

THE ROLE OF HR DEPARTMENT IN INNOVATIVE ENTERPRISES

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Abstract:

Strategic human resource management is related to an evolving approach to significance of people in an enterprise and to views of the executives about strategic importance of human resources and their impact on improved organizational effects and impact on more effective and successful achievement of business goals in which important role plays HR Department. The aim of this paper is to analyze the roles of HR department in innovative enterprises using model of Dave Ulrich model. This paper presents results of a study conducted in 81 innovative enterprises, which implemented at least one innovation. Conducted study shows that in innovative enterprises the largest share in HR department roles was played subsequently by employee champion, administrative expert, change agent and strategic partner. Moreover, strong correlations between the role of a change agent and administrative expert, strategic partner and change agent, as well as strategic partner and employee champion were observed.

Keywords: innovation, human resources, strategic human resources management, HR department

1. INTRODUCTION

Under market economy conditions, people constitute strategic resources of an enterprise, as it is them who determine the use of its financial and material resources, they are the source of new ideas enabling the enterprise to take up competitive combat and solve the emerging problems, it is them who create and implement change plans. Due to combination with the concept of human resource management, the 1980s saw the emergence of a strategic approach referred to as strategic human resource management, which is the development of the earlier theory¹. Emergence of the concept of strategic human resource management is related to an evolving approach to significance of people in an enterprise and to views of the executives about strategic importance of human resources and their impact on improved organizational effects and impact on more effective and successful achievement of business goals. According to M. Armstrong, strategic HRM is an approach defining the method of achieving organizational goals through people, using HRM strategies and integrated HRM policies and practices². Strategic human resource management in an enterprise is performed by using high standard activities in specific personnel processes³. The concept of strategic human resource management is based on the belief in the existence of common interests of employees and employers, and alleged absence of conflicting goals of both parties – employees identify themselves with organizational endeavours⁴. In strategic HRM, we should remember about planning and strategy implementation, but also about the strategic role of HR professionals who shall cooperate with the management in determining and implementing the business goals and realization of organization's values.

HR Department in a enterprise plays a strategic role in building the conditions enabling employees to make the best of their capabilities, to the benefit of the enterprise and for themselves. Successful HR leaders tailor their department to the needs of the whole organization and match the resources to business requirements, as the HR department should focus on strategic goals, specification and providing services to target customers, ensuring high financial performance of the enterprises and implementation of employee values model⁵. Significance of strategic HRM arises from perceiving people working in the organization as "strategic resources" which by combining action and HRM policy with a consistent business policy, may lead to achievement of competitive advantage. The change in perception of human resources has led to evolution from staff administration, to autonomous development of individual functions, to creation of a consistent HRM system which is interrelated with the business strategy.

Human resource management initiated a new people management philosophy, in which the role of the personnel department was transformed from the guardian and administrator of employee rights into a strategic partner. This arises from the fact that the role of HR department has been increasingly interrelated with the enterprise's business goals, such as contribution to sustainable competitive advantage, however extending care over employees, listening to them, responding to their needs remains the core aspect of HR department operations.

Nowadays enterprises build their competitiveness by introducing innovations and investing in human capital. Such enterprises need transformational leaders whose role is transforming organisation from knowledge based into learning and then into innovative organisations⁶. Transformational leadership should perform five functions: attracting talent, ability to build teams, coaching subordinates, rewarding performing staff, and communicating at all levels, what is usually executed in conjunction with HR department⁷.

¹ Listwan T. (2011). Rozwój badań nad zarządzaniem zasobami ludzkimi w Polsce: S. Lachiewicz, B. Nogalski (red.), Osiągnięcia i perspektywy nauk o zarządzaniu, Wolters Kluwer Business, pp. 238.

² Armstrong M. (2011). Zarządzanie zasobami ludzkimi, Wydawnictwo a Wolters Kluwer, 2011, pp.46.

³ Stobińska K. (2001). Dylematy strategicznego zarządzania zasobami ludzkimi w przedsiębiorstwie, [w:] A.Ludwiczynski, K.Stobińska (red.) Zarządzanie strategiczne kapitałem ludzkim, Poltext, Warszawa, pp.50.

⁴ Strategiczne zarządzanie zasobami ludzkimi a kształtowanie stosunków pracy, pod red. B.Urbaniak, A.Rogozińskiej-Pawelczyk, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2010, pp.9.

⁵ Ulrich D., Brockbank W. (2008). Tworzenie wartości przez dział HR, Oficyna a Wolters Kluwer business, Kraków, pp.181.

⁶ Solliman F. (2010). 'Mapping Expectations of Functional Units' Line Managers against the Perceptions of Human Resources Department (HRM)', The Employment Relations Record, Vol.10, No.1, pp. 57-68.

⁷ Soliman F. (2011). Modelling the role of human resources management in innovation chain, International employment Relations Review, Vol 17, No 2, pp. 2.

2. POSITIONS OF HR DEPARTMENT

Human resource management has started a new people management philosophy where the role of the personnel department was changed from the guardian of employee rights and administrator, into a strategic partner⁸. This stems from the fact that the role of HR department has been increasingly interrelated with business goals of the undertaking, that is contribution to achieving sustainable competitive advantage, however looking after the employees, listening to them, responding to their needs remains the central aspect of HR department's operation.

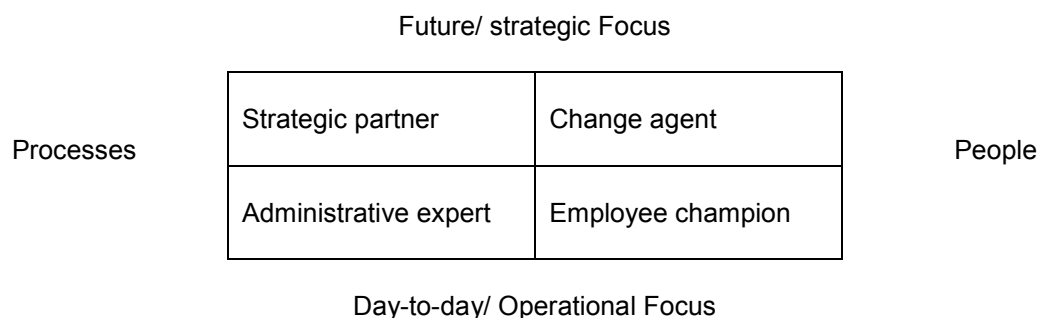
The role and position of the personnel department within the structure of the undertaking reflects significance of the human factor in the organization, which changed across specific phases of the personnel function development as follows⁹:

- Phase I operational (1900-1945) – an administrative unit playing an auxiliary function in relation to other services,
- Phase II tactic (or managing, 1945-1980) – fulfilling staff/advisory function in relation to line managers,
- Phase III strategic (since the beginning of 1980s) – priority function manifested in the central location and active contribution to development of the general enterprise strategy.

In recent years, the role of HR department has been discussed and undergone certain transformations. The literature offers a wide range of classifications of roles played by HR managers and professionals and the most important classifications will be presented.

David Guest argues that to achieve full strategic integration, not only should HRM be integrated with business strategy, but the various elements of HRM policy should cohere and that policy should be integrated into the values and behaviours of line managers who, as the key implementers must also be among the key owners of the HRM policies¹⁰. He indicated that HR activities are based on theory and research so HR practices must learn how to translate their work into financial performance and HR professionals must create the practices that makes employees more competitive, not more comfortable¹¹. HR Department should play an important role in this process, which determines what should be done. The role is defined as what should be done by HR professionalist to achieve value¹². Dave Ulrich presented model, where the vertical axis indicated a focus on either the day-to-day role or the future, and the horizontal axis a focus on either people or processes, what gave four roles of HR professionals, which are presented on Diagram 1.

Diagram 1: The Ulrich model.



Source:author's own work: D.Ulrich, (1997). HR champions: the next agenda for adding value and delivering results. Harvard Business School Press.

⁸ Reilly P., Williams T. (2009). Strategiczne zarządzanie zasobami ludzkimi. Rozwijanie potencjału organizacji dzięki funkcji personalnej, Oficyna a Wolters Kluwer business, Kraków, pp.12.

⁹Jamka B. (2011). Czynniki ludzki we współczesnym przedsiębiorstwie: zasób czy kapitał? Od zarządzania kompetencjami do zarządzania różnorodnością, Oficyna a Wolters Kluwer business, Warszawa pp. 107-108.

¹⁰ Guest D.E. (1990). Human Resources Management and American Dream*, *Journal of Management Studies* 27, pp.379.

¹¹ Ulrich D. (1997). Human Resources Champions. The next agenda for adding value and delivering results, Harvard Business School Press, Boston, Massachusetts, USA.

¹²Ulrich D., Brockbank W. (2008). Tworzenie wartości przez dział HR, Oficyna a Wolters Kluwer business, pp.206.

The above-described approach to the role of HR professionals is among the most commonly used and known classifications which involve the following roles¹³:

- Strategic partner, who aligns his personal strategy with the strategy of the business,
- Administrative expert, who delivers an effective organizational structure and ensures re-engineering of processes,
- Employee champion, who is focused on developing employee potential and focusing it on enterprise goals,
- Change agent, who assumes active involvement in change management and organization revitalization.

Fulfillment of these roles by HR managers makes them business partners who create value by strategy implementation, high administrative performance, employee engagement and cultural change¹⁴. However, attention should be paid to classification of HRM roles suggested by D. Ulrich who distinguished four roles of HR department depending on the role of the HR department in an undertaking, which is presented in Table 1.

Table 1: Roles of HRM and HR department in an organization

Role / unit	To be delivered/ Outcome	Metaphor	Activity
Strategic human resource management	Implementation of the strategy	Strategic partner	Adjustment of HRM and business strategy “organizational diagnosis”
Managing enterprise infrastructure	Building of effective infrastructure	Administrative expert	Re-engineering of organizational processes – “common processes”
Managing employee contribution/share	Improving employee engagement and capabilities	Employee champion	Listening and responding to employees “bringing resources to employees”
Transformation and change management	Creation of the renewed organisation	Change agent	Transformation and change management “Ensuring the ability to change”

Source: author’s own study based on: D.Ulrich, Human Resource Champions: The Next Agenda for Adding Value and Delivering Results, Harvard Business Press, Boston, MA 1997: 25.

A study by R. Caldwell¹⁵ of 98 HR professionals showed that they mainly act as advisers (82 per cent) or change agents (68 per cent), and special attention should be paid to the change agent role, for which Caldwell suggests that ‘HR change champions are those directors and senior executives at the top of an organization who can envision, lead and implement strategic HR policy changes of a far-reaching nature’. He categorized HR change agents in four dimensions¹⁶:

- transformational change – a major change that has a dramatic effect on HR policy and practice across the whole organization
- incremental change – gradual adjustments of HR policy and practices which affect single activities or multiple functions
- HR vision – a set of values, beliefs, and interests that affirm the legitimacy of the HR function as a strategic business partner
- HR expertise – the knowledge and skills that define the unique contribution the HR professional can make the effective people management.

The key role in fulfilling the personnel function is played by human resource management units the role of which has been changing. A study by A. Poczowski shows that before the change or restructuring, in nearly half of them HR departments played a subordinate role, whereas currently its

¹³ Ulrich D. (1997). Human Resource Champions. The next agenda for adding value and delivering results. Harvard Business School Press, Boston, Massachusetts, pp. 23.

¹⁴ Ulrich D. (1997). *op.cit.*, pp.38.

¹⁵ Caldwell R. (2001). Champions, adapters, consultants and synergists: the New change agents in HRM, Human Resources Management Journal, Volume 11, Issue 3, 2001, pp. 39-52.

¹⁶ *Ibidem.*

significance has grown due to prevalence of its supportive role¹⁷. What is more, the study has shown that in the examined organizations there was the prevailing tendency to make HR department play the key role in the nearest future. Attention should be paid to the roles entrusted to the personnel department nowadays and before, which is presented in Table 2.

Table 2: Positions and roles of HR department in the process of change.

Specification of role	Before	Nowadays
Administrative	High	High
Social	Average	High-average
Strategic partner	No-average	High-average
Change agent	Average-no	High-average
Internal consultant	Average	High

Source: author's own study based on: Funkcja personalna. Diagnoza i kierunki zmian, red. A.Pocztowski, Wydawnictwo Uniwersytetu Ekonomicznego w Krakowie, Kraków 2007: 65-66.

Change in the role of HR departments was also evoked by transformations in the environment as the globally growing competition forced organizations to pursue higher efficiency and performance¹⁸. The role of HR department has also been adapted to the changing conditions within organizations, and in some organizations the conflict between decisions pertaining to development and cost reduction has caused problems with determining the position of the personnel department, as staff of the HR department has been committed to pursue employee development and engagement, however the specific economic situation may force it to reduce employment and outsourcing¹⁹.

In the past, HR department employees had to perform a wide variety of tasks; nowadays, along with development of more specific disciplines, they have become much more specialized. Creating value, which has been the major goal of personnel-based activities, requires changes in this function in its institutional aspect. HR professionals create value when their work helps them achieve the assumed goals of the stakeholders: employees, line managers, customers and investors²⁰. W. Brockbank and D. Ulrich point out that value is not so much determined by the bringer but rather by the receiver, however it is the bringer who needs to know what value is and how it can be created²¹. In HR departments this is done through the roles that determine what needs to be done and competencies specifying how to do that. What is more, the role means an identity that may be specified by pointing what an HR professional must do to create value.

3. METHODOLOGY AND SURVEY RESULTS

This paper presents results of a study conducted in 81 small, medium and large innovative enterprises which implemented at least one innovation related to products, processes, organization or marketing²². The respondents of study conducted in 2013 was the general management of the enterprises. The aim of this paper is to analyze the roles of HR department in innovative enterprises. To that end, complex variables, such as strategic partner, agent change, administrative expert and employee champion were built. Each role was defined by means of three components determining a given role. For complex variables, Cronbach's alpha (reliability analysis) was performed, and the means and standard deviations were calculated, the results being presented in Table 3.

Table 3: Cronbach's alpha, means variables, standard deviations.

Role of HR Department	Activities	Cronbach's alpha	Average	Standard deviation
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¹⁷Funkcja personalna. Diagnoza i kierunki zmian, red. A.Pocztowski, Wydawnictwo Uniwersytetu Ekonomicznego w Krakowie, Kraków 2007, pp.64.

¹⁸ Reilly P., Williams T. (2009). Strategiczne zarządzanie zasobami ludzkimi. Rozwijanie potencjału organizacji dzięki funkcji personalnej, Oficyna a Wolters Kluwer business, pp. 12.

¹⁹ *Ibidem*.

²⁰ Ulrich D., Brockbank W. (2008). Tworzenie wartości przez dział HR, Oficyna a Wolters Kluwer business, pp. 15.

²¹ *Ibid.*, pp. 206.

²² According to OECD methodology presented in the OSLO Manual. Guidelines for collecting and interpreting innovation data. Third edition. OECD. 2005.

Strategic partner	<ul style="list-style-type: none"> jointly with the management develops the general strategy for the enterprise designs HR strategy for implementing business purposes participates in taking decisions that are vital for the enterprise (e.g. decisions important for enterprise's functioning, dismissals, planning succession) 	0,805	3,67	0,82
Change agent	<ul style="list-style-type: none"> implements a system of incentives for developing enterprise's innovativeness (e.g. system of remuneration, evaluation system) analyzes employees' competences and facilitates their development creates flexible organizational structures favoring innovativeness 	0,850	3,69	0,86
Administrative expert	<ul style="list-style-type: none"> facilitates processes of human resources service, increasing their accessibility and availability for employees and tending to reduce the costs of administrative procedures within HR quickly and efficiently serve the employees in order to increase their satisfaction introduces new solutions, including technological ones, in administering personnel issues (e.g. human resources systems based on IT) 	0,654	3,79	0,73
Employee champion	<ul style="list-style-type: none"> advises the employees on solving their problems offers the employees conditions favorable for keeping their work-private life balance initiates activities leading to creating good atmosphere at work 	0,778	3,95	0,68

Source: author's own study.

Obtained results show that respondents agreed the most that the largest contribution in the roles played by HR departments had employee champion, administrative expert, change agent and strategic partner. An analysis of tasks which according to respondents, were most often fulfilled by HR departments was performed is: initiates activities leading to creating good atmosphere at work (average=4,11) and quickly and efficiently serve the employees in order to increase their satisfaction (average=4,04).

For purposes of further analyses, Spearman's correlation coefficients for the roles of HR department were determined, presented in Table 3. Respondents pointed to a strong correlation between the role of a change agent and administrative expert ($r=0.715$), which shows that in the case of increasing the role of HR department as the administrative expert by providing a number of services by the HR department, its role as the change agent who implements these changes grows as well. In addition, there is a strong correlation between the roles of a strategic partner and change agent ($r=0.612$), which shows that if HR department implements more tasks of a strategic partner, then its role as the change agent grows as well. There is also a strong correlation between the roles of a strategic partner and employee champion ($r=0.450$), which shows that higher role as a strategic partner in innovative enterprises leads to higher role as an employee champion.

Table 4: Spearman's correlation coefficients for the roles of HR department

		Strategic partner	Change agent	Administrative expert	Employee champion
Strategic partner	Correlation coefficient	1,000	,612**	,450**	,223

	Significant	.	,000	,000	,045
Change agent	Correlation coefficient	,612**	1,000	,715**	,362**
	Significant	,000	.	,000	,001
Administrative expert	Correlation coefficient	,450**	,715**	1,000	,424**
	Significant	,000	,000	.	,000
Employee champion	Correlation coefficient	,223*	,362**	,424**	1,000
	Significant	,045	,001	,000	.

Source: author's own study.

4. SUMMARY

HR Department in an enterprises play a strategic role in building the conditions enabling employees to make the best of their capabilities, to the benefit of the enterprise and for themselves. Successful HR leaders tailor operations of their department to the needs of the whole enterprise and match the resources to business requirements, as the HR department should focus on strategic goals, specification and providing services to target customers, ensuring high financial performance of the enterprise and implementation of employee values model.

Conducted study shows that in innovative enterprises the largest share in HR department roles was played subsequently by employee champion, administrative expert, change agent and strategic partner. In the examined innovative enterprises, HR departments were primarily employee champions, which shows that supporting employee's was important what will be visible in new innovation solutions created by employees.

In addition, strong correlations between the role of a change agent and administrative expert, strategic partner and change agent, as well as strategic partner and employee champion were observed. The higher role of HR departments as change agent led to their more significant role as administrative expert and the higher higher role as strategic partner led to their important role as change agent.

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