. Items two to six aimed at assessing the ability to develop these supportive structures.

The review of literature also indicated that for HR practices to deliver the desired results, HR professionals will have to address accountability issues in terms of defining accountability of results among HR professionals, line managers and employees. Thus, item seven was designed to assess HR professionals' ability to define accountabilities and responsibilities for HR results.

Item eight was designed to assess HR professionals' ability to measure HR results in terms of efficiency and effectiveness. The next items, items nine to twelve, were designed to help HR professionals assess their ability to create compensation and incentive systems that will support the strategy of the business. Item 13 was designed to assess HR professionals' ability to evaluate the efficiency and effectiveness of their organizations' human capital.

The items in part B, items 14 to 17, were intended to help HR professionals assess their level of competence in effectively utilizing technology to improve HR efficiency and effectiveness. Table 3 illustrates the competencies measured in this section as well as some of the main authors that advocated the importance of these competencies.

Table 3. HR Role: Administrative Expert

Ability to   **Authors Advocating Competency**

	Grossman	Jackson & Shuler	Ulrich	Yeung & Berman
A. Creating an Efficient Infrastructure that Supports the Strategy of the Business				
1. define the role of HR in creating value for the firm	*	*	*	*
2. create a shared services (customization) HR delivery system	*	*	*	*
3. design and deploy team structures	*	*	*	*
4. create work structures that will facilitate innovation and creativity	*	*	*	*
5. design systems that facilitate the utilization of internal labor market	*	*	*	*
6. effectively engage in activities that result in a continual reengineering of processes	*	*	*	*
7. set clear accountabilities for HR results among HR professionals, line managers, and employees	*	*	*	*
8. design and implement appropriate HR measures to determine the efficiency and effectiveness of HR practices	*	*	*	*
9. create compensation packages that reflect the level of responsibility and skills used in the new structure	*	*	*	*
10. create compensation packages that will meet the needs of a diverse workforce	*	*	*	*
11. create compensation packages that motivate the workforce to meet both customer and internal goals	*	*	*	*
12. design incentive systems that will encourage top talented workforce members to move around the world and share ideas in subsidies operating outside of their country of origin	*	*	*	*
13. evaluate the firm's Return on Investment (ROI) on people	*	*	*	*
B. Effective Utilization of Technology to Improve HR Efficiency and Effectiveness				
14. use information systems to impact business results	*	*	*	*
15. make adequate use of two-way communication systems to rapidly share ideas and knowledge	*	*	*	*
16. restructure work processes in response to technological				

67

Table 3. (Continued)

	*	*	*	*
advances				
17. utilize information systems to encourage innovation and creativity	*	*	*	*

HR Professional's Role: Change Agent

This sub-section discusses the origin of the items in section 3 of the instrument presented in appendix A, and also illustrated in Table 4 shown at the end of this sub-section. The items in this sub-section were designed to help HR professionals assess their level of competence in terms of skills required to assuming the role of *change agent*.

As indicated in the review of literature, in this age of rapid change at all level of business management, it would be virtually impossible for organizations to make HR a source of competitive advantage without having professionals that can adequately address issues related to organizational change (Delaney & Huselid, 1996; Jackson & Schuler, 1999; and Ulrich, 1996).

Thus, to make HR a source of competitive advantage, HR professionals will need to assume the role of *change agent*. In this role, HR professionals are involved in initiating, managing, and facilitating change and transformation.

Hence, the 12 items presented in section 3 of the instrument in appendix A, and also shown in Table 4 presented at the end of this sub-section, were designed to help HR professionals assess their competence level in terms of the various organizational change related skills. These include HR professionals' ability to focus on future trends, relate these trends to the organization's planned strategy and then prepare the organization for the envisaged change.

In addition, these items sought to assess HR professionals' ability to define the key

factors that will help build the capacity for change as well as the skills required to monitor this change. Some of the items in this section were intended to help HR professionals assess their ability to initiate and manage change as well as their ability to create organizational conditions that facilitate change. Equally important is the assessment of HR professionals' ability to utilize the new HR measures to stimulate change and improvement. Thus, this skill was assessed at the end of section 3. Table 4 presented below shows the competencies that were assessed in this section as well as some of the main authors that advocated the importance of these competencies.

Table 4. HR Role: Change Agent

Ability to	Authors Advocating Competency		
	Delaney & Huselid	Jackson & Shuler	Ulrich
Initiating and Managing Change and Transformation			
1. focus on future trends, relate these to the business strategy and design a plan that will help the organization change	*	*	*
2. define key factors for building capacity for change	*	*	*
3. initiate organizational change	*	*	*
4. motivate involvement of the main stakeholders in change initiatives	*	*	*
5. create a shared vision of change outcomes	*	*	*
6. make modifications to systems and structures so as to facilitate change	*	*	*
7. assign responsibilities and ownership of processes that monitor the progress of change	*	*	*
8. identify activities that need improvement for a successful change	*	*	*
9. integrate the key success factors identified into HR systems	*	*	*
10. respond to and manage externally imposed change	*	*	*
11. create and develop organizational conditions that encourage flexibility and facilitate change	*	*	*
12. effectively utilize HR measurement results to stimulate change and improvement	*	*	*

HR Professional's Role: Employee Developer and Advocate

This sub-section looked at the design of the items presented in section 4 of the instrument in appendix A and also shown in Table 5 presented at the end of this subsection. The items in this section were intended to help HR professional assess their level of competence in terms of skills that are essential to assuming the role of *employee developer and advocate.*

As indicated in the review of literature, HR professionals in this role are responsible for performing a number of tasks that should result in an improved management of employee contribution and an increased employee commitment to the organization (Cappelli & Crofter-Hefter, 1996;Grossman, 200; Harel & Tzafrir, 1999; Jackson & Schuler, 1999;Ulrich, 1996; Lam & White, 1998; Wright & MacMahon, 1997; Yeung & Berman, 1997).

As *employee developer*, HR professionals should use visualization to prepare for envisaged employee development needs of the business strategy and provide timely employee development programs that will help the organization meet business goals. HR professionals also need to perform on-going organizational diagnosis that will indicate employee training and development needs in response to the changing needs of the business. This should enable HR professionals to create a dynamic workforce that is able to respond more effectively to the changing needs of the business.

The review of literature made it apparent that it is crucial to provide the workforce with timely training and development programs if HR is to be able to help the organization achieve business goals. This is because timely and appropriate training and development efforts help improve employee commitment and contribution to business

70

success by providing a better equipped human capital that is able to respond to the needs of the business.

In their role as *employee advocate*, HR professionals make certain that employees' concerns and needs are put before top management. HR professionals listen to and show interest in the concerns of employees by serving as an effective channel of communication between employees and top management. They take the necessary steps to ensure that employees' concerns and needs are attended to. They also make efforts to provide employees with the resources that will help meet the demands placed upon them.

HR professionals make efforts to improve employee satisfaction, commitment and contribution by performing a number of activities. These include encouraging more employee involvement by providing opportunities for employees to take more control of their work processes and make more decisions. This may be achieved through the formation and deployment of team structures that foster more collaboration and involvement as well as the development of a culture that encourages the sharing of ideas, innovation, and creativity. This culture should also provide employees with opportunities for self-actualization through the provision of challenging work that is professionally satisfying and rewarding.

In addition, HR professionals should make certain that employees are provided with the technology that they need to achieve effective results in an efficient manner. Collectively, these activities should help improve employee satisfaction, commitment and contribution to business success. The items in section 4 of the instrument, which are shown in Table 5 were intended to help HR professionals assess their competence level in performing these types of activities. Table 5 also shows the main authors that advocated

71

the importance of these competencies in enabling HR professionals assume the position of business partner.

Instrument Validation

The Board of Experts (BOEs) described in Chapter 3, which was composed of two HRD professors and two HR professionals at different levels of corporate responsibility was involved in the process of validating the instrument. The members of the BOEs were asked to rate the competencies measured in each of the four sections according to the degree of importance that they believed each of the competencies has in enabling HR professionals assume the role under which the competency was measured.

The four sections assessed competencies that are essential to enabling HR professionals assume the four roles involved in the function of HR as a business partner. As stated in the theoretical framework and shown in Table 1, these include the roles of *strategic partner, administrative expert, change agent,* and *employee developer and advocate.* Competencies assessed in each of the four sections of the instrument are also shown in Tables 2 to 5. The members of the BOEs used a scale from one to five, 1-5, where 1 = very unimportant and 5 = very important, please see Appendix B.

Determining the Level of Validity

In order to assess the extent that each of the competencies assessed was valid in measuring the types of competencies suggested in the theoretical framework professional statistics advice was sought. Upon consultation with O'Neil, 2001, a statistics consultant, a decision was made that the utilization of mean rating scores as indicators of the level of

Table 5. HR Role: Employee Developer and Advocate

Ability to   **Authors Advocating Competency**

	Grossman	Jackson & Shuler	Ulrich	Wright & MacMahon	Yeung & Berman
A. Performing as Employee Developer					
1. articulate the firm's expectations of employees and provide timely training and development programs that help employees develop the skills the firm needs	*	*	*	*	*
2. define the people implications of short and long-term business goals and act on them	*	*	*	*	*
3. create a system of workforce training and development that is owned by both HR professionals and line managers	*	*	*	*	*
4. adapt training techniques to suit the learning styles of a diverse workforce	*	*	*	*	*
5. provide adequate cross-cultural training in terms of work values, communication systems preferences, and cultural fluency to employees involved in cross-cultural interaction situations	*	*	*	*	*
6. assess the need for global leadership skills and provide adequate training to develop such skills	*	*	*	*	*
7. provide adequate training to develop teamwork skill: Collaboration, team decision-making, and listening skills	*	*	*	*	*
8. continually develop appropriate measures to evaluate employee performance and intellectual capital in key areas of business strategy	*	*	*	*	*
9. work with employees to identify and develop job-related rare skills for the benefit of both employee and the business	*	*	*	*	*
B. Performing as Employee Advocate					
10. communicate employees' concerns and needs to top management and ensuring that these are attended to	*	*	*	*	*
11. create systems that enable the sharing of gains and accomplishments	*	*	*	*	*
12. involve employees in the development of a shared vision	*	*	*	*	*
13. use communication systems to instill trust between					

73

Table 5. (Continued)

	*	*	*	*	*
employees and management	*	*	*	*	*
14. assess the training needs/aspirations of individual employees and create employee self-actualization opportunities for employees	*	*	*	*	*
15. develop and communicate a commitment to people-first values in the organization	*	*	*	*	*
16. develop effective employee support systems	*	*	*	*	*

validity that each of the items had would be appropriate.

Therefore, after the BOEs members had rated the competencies, the rating results were statistically tested so that a mean rating would be obtained for each competency measured. The working descriptive statistics determined the mean ratings for all competencies to be at least 3 or better. In fact only two items out of 78 items obtained a mean rating of 3. All the other competencies obtained a mean rating higher than 3 as shown in Tables 6 to Table 9. In fact, most competencies obtained a mean rating of 4 or higher as illustrated in Tables 6 to Table 9.

Thus, the rating results were interpreted as an indication that members of the BOEs generally agreed that all 78 competencies of which the instrument is composed are important to enabling HR professionals assume the multiple roles that are involved in the function of HR as a business partner.

Table 6. BOEs Ratings For Section 1

	N	Minimum	Maximum	Mean	Std. Deviation
S1_1	4	5	5	5.00	.00
S1_2	4	3	4	3.75	.50
S1_3	4	5	5	5.00	.00
S1_4	4	4	5	4.75	.50
S1_5	4	4	5	4.75	.50
S1_6	4	3	5	3.75	.96
S1_7	4	3	5	3.75	.96
S1_8	4	3	5	3.75	.96
S1_9	4	4	5	4.50	.58
S1_10	4	3	3	3.00	.00
S1_11	4	4	5	4.75	.50
S1_12	4	5	5	5.00	.00
S1_13	4	3	5	4.00	.82
S1_14	4	3	5	4.25	.96
S1_15	4	4	5	4.25	.50
S1_16	4	3	5	3.75	.96
S1_17	4	3	4	3.75	.50
S1_18	4	3	5	4.00	.82
S1_19	4	4	5	4.25	.50
S1_20	4	4	5	4.50	.58
S1_21	4	4	5	4.25	.50
S1_22	4	4	5	4.75	.50
S1_23	4	4	5	4.75	.50
S1_24	4	5	5	5.00	.00
S1_25	4	4	5	4.25	.50
S1_26	4	4	5	4.75	.50
S1_27	4	3	5	4.00	.82
S1_28	4	4	5	4.50	.58
S1_29	4	4	5	4.50	.58
S1_30	4	4	5	4.75	.50
S1_31	4	4	5	4.75	.50
S1_32	4	4	5	4.25	.50
S1_33	4	3	5	4.25	.96
S1_34	4	3	5	4.00	.82

Table 7. BOEs Ratings For Section 2

	N	Minimum	Maximum	Mean	Std. Deviation
S2_1	4	3	5	3.75	.96
S2_2	4	2	4	3.25	.96
S2_3	4	3	5	4.00	.82
S2_4	4	3	5	4.00	.82
S2_5	4	3	5	4.00	.82
S2_6	4	4	5	4.25	.50
S2_7	4	3	5	4.50	1.00
S2_8	4	4	5	4.25	.50
S2_9	4	4	4	4.00	.00
S2_10	4	3	4	3.50	.58
S2_11	4	4	5	4.50	.58
S2_12	4	2	4	3.00	.82
S2_13	4	2	5	3.50	1.29
S2_14	4	3	5	4.00	.82
S2_15	4	4	5	4.50	.58
S2_16	4	4	5	4.25	.50
S2_17	2	3	5	4.00	1.41

Table 8. BOEs Ratings For Section 3

	N	Minimum	Maximum	Mean	Std. Deviation
S3_1	4	3	5	3.75	.96
S3_2	4	3	5	4.00	.82
S3_3	4	3	5	3.88	.63
S3_4	4	3	5	4.25	.96
S3_5	4	4	5	4.50	.58
S3_6	4	4	5	4.50	.58
S3_7	4	2	5	4.00	1.41
S3_8	4	3	5	4.25	.96
S3_9	4	3	5	4.00	.82
S3_10	4	3	5	4.00	.82
S3_11	4	3	5	4.25	.96
S3_12	4	4	5	4.75	.50

Table 9. BOEs Ratings For Section 4

	N	Minimum	Maximum	Mean	Std. Deviation
S4_1	4	4	5	4.50	.58
S4_2	4	3	4	3.75	.50
S4_3	4	4	5	4.75	.50
S4_4	4	3	5	4.00	1.15
S4_5	4	3	5	4.00	.82
S4_6	4	3	4	3.75	.50
S4_7	4	4	5	4.50	.58
S4_8	4	3	5	4.50	1.00
S4_9	4	2	5	3.50	1.29
S4_10	4	3	5	4.25	.96
S4_11	4	3	5	4.00	1.15
S4_12	4	3	5	4.25	.96
S4_13	4	4	5	4.50	.58
S4_14	4	3	4	3.50	.58
S4_15	4	3	5	3.88	.85
S4_16	3	3	4	3.67	.58

CHAPTER 5 – SUMMARY, CONCLUSION, AND RECOMMENDATIONS

Introduction

This chapter is divided into three sections. The first section presents a summary of the thesis. In this section the main points raised are summarized and the essence of the thesis is synthesized. The second section presents the main conclusions drawn regarding the validity of the instrument designed. The third section makes recommendations regarding future work in the area concerned with preparing HR professionals to effectively assume the position of business partner in their organizations.

Summary

This thesis has presented the argument that given the increasing levels of competition in today's business world, and given the increasing incidence of globalization, workforce diversity and change, businesses need to utilize their HR function to impact business performance. This is because with these added challenges in today's business world, the traditional sources of competitive advantage are no longer considered to be sufficient.

It has been argued that in order to be able to effectively utilize the HR function to impact business performance, the HR function needs to be given a more important role in the organization. This role, it has been suggested, will be best assumed if the HR function is viewed as a business partner, rather than an afterthought to other business issues or as merely a maintenance function.

78

The literature review conducted has indicated that for the HR function to effectively assume the position of business partner, HR professionals will need to be able to play multiple roles. These include those of *strategic partner*, *administrative expert*, *change agent*, and *employee developer and advocate*.

This thesis has suggested that in order to help HR professionals to effectively assume the four roles that are involved in the position of the HR function as a business partner, an assessment is necessary that will help determine these professionals' training and development needs. Following this proposition, an assessment instrument was devised. The assessment instrument's design was based on a theoretical framework that is composed of the four roles of HR indicated above.

A review of HR literature constituted the initial step towards the design of the instrument. The literature review indicated the types of competencies that are essential to enabling HR professionals assume the position of business partner in their organization. Based on the review of literature findings, the four-role model of competencies was selected and subsequently utilized as the theoretical framework of the instrument.

Once the design of the assessment instrument was completed, a Board of Experts (BOEs) composed of a total of four HR professionals was selected to assist in the process of validating the instrument. The instrument validation process involved asking the members of the BOEs to rate all competencies included in the instrument according to the degree of importance that they believed each of the competencies had in enabling HR professionals assume the four roles that are involved in the function of HR as a business partner.

In order to determine the extent of validity of each of the competencies assessed O'Neil, 2001, proposed the utilization of mean rating scores as indicators of the level of validity that each of the items has. According to O'Neil, mean rating scores were the most appropriate indicator of validity in this case. This is because the number of respondents was limited, thus a straightforward but appropriate approach to determine the level of validity of each competency could be determined by computing descriptive statistics and utilizing mean rating scores as indicators of validity.

Hence, working descriptive statistics were computed to determine mean rating scores for each competency assessed. The mean rating scores were then used as an indicator of the degree of validity of each of the competencies measured.

Conclusion

Based the literature review that was conducted prior to the design of the instrument as well as the validation conducted by the members of the board of experts and subsequently summarized through the use of descriptive statistics, it may be concluded that the instrument designed may be considered to have content validity. The instrument designed in the present project should, however, be subjected to further analysis of the extent to which it is valid for assessing emerging HR professionals' needs in specific business contexts.

Recommendations

A number of recommendations are made prior to the utilization of the instrument presented in this project. The first recommendation is that potential users of the assessment instrument presented should conduct further tests of validity. In particular, the tests of validity conducted might concentrate on assessing the extent to which the instrument is valid in evaluating the needs of the specific HR professionals whose needs are to be evaluated.

This is because, the main purpose of the assessment instrument designed in this project has been to attempt to assess the general emerging needs of HR professionals who may function in a wide variety of business contexts. Hence, many competencies assessed many not be valid for certain business contexts in which some HR professionals may be involved.

In addition, there may be competencies in certain business contexts that may be essential to enabling HR professionals effectively function as a business partner, which may not be assessed in the instrument designed in this project.

A second recommendation is that potential users of the present instrument should conduct tests of reliability that would help determine the extent to which the assessment instrument designed may be considered to be reliable.

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APPENDICES

APPENDIX A - COMPETENCE ASSESSMENT INSTRUMENT

Introduction

The instrument below is divided into four sections. Each of the sections assesses competencies required of Human Resource (HR) professionals to effectively assume the roles of *strategic partner*, *administrative expert*, *change agent*, and *employee developer and advocate*.

SECTION 1 – Competence Assessment for HR as a Strategic Partner

The items in this section are designed to help HR professionals assess their level of competence in terms of skills that are essential to effectively assume the role of strategic partner. The HR professional is expected to read each statement and rate his/her level of competence by placing a circle around the number that best reflects his/her competence level.

For each of the items below, please indicate your level of ability on a five-point scale. Please note that the rating is to be interpreted is follows:

	1	2	3	4	5	
very limited						very strong

SECTION 1 – Competence Assessment for Assuming the Role of HR as a *strategic partner*.

A. Translating Business Strategy Into HR Strategy					
Rate your Ability to Perform the Following Functions					
1. understand major business issues	1	2	3	4	5
2. determine what the business strategy requires of HR to succeed	1	2	3	4	5
3. translate business strategy into HR priorities	1	2	3	4	5
4. align HR plans to business plans	1	2	3	4	5
5. define organizational capabilities that the business strategy requires	1	2	3	4	5
6. create the organizational capabilities that are essential to the success of the business strategy	1	2	3	4	5
7. identify key external contextual variables that affect the design and implementation of HR strategy (i.e., changes in the economy or technology)	1	2	3	4	5
8. identify key internal contextual variables that affect the design and implementation of HR strategy (i.e., Organizational culture features or management style)	1	2	3	4	5
9. define the role that line managers must assume to execute business strategy	1	2	3	4	5
10. set long-term and short-term goals that match the business strategy	1	2	3	4	5
11. define HR practices that will assist the organization realize present and future business goals	1	2	3	4	5
12. create and share a strategic vision for the future	1	2	3	4	5
13. define ways in which HR can add value to the business on a long-term basis	1	2	3	4	5
B. Addressing Globalization, Diversity, and Organizational Development Issues					
14. develop an organizational culture that values innovation and creativity	1	2	3	4	5
15. create and share a global vision and strategy	1	2	3	4	5
16. develop an organizational culture that values global team leadership skills	1	2	3	4	5
17. work in teams with professionals from various backgrounds	1	2	3	4	5
18. negotiate and compromise in teamwork settings	1	2	3	4	5
19. create a workforce characterized by diversity	1	2	3	4	5
20. address workforce diversity issues	1	2	3	4	5
21. take advantage of the diversity of the workforce to impact business performance	1	2	3	4	5
22. develop an organizational culture that encourages and rewards continuous learning and sharing of ideas	1	2	3	4	5

C. Designing and Utilizing Appropriate HR Measures					
23. identify key HR activities that link business strategy to performance indicators	1	2	3	4	5
24. create and utilize a balanced scorecard to drive HR efforts to serve the interests of main stakeholders (investors, customers, and employees)	1	2	3	4	5
25. create indicators that assess effectiveness of HR efforts in achieving established stakeholders' goals	1	2	3	4	5
26. design and utilize financial measures to assess effectiveness of HR practices	1	2	3	4	5
27. create and utilize a continuous HR assessment process	1	2	3	4	5
28. design appropriate HR measures to effectively assess effectiveness of HR practices on business strategy	1	2	3	4	5
29. collect appropriate data to assess effectiveness of HR practices	1	2	3	4	5
30. analyze data collected and make appropriate conclusions concerning HR practices' effectiveness	1	2	3	4	5
31. provide appropriate feedback to line managers and employees regarding performance measures	1	2	3	4	5
32. utilize HR measurement results to improve business performance	1	2	3	4	5
33. provide leadership in improvement practices	1	2	3	4	5

SECTION 2 – Competence Assessment for Assuming the Role of HR Professional as an *Administrative Expert*.

The items in this section are designed to help HR professionals assess their level of competence in terms of skills that are essential to assuming the role of administrative expert. This section is divided into two sub-sections. Each sub-section represents related areas of skills. Please rate your competence level as follows:

1	2	3	4	5
very limited				very strong

A. Creating an Efficient and Effective Infrastructure that Supports the Strategy of the Business					
Rate your ability level to perform each of the following functions:					
1. define the role of HR in creating value for the firm	1	2	3	4	5
2. create a shared services (customization) HR delivery system	1	2	3	4	5
3. design and deploy team structures	1	2	3	4	5
4. create work structures that will facilitate innovation and creativity	1	2	3	4	5
5. design systems that facilitate the utilization of the internal labor market	1	2	3	4	5
6. effectively engage in activities that result in a continual reengineering of processes	1	2	3	4	5
7. set clear accountabilities for HR results among HR professionals, line managers and employees	1	2	3	4	5
8. design and implement appropriate HR measures to determine the efficiency and effectiveness of HR practices	1	2	3	4	5
9. create compensation packages that reflect the level of responsibility and skills used in the new structure	1	2	3	4	5
10. create compensation packages that will meet the needs of a diverse workforce	1	2	3	4	5
11. create compensation packages that motivate the workforce to meet both customer and internal goals	1	2	3	4	5
12. design incentive systems that will encourage top talented workforce members to move around the world and share ideas in subsidies operating outside of their country of origin	1	2	3	4	5
13. evaluate the firm's Return on Investment (ROI) on people	1	2	3	4	5
B. Effective Utilization of Technology to Improve HR Efficiency and Effectiveness					
14. use information systems to impact business results	1	2	3	4	5
15. make adequate use of two-way communication systems to rapidly share ideas and knowledge	1	2	3	4	5
16. restructure work processes in response to technological advances	1	2	3	4	5
17. utilize information systems to encourage innovation and creativity	1	2	3	4	5

SECTION 3 – Competence Assessment for Assuming the Role of HR Professional as a Change Agent.

The items in this section are designed to help HR professionals assess their ability to initiate and manage change and transformation in their organizations.

Initiating and Managing Change and Transformation					
Rate Your Ability to Perform the Following Functions:					
1. focus on future trends, relate these to the business strategy and design a plan that will help the organization change	1	2	3	4	5
2. define key factors for building capacity for change	1	2	3	4	5
3. initiate organizational change	1	2	3	4	5
4. motivate involvement of the main stakeholders in change initiatives	1	2	3	4	5
5. create a shared vision of change outcomes	1	2	3	4	5
6. make modifications to systems and structures so as to facilitate change	1	2	3	4	5
7. assign responsibilities and ownership of processes that monitor the progress of change efforts	1	2	3	4	5
8. identify activities that need improvement for a successful change	1	2	3	4	5
9. integrate the key success factors identified into HR systems	1	2	3	4	5
10. respond to and manage externally imposed change	1	2	3	4	5
11. create and develop organizational conditions that encourage flexibility and facilitate change	1	2	3	4	5
12. effectively utilize HR measurement results to stimulate change and improvement	1	2	3	4	5

SECTION 4 – Competence Assessment for Assuming the Role of HR as *Employee Developer and Advocate.*

The items in this section are designed to help HR professionals assess their level of competence in terms of skills that are essential to assuming the role of employee developer and advocate. The section is divided into two sub-sections. Section A assesses HR professionals' ability to function as employee developer, whereas section B assesses their ability to perform as employee advocate.

A. Performing as Employee Developer					
Please Rate Your Ability to Perform the Following Functions:					
1. articulate the firm's expectations of employees and provide timely training and development programs that help employees develop the skills the firm needs	1	2	3	4	5
2. define the people implications of short and long-term business goals and act on them	1	2	3	4	5
3. create a system of workforce training and development that is owned by both HR professionals and line managers	1	2	3	4	5
4. adapt training techniques to suit the learning styles of a diverse workforce	1	2	3	4	5
5. provide adequate cross-cultural training in terms of work values, communication systems preferences, and cultural fluency to employees involved in cross-cultural interaction situations	1	2	3	4	5
6. assess the need for global leadership skills and provide adequate training to develop such skills	1	2	3	4	5
7. provide adequate training to develop teamwork skills: Collaboration, team decision-making, and listening skills.	1	2	3	4	5
8. continually develop appropriate measures to evaluate employee performance and intellectual capital in key areas of the business strategy	1	2	3	4	5
9. work with employees to identify and develop job-related rare skills for the benefit of both the employee and the business	1	2	3	4	5
B. Performing as Employee Advocate					
10. communicate employees' concerns and needs to top management and ensuring that these are attended to	1	2	3	4	5
11. create systems that enable the sharing of gains and accomplishments	1	2	3	4	5
12. involve employees in the development of a shared vision	1	2	3	4	5
13. use communication systems to instill trust between employees and management	1	2	3	4	5
14. assess the training needs/aspirations of individual employees and create employee self-actualization opportunities for employees	1	2	3	4	5
15. develop and communicate a commitment to people-first values in the organization	1	2	3	4	5
16. develop effective employee support systems	1	2	3	4	5

This is the end of this instrument. Thank you for your help.

APPENDIX B - MEMORANDUM TO THE MEMBERS OF THE BOARD OF EXPERTS

MEMORANDUM

TO: The members of the Board of Experts (BOE)

FROM: Cecilia Chilundo

RE: Instrument Validation

DATE: February 26, 2001

I hereby request your assistance in validating an instrument that is designed to assess the emerging needs of HR professionals.

Specifically, I would like your help in assessing the validity of the competencies as they relate to the four main roles that Human Resources (HR) professionals will need to assume in order to help their organizations achieve and sustain a competitive advantage. These include the roles of *strategic partner*, *administrative expert*, *change agent*, and *employee developer and advocate*.

By rating the competencies in terms of their importance in enabling HR professionals effectively assume each of the four roles above, you will also be assisting in the process of reducing the instrument to a more manageable size.

Due to time constraints, I would like to ask you to try to complete and mail your feedback to me within seven to ten days from the time you receive the instrument.

I would like to thank you for your help. I greatly appreciate your time and effort in this endeavor.

Cecilia Chilundo, Graduate student on the Human Resource Development Program at the University of Tennessee, Knoxville

APPENDIX C – VALIDATION INSTRUMENT

The competency assessment instrument of which the items below are a part is divided into four sections. Each of the four sections is designed to assess HR professionals level of competence in terms of those types of skills that are essential in enabling them to effectively assume the roles of strategic partner, administrative expert, change agent, and employee developer and advocate.

Please rate the competencies below in terms of degree of importance in enabling HR professionals to effectively assume the four roles as presented below.

For each of the items below, please indicate your rating using a five-point scale by placing a circle around the number that best reflects your rating.

Please note that the rating is to be interpreted is follows:

1	2	3	4	5
very unimportant				very important

SECTION 1 – Competence Assessment for Assuming the Role of HR as a *strategic partner*.

How important is each of the following competencies in enabling HR professionals effectively assume the role of *strategic partner*?

A. Translating Business Strategy into HR Strategy					
Ability to					
1. understand major business issues	1	2	3	4	5
2. determine what the business strategy requires of HR to succeed	1	2	3	4	5
3. translate business strategy into HR priorities	1	2	3	4	5
4. align HR plans to business plans	1	2	3	4	5
5. define organizational capabilities that the business strategy requires	1	2	3	4	5
6. create the organizational capabilities that are essential to the success of the business strategy	1	2	3	4	5
7. identify key external contextual variables that affect the design and implementation of HR strategy (i.e., changes in the economy or technology)	1	2	3	4	5
8. identify key internal contextual variables that affect the design and implementation of HR strategy (i.e., Organizational culture features or management style)	1	2	3	4	5
9. define the role that line managers must assume to execute business strategy	1	2	3	4	5
10. set long-term and short-term goals that match the business strategy	1	2	3	4	5
11. define HR practices that will assist the organization realize present and future business goals	1	2	3	4	5
12. create and share a strategic vision for the future	1	2	3	4	5

13. define ways in which HR can add value to the business on a long-term basis	1	2	3	4	5
B. Addressing Globalization, Diversity, and Organizational Development issues					
14. develop an organizational culture that values innovation and creativity	1	2	3	4	5
15. create and share a global vision and strategy	1	2	3	4	5
16. develop an organizational culture that values global team leadership skills	1	2	3	4	5
17. work in teams with professionals from various backgrounds	1	2	3	4	5
18. negotiate and compromise in teamwork settings	1	2	3	4	5
19. create a workforce characterized by diversity	1	2	3	4	5
20. address workforce diversity issues	1	2	3	4	5
21. take advantage of the diversity of the workforce to impact business performance	1	2	3	4	5
22. develop an organizational culture that encourages and rewards continuous learning and sharing of ideas	1	2	3	4	5
C. Designing and Utilizing Appropriate HR Measures					
23. identify key HR activities that link business strategy to performance indicators	1	2	3	4	5
24. create and utilize a balanced scorecard to drive HR efforts to serve the interests of main stakeholders (investors, customers, and employees)	1	2	3	4	5
25. create indicators that assess effectiveness of HR efforts in achieving established stakeholders' goals	1	2	3	4	5
26. design and utilize financial measures to assess effectiveness of HR practices	1	2	3	4	5
27. create and utilize a continuous HR assessment process	1	2	3	4	5
28. design appropriate HR measures to effectively assess effectiveness of HR practices on business strategy	1	2	3	4	5
29. collect appropriate data to assess effectiveness of HR practices	1	2	3	4	5
30. analyze data collected and make appropriate conclusions concerning HR practices' effectiveness	1	2	3	4	5
31. provide appropriate feedback to line managers and employees regarding performance measures	1	2	3	4	5
32. utilize HR measurement results to improve business performance	1	2	3	4	5
33. provide leadership in improvement practices	1	2	3	4	5

SECTION 2 – Competence Assessment for Assuming the Role of HR Professional as an *Administrative Expert.*

How important is each of the competencies below in enabling HR professionals assume the role of Administrative Expert? Please rate your response on a five-point scale as follows:

1	2	3	4	5
very unimportant				very important

A. Creating an Efficient and Effective Infrastructure that Supports the Strategy of the Business					
Ability to					
1. define the role of HR in creating value for the firm	1	2	3	4	5
2. create a shared services (customization) HR delivery system	1	2	3	4	5
3. design and deploy team structures	1	2	3	4	5
4. create work structures that will facilitate innovation and creativity	1	2	3	4	5
5. design systems that facilitate the utilization of the internal labor market	1	2	3	4	5
6. effectively engage in activities that result in a continual reengineering of processes	1	2	3	4	5
7. set clear accountabilities for HR results among HR professionals, line managers and employees	1	2	3	4	5
8. design and implement appropriate HR measures to determine the efficiency and effectiveness of HR practices	1	2	3	4	5
9. create compensation packages that reflect the level of responsibility and skills used in the new structure	1	2	3	4	5
10. create compensation packages that will meet the needs of a diverse workforce	1	2	3	4	5
11. create compensation packages that motivate the workforce to meet both customer and internal goals	1	2	3	4	5
12. design incentive systems that will encourage top talented workforce members to move around the world and share ideas in subsidies operating outside of their country of origin	1	2	3	4	5
13. evaluate the firm's Return on Investment (ROI) on people	1	2	3	4	5
B. Effective Utilization of Technology to Improve HR Efficiency and Effectiveness					
14. use information systems to impact business results	1	2	3	4	5
15. make adequate use of two-way communication systems to rapidly share ideas and knowledge	1	2	3	4	5
16. restructure work processes in response to technological advances	1	2	3	4	5
17. utilize information systems to encourage innovation and creativity	1	2	3	4	5

SECTION 3 – Competence Assessment for Assuming the Role of HR Professional as a Change Agent.

How important is each of the competencies below in enabling HR professionals to effectively assume the role of *Change Agent*?   Please rate your response as follows:

1	**2**	**3**	**4**	**5**
very unimportant				very important

Initiating and Managing Change and Transformation					
Ability to					
1. focus on future trends, relate these to the business strategy and design a plan that will help the organization change	1	2	3	4	5
2. define key factors for building capacity for change	1	2	3	4	5
3. initiate organizational change	1	2	3	4	5
4. motivate involvement of the main stakeholders in change initiatives	1	2	3	4	5
5. create a shared vision of change outcomes	1	2	3	4	5
6. make modifications to systems and structures so as to facilitate change	1	2	3	4	5
7. assign responsibilities and ownership of processes that monitor the progress of change efforts	1	2	3	4	5
8. identify activities that need improvement for a successful change	1	2	3	4	5
9. integrate the key success factors identified into HR systems	1	2	3	4	5
10. respond to and manage externally imposed change	1	2	3	4	5
11. create and develop organizational conditions that encourage flexibility and facilitate change	1	2	3	4	5
12. effectively utilize HR measurement results to stimulate change and improvement	1	2	3	4	5

SECTION 4 – Competence Assessment for Assuming the Role of HR as *Employee Developer and Advocate*.

How important is each of the competencies below in enabling HR professionals to effectively assume the role of *employee developer and advocate*?

1	2	3	4	5
very unimportant				very important

A. Performing as Employee Developer Ability to					
1. articulate the firm's expectations of employees and provide timely training and development programs that help employees develop the skills the firm needs	1	2	3	4	5
2. define the people implications of short and long-term business goals and act on them	1	2	3	4	5
3. create a system of workforce training and development that is owned by both HR professionals and line managers	1	2	3	4	5
4. adapt training techniques to suit the learning styles of a diverse workforce	1	2	3	4	5
5. provide adequate cross-cultural training in terms of work values, communication systems preferences, and cultural fluency to employees involved in cross-cultural interaction situations	1	2	3	4	5
6. assess the need for global leadership skills and provide adequate training to develop such skills	1	2	3	4	5
7. provide adequate training to develop teamwork skills: Collaboration, team decision-making, and listening skills.	1	2	3	4	5
8. continually develop appropriate measures to evaluate employee performance and intellectual capital in key areas of the business strategy	1	2	3	4	5
9. work with employees to identify and develop job-related rare skills for the benefit of both the employee and the business	1	2	3	4	5
B. Performing as Employee Advocate					
10. communicate employees' concerns and needs to top management and ensuring that these are attended to	1	2	3	4	5
11. create systems that enable the sharing of gains and accomplishments	1	2	3	4	5
12. involve employees in the development of a shared vision	1	2	3	4	5
13. use communication systems to instill trust between employees and management	1	2	3	4	5
14. assess the training needs/aspirations of individual employees and create employee self-actualization opportunities for employees	1	2	3	4	5
15. develop and communicate a commitment to people-first values in the organization	1	2	3	4	5
16. develop effective employee support systems	1	2	3	4	5

This is the end of this instrument. Thank you for your help.

Vita

Cecilia M. Chilundo was born in Mozambique, Southern Africa, in 1965. She went to school in her home country. After completing her high school education she completed a three-year teacher-training program and graduated with an English teaching certificate.

After teaching for two years, she earned a scholarship and went to England where she pursued her Bachelor's degree in Education. Upon her return to Mozambique, Ms. Chilundo taught for another two years before leaving for Australia where she pursued her Master's Degree in education at the University of Sydney. Two years later, she pursued further studies at the University of Tennessee, Knoxville, where she graduated with a Master of Science degree in May of 2001.