

APPLICATION OF THE STRATEGIC PARTNER ROLE OF HR IN MAURITIAN ORGANISATIONS

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ABSTRACT

Strategic Human Resource management is recognised as one area through which companies may sustain competitive advantage. The goal of this research is to gain an insight into the extent to which Human Resource (HR) acts as a strategic partner in Mauritian leading organisations.

This study, which used a type of thematic analysis, reveals that though HR acts as a strategic partner in two of the seven firms surveyed, the lack of understanding of the strategic partner role concept, the lack of business knowledge of HR professionals, the negative perception of HR, and the interference of politicians are amongst the main factors hindering the integration of HR as a strategic partner.

Initiatives to promote HR to such position include the introduction of metrics to measure the effectiveness of HR, actions to win the trust and support of leaders, repositioning of HR within organisations and the staffing of the HR department with high calibre professionals.

DECLARATION

I, Michèle Raoult, declare that this research report is my own, unaided work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

MICHELE RAOULT

Signed at.....

On theday of 2006

DEDICATION

To Mone, my husband, Michel, and
all my relatives.

Thank you for your unfailing support.

ACKNOWLEDGEMENTS

I am grateful to:

Conrad Viedge, my supervisor, for his guidance throughout the study.

Harish Burton who kindly accepted to proofread this research in such a short space of time.

All those wonderful people who, despite a fully booked agenda, found the time to participate in the interviews.

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CHAPTER 1

INTRODUCTION TO THE RESEARCH

1.1 Introduction

“Successful organisations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions for seamless change.”

(Ulrich, 1998:127).

In an increasingly competitive global economy, managers are looking for best practices, procedures and policies that would enable them achieve and retain competitive advantage. The effective management of Human Resources (HR) has been described, by many authors, as one area through which companies may sustain competitive edge, in an age where business priorities, shareholder value and bottom line considerations take precedence over employee concerns (Chew & Goh, 1997; Ulrich, 1998; Holbeche, 2001; Papalexandris & Panayotopoulou, 2005 and Pietersen & Engelbrecht, 2005) and, as such, must be managed in a strategic way (Thornhill & Saunders, 1998). This implies that HR must focus on the long term, linking business with HR strategic objectives and forward planning (Truss, 2003).

According to Ulrich (1998), traditional forms of competitiveness such as technology, product differentiation, distribution or manufacturing techniques can all be replicated; organisations need them to stay in the game, but they do not, by themselves, guarantee sustainability or leadership in the industry. The author states that the new environment

requires new forms of competition, based around HR where employees and leaders are able to turn strategy into action and where the organisation has succeeded in developing the capability to act with speed, to be agile and adapt to change; organisations need to manage processes intelligently and efficiently, and create an environment that would help to maximise contribution and commitment of employees. On a levelled field, HR becomes crucial to an organisation (Ulrich, 1998)..

The management of personnel has evolved over the years from a traditional role of handling employee payroll, welfare and compensation to main functions such as recruiting, firing, training, developing people, managing bureaucratic aspects of benefits and designing initiatives to increase workplace diversity (Chew & Goh, 1997; Ulrich, 1998 and Khatri & Budhwar, 2001), and further evolved to internal consultancy (Holbeche, 2001).

HR has been criticised for being completely disconnected with the real work of the organisation, too remote, both in terms of location and in style, to be able to understand the nature of the business, its customers or its corporate objectives, and, as a consequence, is perceived as being ineffective and incompetent (Ulrich, 1998; Cunnighman & Hyman, 1999; Whittaker & Marchington, 2003 and Guest & King, 2004). According to researchers, the allegation is that HR bases its decisions mainly on principles and concepts that have little relevance for the competitive prospects of their organisation. They are criticised for promulgating policies that may be theoretically correct, but which cannot be applied in the organisation, in practice.

Another criticism lies in the fact that HR is perceived as a constraint to the autonomy of line managers when it comes to making decisions that they feel are in the best interest of the organisation; line managers are particularly frustrated by legal constraints, and they complain about

having to negotiate with and consult union representatives. HR managers are criticised for their lack of response or for the fact that they are too reactive and produce piecemeal initiatives; they spend their time checking for options rather than taking actions irrespective of the possible outcomes of their delaying tactics (Cunningham & Hyman, 1999; Holbeche, 2001 and Papalexandris & Panayotopoulou, 2005).

Much literature exists on the subject, and a number of HR models have been developed over time, but this research is based on Ulrich's (1997) model, which gives a new dimension to HR as a source of competitive advantage. Instead of concentrating on traditional HR specialisms and activities, the author states that HR should now focus on business outcomes; Brown (2004) mentions that research has proved that there is evidence linking people management practices and business success.

This point of view is further supported by Accenture (2004) which, following a research program, found that there is a correlation between excellence in the management of human capital and superior business performance. In 2004, Accenture performed a detailed financial analysis of the 155 publicly listed companies, in their sample of 244 companies in six countries covering more than 15 industry segments, and noted that human performance leaders generated a consistently higher rate of total shareholder value with a return of nearly nine percent compared with non-leaders' 0.6% loss. The difference between a leader's return on invested capital and its weighted average cost of capital is also significant: 5.6% for leaders compared with -6.3% for non leaders (Accenture, 2004).

1.2 The Research Problem

The research problem is to assess the extent to which HR professionals of leading Mauritian companies are considered and succeed in acting as

strategic partners in their organisations; to determine the issues that may prevent their progress towards strengthening their position as strategic partners and to identify conditions necessary to facilitate their integration as strategic partners.

1.2.1. Sub Problems

The first sub problem is to identify the generic issues hampering the application of the strategic partner role of HR in organisations.

The second sub problem is to identify the critical success factors that would enable HR to act as strategic partners.

1.3 Purpose of the Research

Mauritius, like all developing countries, is a trend taker; companies operating in developing countries are compelled to build in strategies according to the conditions set up by global players, in order to compete in the global and changing environment.

It has been accepted that organisations worldwide have to be agile, but organisations of developing countries are compelled to become more flexible given the conditions in which they operate. Many researchers state that a company's HR strategy is a key element to its survival, and they recommend that organisations must nowadays build their HR strategy around Ulrich's (1997) model, which has been recognised by well known authors such as Holbeche (2001) and Caldwell (2004) as the way forward. Today, organisations have to "think globally and act locally" (Ulrich, 1998:126); in order to do that, HR is required to have a sound knowledge of the world in which their organisation operates and the business their company is in. HR professionals need to be credible, and

have to increase their ability to learn, to adapt and to manage diversity, complexity and ambiguity (Ulrich, 1998).

The research should contribute to provide HR managers and CEOs of Mauritian organisations with a better insight on the way in which Human Resources Management (HRM) is evolving worldwide and the attempts being made internationally to apply Ulrich's (1997) strategic partner role, whose scope encompasses the creation of the right organisation or structure to implement and sustain specific business strategies. The dissemination of the findings of the report would eventually be effected through published articles in selected local business magazines.

The research will cover a description of a few HR models which have marked the evolution of HRM, criticisms of Ulrich's (1997) model, a background on HR in Mauritius, generic issues hampering the implementation of the strategic partner role, key factors for the implementation of the strategic partner role and the extent to which Mauritian organisations are aware of and able to apply the model.

1.4 Motivation for the Research

The research has significant management implications: the results should assist HR managers and CEO's of Mauritian organisations with a better understanding of the model, as to how HR can add value and support the business in gaining competitive advantage and will also provide useful information to consultants who would be interested in implementing such model in Mauritian organisations.

The identification of issues preventing the implementation of the concept of the strategic partner role of HR within leading Mauritian organisations will hopefully aid CEO's and HR managers in identifying these issues in their organisations and address them correctly. Proactive interventions

against existing and potential barriers can thereafter facilitate the integration of HR as a strategic partner in businesses. These interventions might include training and development, creation of awareness within the organisation, and, more particularly, among members of top management and line managers, clearer definition of roles and responsibilities, recruitment and eventually actions in view of creating the right environment and associated culture to promote HR as a strategic partner.

Consultants can benefit from studies of this nature as they can pre-empt barriers in organisations. They can thus acquire the appropriate competencies before moving into an organisation for consultancy service in view of restructuring HR. The findings of this study may contribute to the development of models adapted to the Mauritian context and same could enhance the quality of their interventions.

The research will be conducted in Mauritian business environment, in a selection of the largest organisations operating in the island. Hopefully, barriers identified may be relevant to smaller Mauritian organisations as well as to firms operating in the region.

1.5 Delimitation

The study covers seven of the ten companies listed on the SEM-7 (as well as those listed on the Mauritius Stock Exchange SEM-7 reserve list) comprising the following constituents as at July 6, 2005:

- The Mauritius Commercial Bank Ltd
- Rogers and Company Ltd
- Mon Trésor and Mon Désert Ltd
- Ireland Blyth
- Shell (Mauritius) Ltd (reserve list)

- Air Mauritius Ltd (reserve list)
- United Basalt Ltd (reserve list)

The SEM-7 companies and the three companies on the SEM-7 reserve list are the largest Mauritian companies by market value. These companies have been qualified for inclusion in the SEM-7 according to selected criteria set by the Mauritius Stock Exchange (Mauritius Stock Exchange, 2005). The market value of an organisation is an indication of the consensus opinion of investors on the value of the business under its existing management (Ross, Westerfield, Jordan & Firer, 2001).

The choice of a sample of SEM-7 institutions together with the three included in the SEM-7 reserve list for this research stems from the belief that such organisations are large enough to operate an HR Business Unit (BU) and also from the researcher's interest as to the way in which HR is considered in blue chip companies operating in Mauritius.

The selection of the above seven companies emanates from the availability and willingness of key stakeholders to participate in the study.

The study limits itself to the strategic partner role as it is believed that this aspect could be the most controversial role of HR in Ulrich's (1997) HR's new agenda, and that the full understanding and implications of such role as well as its implementation within organisations are complex and need investigation.

1.6 Definition

The terms "company", "business", "firm" and "organisation" will be used interchangeably in this report.

The term “business partner” covers all four roles of HR as per Ulrich (1997), namely that of a strategic partner, administration expert, employee champion and change agent.

The terms “business unit” or “BU” and “department” will be used interchangeably.

Human resource management (HRM): it is a strategic and coherent approach to manage, acquire, motivate, develop and obtain the commitment of a company’s employees, who individually and collectively contribute to the achievement of the firm’s objectives (Armstrong, 1991, 2001). According to the author, HRM is based on the belief that human resources are an organisation’s main or most valued asset, and that the effective management of such an asset contributes to the success of the organisation, provided that policies and procedures regarding the personnel are in alignment with and contribute towards the strategic goals of the organisation and enable it to gain competitive advantage; for Armstrong (1991, 2001), it is important that all effort be done by each and everyone to mobilise an organisation’s resources towards a common purpose: the company’s objectives.

In its definition of HRM, Business the Ultimate Resource (2002) mentions that the responsibility for HRM is often devolved to line managers. The involvement of line in the management of human resources is thus crucial as this will enable HR practitioners to concentrate on strategic issues, achieve strategic fit and act as business partners “working alongside their colleagues and making an equal contribution with them to the achievement of business goals” (Armstrong 1991:38).

The term HRM is often confused with that of Strategic Human Resource Management (SHRM). For Roos, Fernström & Pike (2004), there is no consensus definition of Strategic Human Resource (SHRM), but the term

usually covers the linkage and effectiveness of HR practices and policies on the management of an organisation's strategy. The authors argue that SHRM is more strategic and political as opposed to HRM which is more technical. Baker (1999) summarises the scope of SHRM as the integration of HR systems (such as recruitment, selection, training, rewards mechanisms and performance management) among themselves. This is known as HR strategy, and the integration of HR strategy with the organisation's overall strategy.

Guest's (1989) and Armstrong's (1991) definitions of SHRM are similar to the above; Armstrong (1991), however, adds an additional dimension to SHRM by including in its definition, the development of a culture, structure and set of values that would enhance the quality, motivation and commitment of people towards the achievement of an organisation's objectives. SHRM is based on the precept that people are key elements to the implementation of corporate strategies and must be recognised as a source of value by all decision makers (Armstrong, 1991). It is thus important that all those involved in the design of corporate strategies appreciate the HR implications of their suggestions and understand the potential constraints that may be met, should no appropriate action be taken. This implies a matching between the objectives of the business and those of the HR function, such as identifying the level of competence needed by the organisation to meet its objectives, providing guidance on the design of business processes and the implementation of the culture that would support the firm's strategies, designing the business' reward system to attract and retain talented persons, and improving the commitment and motivation of employees within the organisation. The scope of Ulrich's (1997) strategic partner role thus falls within Armstrong's (1991) definition of SHRM.

1.7 Assumptions

- The respondents chosen are knowledgeable about strategy and HR and, as such, are able to answer questions and provide valuable insights.
- In-depth, semi-structured interviews will be enough to provide data for analysis.
- A maximum of an hour interview per respondent is sufficient to generate information and knowledge without loss of validity.
- There is no bias in the choice of organisations and their respondents.

1.8 Structure of the Report

The brief introduction in Chapter 1 is followed by five chapters structured as follows:

Chapter 2 provides an overview of the relevant literature within four key areas, namely: a description of four HRM models, followed by a brief description of Ulrich's (1997) model; an overview of Mauritius and information on HR in Mauritius; issues hampering the implementation of the strategic partner role; conditions necessary for the implementation of the role in organisations as well as a list of research questions that the present study will attempt to answer.

Chapter 3 describes the research methodology. This chapter documents how the research has been conducted; the methods and techniques that have been used for data collection and analysis; issues relative to the proposed methodology and ways in which the researcher addressed them. The section also explains how the researcher ensured the internal and external validity and reliability of data collected.

Chapter 4 presents the results of the survey.

Chapter 5 provides an interpretation of the results.

Chapter 6 presents the conclusions of the study and recommendations to organisations as to how they may proceed to strengthen the position of their HR as strategic partners in Mauritian organisations. The implications of the research are discussed and areas where further research is required are proposed.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The purpose of the literature review is to establish the theory base by making reference to previous work on the field of inquiry (Blumberg, Cooper & Schindler, 2005) and to “seek tentative solutions to the research problem” (Bendixen, 2002:81). The research problem is concerned about the factors restricting the application of Ulrich’s (1997) HR strategic partner role and the conditions necessary to facilitate the implementation of same in Mauritian organisations.

This chapter explores the literature available on the topic. There are a number of articles on HRM and Ulrich’s (1997) HR strategic partner role concept, and, the researcher will attempt to derive from such literature the implication of the concept on organisations, issues associated with the concept and its application, and the means by which these issues can be addressed.

2.2 HRM Models

The main purpose of HRM is to enable an organisation to achieve its objectives through its people (Armstrong, 2001); this objective can be met by actions such as recruiting and retaining talented employees, enhancing employee commitment and increasing motivation. The enhancement of commitment and the increase in motivation are ensured through the design and implementation of policies and processes which value people

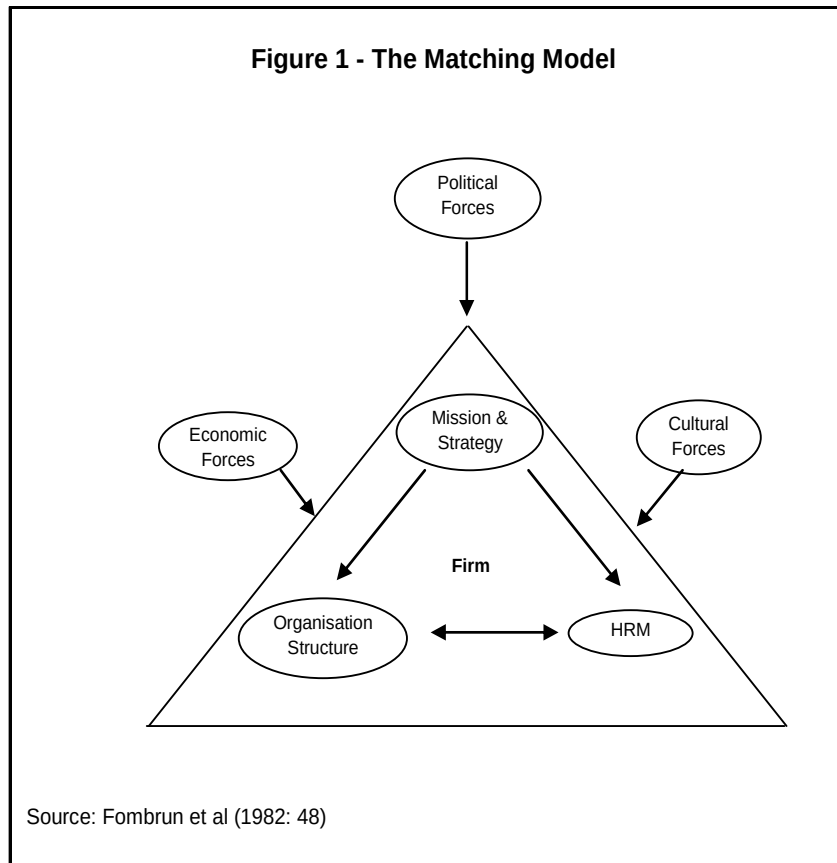
and reward them for their contribution towards the achievement of the goals of the organisation.

HRM is also concerned with the creation of a climate and culture conducive to the maintenance of a productive and harmonious relationship between all parties within the organisation where trust, cooperation and team work are encouraged (Guest, 1989). There is therefore a close link between HRM policies, HR outcomes and organisational outcomes.

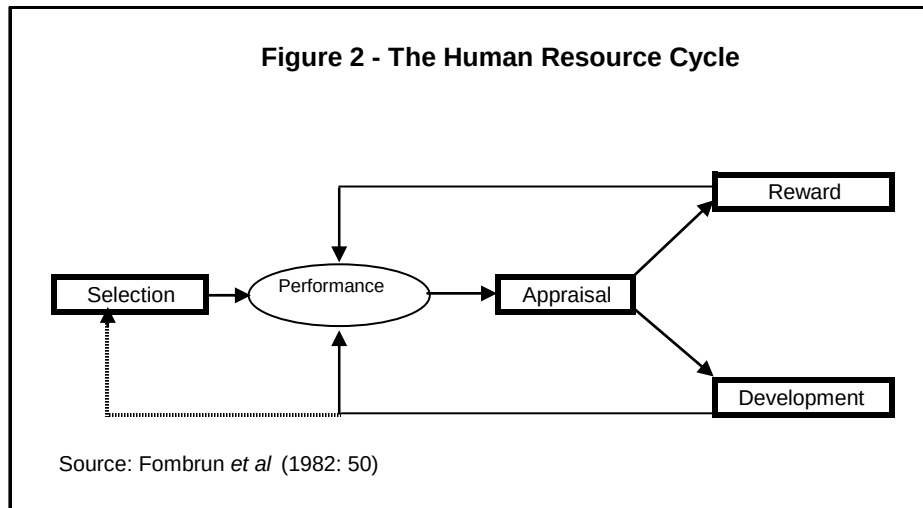
Several models and frameworks of HRM have been suggested by various authors over the years, since the emergence of the HRM concept in the 1980's. The most commonly referred to models for HRM are the matching model, also known as the Michigan model (1982), the Harvard framework model (1984), Guest (1987) model, Warwick model (1992) and Ulrich's (1997) new agenda for HR on which the present study is based.

2.2.1 The Matching Model (1982)

The model developed by Fombrun, Tichy & Devanna (1982) emphasises the need to manage HR systems and organisation's structure in a way that is congruent with the strategy of the business. As per Bratton's (undated) description of the model, the matching model is based on HRM-strategy-structure each feeding upon one another while being influenced by environmental forces; this model stems from Porter's (2001) premise that a business should select either a low cost or differentiation strategy (Boxall, 1996) with HRM policies closely linked to the formulation and implementation of an organisation's strategy (refer to Figure 1).



The essential element of this model is that HR practices should be matched with the organisation's desired competitive position. The initial steps towards the implementation of this model consist of the identification of the behavioural implications that would bring the company to its desired competitive position, and the identification of the HR practices that would reinforce such behavioural implications. For instance, if a company wishes to pursue a differentiation strategy, it will recruit or promote highly creative and risk-oriented employees. This would translate into Fombrun *et al* (1982) life cycle model (refer to Figure 2) as selection tests designed to predict these characteristics, training requirements to hone the skills of staff and a reward system to encourage creative, risk-oriented and co-operative employees (Boxall, 1996).



Fombrun *et al* (1982) argue that performance is a function of the organisational structure of the business; therefore strategy and structure impact on performance through job design, organisational structure and through planning of delivery of products and services within a competitive environment.

The attraction of the matching model lies in its “economic desirability” of fitting HR strategy with the organisation’s overall strategy (Boxall 1996:62) as well as its simplicity. Both Guest (1987) and Boxall (1996), however, criticise the model for its simplistic approach, as it neglects the importance of HR issues such as union recognition and collective bargaining. Boxall (1996) also criticises the assumptions on which the model is based, namely the model’s unitarist approach which implies the acceptance of management’s perception of required behaviours by employees, and the implicit concept of strategy and strategy making. He highlights that the model associates strategy purely with market positioning at the expense of other considerations which may “underrate critical human variables” (Boxall, 1994:34). For the author, strategy is a mix of strategic choices in various fields, including, amongst others, marketing, technology and finance, and must not be limited to market positioning. He further adds that the model fails to take into account the fact that resilient firms are “all-rounders” in that they pursue different types of strategies at the same

time, and it ignores the observed tendency of firms which now segment their workforce and adopt different strategies for key segments.

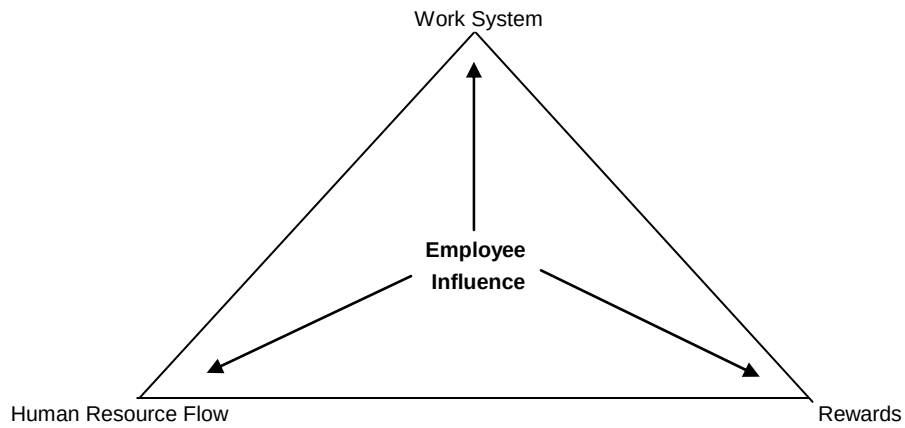
2.2.2 The Harvard Framework (1984)

Beer, Spector, Lawrence, Quinn Mills & Walton (1984), cited in Armstrong (2001), developed a model (coined the Harvard framework), which is almost similar to the matching model of Fombrun *et al* (1982) in terms of the necessity to fit HR strategy with business strategy, except that the framework considers the people element as a potential asset rather than a variable cost; furthermore, the framework caters for both workforce and union aspirations, an aspect not included in the matching model. Beer *et al* (1984) were the first to recognise that HRM belongs to line managers, whose responsibilities lie in ensuring the alignment of competitive strategies and personnel strategies; they also argue that HRM encompasses all decisions and actions that affect the relationship between an organisation and its employees (Armstrong, 2001). The development and implementation of mutually reinforcing policies governing personnel activities is another important characteristic of HRM included in the model.

The model consists of two parts: the first part relates to the human resource system (refer to Figure 3) which represents labour relations and personnel administration perspectives under four HRM policy choices, namely employee influence, human resource flow, rewards and work systems, and the second part (refer to Figure 4) represents a map of the HRM territory showing how HRM is closely connected with both the external environment, stakeholder interests, and the internal environment referred to in the diagram as situational factors (Cakar, Bititci & MacBryde, 2003).

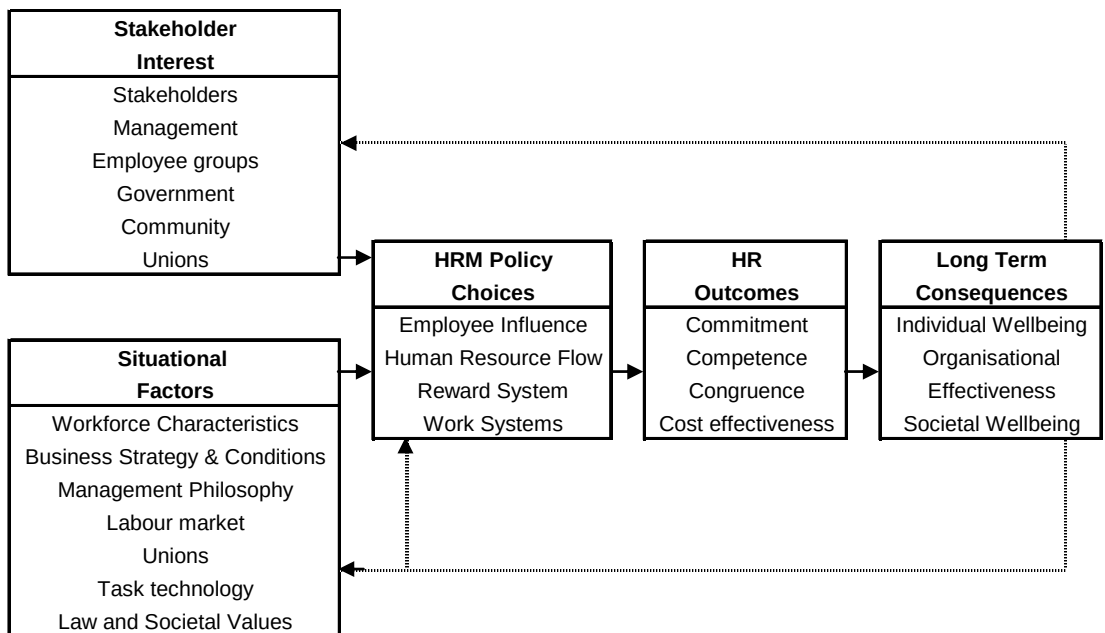
Figure 3 - The Harvard Framework

Human Resource System
(HRM policy choices)



Source: Cackar et al (2003: 194)

Figure 4 - A Map of the HRM Territory



Source: Cackar et al (2003: 194)

The outcomes that the four HRM policy choices need to achieve are commitment, congruence, competence and cost effectiveness, which, in the long term, would result in individual and societal well being and organisational effectiveness. The model is grouped by Kelliher & Perrett (2001) under the 'best practice' category (in other words the "one size fits all"); it proposes a preferred set of HR policy choices which should support the strategies and goals of the business and which, eventually, would enhance valuable capabilities to the firm (Roos, Fernström & Pike, 2004).

The main advantages of the model are that it incorporates recognition of different stakeholders' interests as well as it acknowledges the importance of situational factors such as business strategy and trade unions, labour market regulations and workforce characteristics that would influence management's choice of HR strategy. The recognition of outcomes, both at enterprise and societal levels, makes the model more realistic than the matching model (Armstrong, 2001).

According to Guest (1987), however, the model is unrealistic in its concept of "stakeholders" which includes, amongst others, employee groups and unions; he also questions the concept of employees' well being as an important outcome to the business. The author states that, unless legislation is available to enforce such consideration, it is unlikely to be put into practice.

2.2.3 Guest (1987) Model

Guest (1987) used the Harvard model and increased its scope by defining four HR outcomes or policy goals which he believes could be used as "testable propositions" (Armstrong, 2001:11). Guest (1997) argues that HRM is a term that has been loosely defined and is of opinion that same

should encompass a set of policies designed to maximise business integration, employee commitment, flexibility and quality of work.

The first policy goal of the model which relates to strategic integration is concerned with ensuring that HRM is fully integrated into strategic planning and that the various HRM policies are coherent across the organisation. This first HR outcome implies the acceptance and use of HRM practices by line managers in their day to day work. The second policy goal, employee commitment, relates to the behavioural commitment of employees to high performance and the achievement of organisation's goals. The third one, flexibility, is concerned with the firm's business structure which should be flexible to make the company agile and capable of managing innovation. The last goal, quality of work, relates to all managerial behaviours which influence the quality of goods and services provided, and include the management of employees and investment in high-quality employees (Guest, 1989 and Armstrong, 2001).

The model also highlights the need for supportive leadership, strong culture and a coherent strategy that act as cement, and bind the HR system together; this may involve, in practice, the identification of profiles, of core competencies or behaviours necessary to implement the organisation's strategy and the establishment of integrated recruitment, training and development performance management and career path systems to enable the implementation of the model.

Guest's (1987) model of HRM is displayed in Table 1. Guest (1989) is of opinion that the driving force behind HRM is the pursuit of competitive advantage.

Table 1 - Guest's Model of HRM

HRM Policies	Human Resource Outcomes	Organisational Outcomes
Organisation and Job Design	Strategic planning/implementation	High Job Performance
Policy formulation and implementation/management of change		High Problem Solving
Recruitment, Selection/Socialisation	Commitment	Successful Change
Appraisal, training and development	Flexibility/Adaptability	Low Turnover
Manpower flows- through, up and out of the organisation	Quality	Low absence
Reward Systems		Low Grievance Level
Communication systems		High cost-effectiveness i.e. full utilisation of human resource

Source: Guest (1987: 516)

The model proposed by Guest (1987) is clearer than the Harvard framework, and is presented with a set of theoretical propositions that can be tested. However, this model relies on one assumption, which is the capacity of employees to display “high intrinsic motivation” and commitment (Guest, 1987:516). It is argued that, for many reasons, many employees will not be willing to display the required level of motivation, and this will hamper the application of the organisation’s HR strategy. Guest (1987) model is regarded as “good practice”, which, realistically, is difficult to implement universally, as what works in one organisation does not necessarily works well in another as it may not fit in with the context in which the other organisation is operating (Armstrong, 2001).

2.2.4 The Warwick Model (1992)

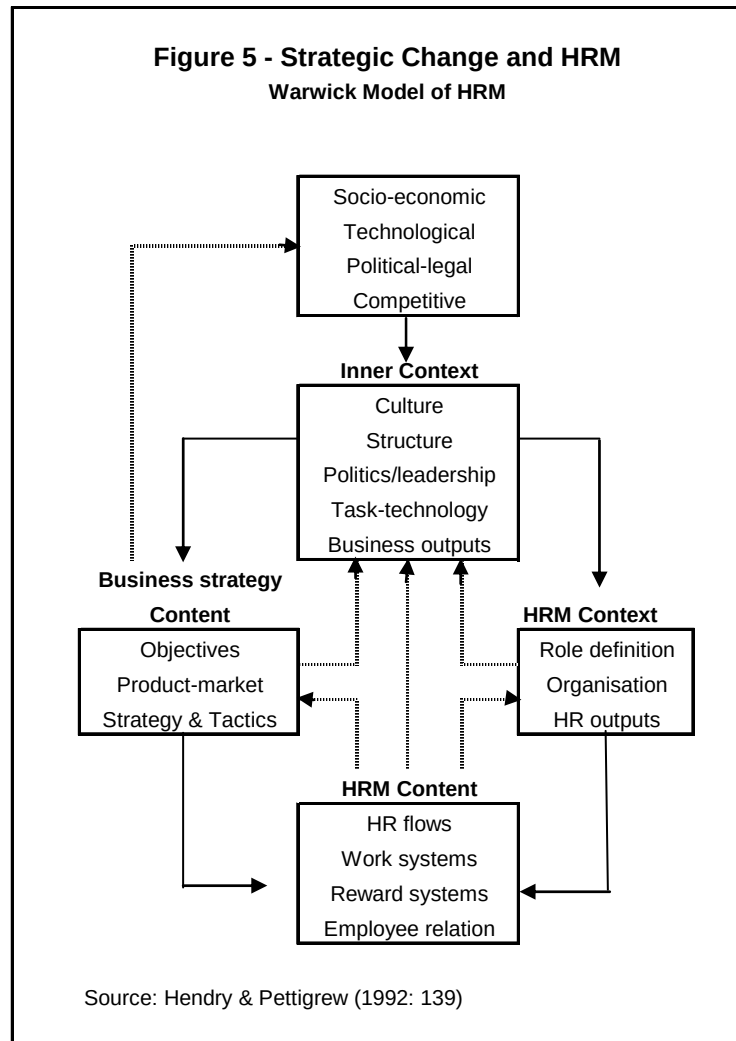
Hendry & Pettigrew (1992) developed an HRM model, the Warwick model, which is similar to the Harvard model to the extent that it takes into

consideration both internal and external factors in the organisation's environment; the main difference between both models is the emphasis placed by Hendy & Pettigrew (1992) on strategy. The Warwick model is grouped under the contingency model category by Kelliher & Perrett (2001). Such models emphasise the choice approach to HRM as per three business conditions, namely business life cycle, strategy-culture configuration and business strategy.

According to Hendry & Pettigrew (1992), HRM is affected by the management of change where HR systems, culture and structure of an organisation have to continuously adjust to both changing business conditions and the life-cycle stage of the organisation, the latter being largely influenced by the dynamics of the organisation's product life-cycle.

The conceptual framework developed by Hendry & Pettigrew (1992) is illustrated in Figure 5. The model shows the external and internal organisational contexts, business strategy and HRM as "content" responses and a series of processes, indicated by solid arrows, linking these. Broken arrows indicate feedback loops.

No literature as regards the efficiency of the model was found; the researcher tentatively criticises the model for its focus on processes and less on outcomes which are a more dynamic approach to management; such an approach would be effective only if the procedures and processes implemented are flexible enough to take into consideration rapid changes in the environment.



An analysis of the framework reveals that factors affecting internal environment limit the data to which managers are receptive to the outer context; business strategy will be influenced by these internal factors, more particularly the political aspect, and the HRM organisation and role of HR within the organisation will also be conditioned by these inner factors as well as HR's past records and people's expectations of HR. Therefore, while changes in human resource practice (here HRM content) may be designed as per business strategy, the scope of the function to respond to such imperatives may be limited by its "role and resourcing" (Hendry & Pettigrew, 1992:139). This implies that two organisations operating in the same external environment will not respond in the same way nor will they develop their HRM model in a similar way.

A comparison of the models presented above is displayed in Table 2.

Table 2 - Comparison of four HRM Models

Aspects	Matching Model (1982)	Harvard Framework (1984)	Guest (1987) Model	Warwick Model (1992)
Focused on	Individual and Organisational performance	People	HR and Organisational outcomes	Strategic change and development of human resource management
Based on	Strategic control, organisational structure systems for managing people	Individual influence, work, systems, rewards, human resource flow	Four HR outcomes - strategic integration, commitment, flexibility, and quality	The process of strategic and HRM change
Concentrates on	Managing human assets to achieve strategic goals	Outcomes for people	Desirable organisational outcomes	Interactive relationship between business strategy and HRM
Classification	Normative	Analytical	Normative	Analytical
Contributes to	HR (i.e. people) performance	Individual and social well-being and organisational effectiveness	HR and organisational effectiveness	Business strategy and HR strategy
Approach	Hard HRM	Soft HRM	Soft HRM	Hard HRM
Contents	The human resource cycle and strategic management and environmental pressures	Human resource system and map of the HRM territory	Policies for identifying human resources and organisational outcomes	Strategic change and human resource management
Components	Organisational structure, mission and strategy, human resource management, selection, performance, appraisal, reward and development	Work system, human resources flow, rewards, stakeholder interests, situational factors, HRM policy choices, HR outcomes, long-term consequences	HRM policies, human resource outcomes and organisational outcomes	Outer context (socio-economic, technological, political-legal, competitive) inner context (culture, structure, politics/leaderships, task-technology, business outputs), HRM context (role, definition, organisation, HR output), HRM content (work systems, reward systems, employee relations)

Source: Cakar et al (2003: 196)

Roos, Fernström & Pike (2004:29) state that all four models presented in the foregoing “work well as HRM process guides, but are weak on their influence on company performance”; they conclude that there are useful HRM models that have been developed and that their use has improved business performance, but the details of such contribution to increase in performance are, however, not known.

2.2.5 Ulrich (1997) Model

Ulrich's (1997) model stems from a belief that HR should be involved in activities that will help the company better serve its customers and create shareholder value. Ulrich's (1997) model defines the new role of HR in an organisation as a strategic partner to senior and line managers in strategy execution, as an expert in the way in which work is organised and executed, so as to increase efficiency and reduce costs, as a champion for employees representing their views and interests and working to increase their contribution within the organisation and, finally, as an agent of continuous change, shaping process and culture to improve the organisation's capacity to be agile and adapt to its environment (Brown, 2004). Table 3 illustrates the four roles of HR as per Ulrich (1997).

Table 3 - Changing Roles of Personnel Managers		
	Future Strategic Focus	
Processes	Strategic Partner	Change Agent
	Administrative Expert	Employee Champion
	Day-to-day/Operational Focus	
	People	

Source: Caldwell (2003: 987)

According to Ulrich (1998), HR professionals become **strategic partners** when they participate in the process of defining the business strategy together with the company's strategic team, implement the strategy and design HR practices that align with business strategy. As strategic partners, HR professionals must ensure that HR factors are taken into account in the elaboration and implementation of business strategies.

HR is a partner in strategy execution when it develops the appropriate capabilities, that is, those processes and practices within the organisation that enable the company to add value for its customers in a unique way and executes the organisation's strategy in a minimum of time. A firm requires a series of capabilities to generate new businesses, and it will be HR's responsibility to develop such capabilities as part of its outcomes or deliverables.

HR professionals are expected to design and deliver HR practices that will both drive and reinforce behaviour, and such practices will send information cues to all employees about what matters the most to the organisation. HR shall be held responsible for translating the organisation's strategy into HR priorities and action. The new agenda for HR, therefore, requires close collaboration between management and HR professionals and between the latter and line managers in view of creating organisations able to carry on business strategies.

To meet these objectives, HR will have to define the organisation's architecture, and this can only be done with a clear identification of the company's business model and a sound knowledge of the business. The ultimate goal of the exercise is to determine what drives or hampers strategy implementation. Like an architect, HR will be requested to help in turning general and generic ideas into blueprints, and, to do so, HR will have to effect audits to identify gaps, that is, those components that need

to be changed, and propose appropriate solutions to fill the identified gaps to facilitate strategy execution.

The implementation of the above requires the acquisition of skills and capabilities by HR professionals who should be educated to perform the in-depth analysis called for and be able to add value to the executive team and hence to the organisation.

Ulrich (1997) model, as Guest (1987) model, is based on HR practices being vertically integrated into the strategy of the organisation, that is, into the business planning process; integration refers to the degree to which HRM issues are considered as part of the formulation of the business strategy. Whatever means are taken by HR to fulfil that role, HR professionals will have to exercise care to avoid the blind application of quick fixes of what has been done elsewhere, that is the “one size fits all”, one of the weaknesses of Guest (1987) model, identified by Armstrong (2001). Each country and each organisation have its own specificities that need to be taken into consideration and these necessitate an adaptation of the original model. HR practitioners must thus understand whatever theory or research that lies under the ideas or trends, and apply them in their organisations, taking into consideration the context in which they operate.

According to Ulrich (1997:129), to become an **administrative expert**, HR must move away from its traditional image of “rule-making policy police” while ensuring that all required routine work is being done better, faster and cheaper, thus creating a more flexible and dynamic organisation. This implies that HR’s new role as administrator should lead to the efficiency of both HR’s own function and that of the entire organisation. The use of technology in this area is important and is being widely used to improve HR work and lower costs through the removal of unnecessary steps or the

leveraging of technology; for instance, technology is used to accelerate the recruitment process in organisations.

HR will prove its value as administrative expert by rethinking and improving work processes within the organisation, by identifying ineffective processes and devising alternative solutions. HR will thus help a firm go through the reengineering of business processes by favouring team work. Evidence shows that the lack of HR involvement in business reengineering has a significant negative impact on the success of such exercise.

HR must be organised so as to ensure that routine HR tasks, such as hiring, training and reward systems, are being performed efficiently. Such tasks can be done through service centres, e-HR or can even be outsourced, as the main criterion for the performance of these tasks is efficiency, that is, doing more with less, and by extension cost reduction and improved competitiveness, both outcomes being of added value to investors and customers.

Ulrich (1997) reckons that such actions will not only improve the firm's infrastructure, but they will contribute towards the enhancement of HR's credibility.

As an **employee champion**, HR is expected to nurture employees; however, given the existing context whereby people are continuously requested to do more with less, the relationship between the organisation and employees has changed from one which relied on security and predictable promotions towards a relationship which is becoming more transactional. As a result, employees are not contributing their fullest efforts and are not committed to the achievement of their organisation's objectives.

Employee contribution and commitment is becoming a critical business issue because companies are compelled to produce more output with less employee input and need employees' soul and mind, and the treatment given to employees has an impact on the treatment they, in turn, give to customers, and, ultimately to investors.

HR professionals are thus compelled to act as business partners so as to develop a strong employee-company relationship and ensure that employee contribution remains high. This role is not, however, restricted to HR; line managers are responsible for people in their organisation and HR professionals must help them in this endeavour.

In its role of employee champion, HR should ensure that there is a balance between the demands of the business and the resources available, as this will contribute to employees' commitment. This can be done either through a better management of demand and the identification of priorities so that employees remain focused on what matters most to the organisation, or through a reengineering of existing processes or eventually through an increase in human resources which will be empowered to take control of the decision-making process; this move will result in an increase in employees' commitment to the firm.

As a **change agent**, HR will have to make sure that corporate vision is transformed into behaviours that would make the vision real, to deal with resistance and, as far as possible, to make people get excited about change. Winners in business are those who are able to respond to the pace of change; they anticipate change, adapt, learn and respond quickly.

Ulrich (1997), identifies three types of general responses to change, namely: initiatives changes which focus on the implementation of new programs, projects or procedures stemming generally from strategic planning; processes changes which focus on the ways in which work is

being performed and improvements of those processes through work simplification, value-added assessments and reengineering efforts; and cultural changes which arise when a firm has to revise completely its way of doing business. Such changes lead to a transformation of the firm's identity.

All three change types are important, and HR professionals, as change agents, are requested to build the organisation's capacity to handle them all. They have to ensure that initiatives are well defined, developed and delivered in a timely manner; they must make certain that processes are simplified and that the fundamental values within the organisation are thoroughly discussed and adapted to the firm's changing business conditions. To proceed in this endeavour, HR will need to identify key success factors that would build the organisation's capacity for change. Examples of those key success factors are management sponsorship to lead change, creation of a shared need for change, shaping of a vision by clarifying the desired outcome for the proposed change, obtaining commitment of key players, changing systems and structure, monitoring progress by using benchmarks and milestones and making change last. Each key success factor will have to be managed to ascertain that each business objective is being met.

According to Ulrich (1998), organisational culture change remains the hardest and most important challenge facing an organisation, and HR must address this issue by identifying and clarifying the concept of culture change and by confirming the role of culture change in a firm's success, since it is stated that culture affects the performance of the business; old ways of doing business may not be appropriate in today's environment. In addition, HR will need to define a process to assess existing culture and desired culture and come out with a means to measure the gap between the two and identify possible approaches to create the culture change.

HR as a change agent must act as a catalyst/champion/sponsor, facilitator, designer and demonstrator.

Ulrich's (1997) model is generally criticised for its prescriptive, didactic and inspirational tendencies and for the ambiguities and conflicts that exist between the different roles attributed to HR. According to Caldwell (2004:6), the model tends "to be prescriptive and inspirational, rather than empirical and practical", thus not realistic; it minimises the importance of other roles that still need to be effected by HR and there are, within the model, role ambiguity and role conflict (Caldwell, 2003).

Caldwell (2003) argues that the model cannot accommodate adequately the emergent tensions that exist between competing role demands, ever-increasing managerial expectations in terms of performance and new challenges to professional expertise. The ambiguities in the roles render HR powerless in the management decision-making process, more particularly at strategic level; such a situation makes HR unable to maintain or defend the boundaries of its own function from intrusion by managerial interventions, and this provokes a lack of clarity or accountability in defining the contribution of the HR function towards the delivering of value and the achievement of business goals. In the point of view of Caldwell (2004), the model leaves questions relative to the scope and nature of the strategic partner role and the integration of same with other roles, unanswered.

For the author, much of the role ambiguity and role conflict, associated with the various HR roles, arises from tensions between what is expected, what is perceived and what is actually done, and a role conflict emerges when a person performs more than one role (Caldwell, 2003). Ulrich (1997:38) acknowledges that the multiple roles implied in the model "drives wedges" among HR professionals and same "weakens the overall effectiveness of the HR function".

Role conflict is, however, very common in organisations today, and, according to Ulrich (1997), the HRI function should in no way be an exception as it has to manage the divergent expectations of different parties. For instance, one of the ambiguities noted in the model relates to the long-term and short term focus of HR: as a strategic partner, HR must have a long-term focus, but it has to cope, too, with the operational side of the business, hence its short term focus. Ulrich (1997) admits that the short and long-term focus of HR may give rise to inter-role conflicts as evidenced between the role of change agent and that of administrative expert. As an agent of change, HR is expected to balance the need for change, innovation and transformation, which is a long term focus, with the need for continuity, discipline and stability, which is a more short term focus. Firms are in need of stability to ensure continuity in their business, but they must also change to adapt to the continuously changing environment (Ulrich, 1997).

Another ambiguity is seen in the strategic partner role and that of the employee champion role. Ulrich (1997), Caldwell (2003) and Guest & King (2004) mention the ambiguity that exists between the roles of HR as part of management and as employee champion, having to build in a special relationship with the workers and being responsible for them. Taken to an extreme, this may cause a situation where both employees and management may antagonise HR (Ulrich, 1997). In its quest for legitimacy and status with top management, HR may neglect its “basics”, which is employees’ well well-being (Renwick, 2003a). Larsen & Brewster (2003:230) assess that, where HR acts as a strategic partner, it may well be that line managers take over the employee champion role, trying to protect employees from the “hard-nosed interventions of HR”.

Caldwell (2003) also highlights the dilemma that exists between the advisory role of HR professionals as strategic partners and the

devolvement of HR functions to line managers, leading to HR focusing more on strategic decision making while not owning HR strategy, as same is being implemented by line managers.

Furthermore, Caldwell (2003) notes the overlapping of roles, mainly that of strategic partner with that of change agent. The author states, however, that those two roles could be mutually reinforcing instead of being a source of role ambiguity and conflict, and this is in line with the philosophy of Ulrich's (1997) who sees the various roles of HR in his model as an ensemble: one reinforcing the other. The reinforcement of both roles can be achieved by a close collaboration between HR professionals and line managers, whereby each brings in his expertise, knowledge and skill for the creation and implementation of policies. This will enable HR to position itself as an influential strategic change-maker (Larsen & Brewster, 2003 and Ramguttty-Wong & McCourt, 2003).

As per Caldwell (2003), Ulrich (1997) is more concerned with what is achieved, that is, outcomes, and not what is done, and this simple formulation allows the researcher to present the multiple and often conflicting roles of HR professionals as proactive business partners. The author, however, reckons that, even though Ulrich's (1997) work is more didactic than empirical, it provides the most systematic model that captures the emerging role of HR.

He further argues that the model accounts for the multiple and flexible nature of HR roles, even though it is sometimes difficult to distinguish HR new agenda for role reinvention from what he calls the more "mundane practices of accommodation" (Caldwell 2003:988). He pursues by stating that Ulrich's (1997) model is both inspiring and disconcerting, but it nevertheless attempts to overcome the negative counter images of the personnel function by proposing a new set of roles for HR professionals;

Ulrich's (1997) concept may promise more, however, than what HR professionals can ever deliver.

The main reason for the use of the model in this research stems from the fact that many companies operating in the UK consider Ulrich's (1997) model as the "practitioner's paradigm" towards which HR should aim at (Caldwell, 2003:988). This may be attributed to the fact that the model encompasses four areas where HR needs to focus in order to act as a business partner; as per Ulrich (1997); the term "business partner" covers all four roles. This is a multiple-role model which Ulrich (1997) believes must be covered in its ensemble to add value to the organisation. The model is future-oriented; it focuses on HR adding value to the organisation, on what HR professionals must deliver, on outcomes, thus shifting the focus from "doables" to deliverables; this approach distinguishes the model from other HR models, and makes it a reference which is frequently cited in the literature.

2.3 Mauritius – Historical Background

Mauritius, also called the “Star and Key of the Indian Ocean” is located in the southern part of the Indian Ocean, about 800 kilometres east of Madagascar and subsumed under the African continent. With a history marked by slavery, followed by a wave of immigration mainly from India, Mauritius is known for its diverse population: Hindus and Muslims accounting for 65% of the population, creoles (also known as “general population”) representing 30% of the population, Chinese, three percent, and Franco-Mauritians, two percent. The country is remote, and is densely populated with a population of 1.2 million for a land area of 2,000 sq km. (Ramgooty-Wong (2004) and National Productivity and Competitiveness Council (NPCC), 2004).

Mauritius is classified as a developing country by the World Bank (2005); the term “developing countries” is also attributed by the World Bank to emerging countries or low income and middle income countries. Developing countries are characterised by Hough, Newland & Bothma (2003), as countries which usually enjoy political stability and which are generally market-based economies; they are lessening their dependence on agriculture and have an expanding industrial sector and a developed financial sector. They are increasingly involved in international business and international trade which means that they need to compete on the international market. These countries enjoy a higher quality of life and have an improved educational system, literacy rate and work skills level.

Mauritius had a per capita GDP estimated to USD 5,149 in 2004 and a GDP growth of 4.1% during that same year (MCB Focus, 2005). Unemployment has steadily been rising over the past years to reach a level 8.5% in 2004.

The main pillars of the Mauritian economy at different periods have been sugar, textiles, tourism and financial services. The country has benefited from a series of trade agreements over the years that have secured employment and economic stability (European Union Sugar Regime and AGOA for textiles); the spectre of a protection-free world coupled with the emergence of low cost competitors today forces Mauritius to revise its strategy and find innovative ways of doing business in order to be competitive. The new form of competitiveness for Mauritius now takes the form of top quality products and services, utilisation of advanced technology, flexibility and adaptability to the continuous changing environment (Ramgutty-Wong, 2004). The government is working towards making Mauritius a Cyber-Island and is facilitating the development of skills and knowledge to position Mauritius in the knowledge economy (k-economy). As per Ramgutty-Wong (2004), the government is constantly sending strong signals to encourage HR development and make it a national priority; this is evidenced by the launch of the NPCC, a think tank, for the improvement of productivity at all levels.

The economic context forces Mauritius to develop its strategic thinking and to use its HR as a source of competitive advantage. At corporate level, it would seem that Mauritian firms are increasingly recognising the importance of HRM as a critical source for the effective running of organisations, although there are managers who still hold the narrow view that employees should be the productive counterpart of business (Betchoo, 2003 and Ramgutty-Wong, 2004). Like some of their counterparts abroad, these managers assume that profitability is more important than understanding how to deal with human capital. Betchoo (2003) reports that Mauritian firms do not consider HR as a major component of the firm's strategy, and what is learnt in text books is barely put into practice or rarely considered as worth being applied in the Mauritian context. This point of view is espoused by Ramgutty-Wong (2004:59) who adds that graduates employed at middle management

level doubt the applicability of theories and models, on the belief that senior managers are “unexcited about change” or because political or other types of interferences bar initiatives which tend towards improving personnel practice.

Ramguttty-Wong (2004) states that the values and norms in Mauritian organisations do not emerge from management concepts learned at universities, but from historical, political, economic, social, religious, cultural philosophies and practices. An analysis of the Mauritian culture as per Hofstede's (1991) dimension, made by Ramguttty-Wong (2004) reveals that Mauritians are moderately high on power distance whereby inequalities among people are considered desirable, and reliance of those with less power on those with more power is normal; the culture is also high on uncertainty and on individualism, medium on masculinity and high on long-term orientation. The above situation stems from the “disparate psyches of the different ethnic groups present on the island” (Ramguttty-Wong, 2004:56), and the country's history linked to slavery in its various forms as well as the colonial bureaucratic structures which reigned during the occupation of the island by the French, then by the British. The categorisation of the Mauritian society as a masculine society implies that, in general, the more assertive jobs are given to men and to the “hard” approach to HRM whereby managing people is similar to managing any other economic factor.

Muritians are also known to be obsessed by education, and families in general, have undergone huge sacrifices to ensure the education of their children. Free access to education has largely contributed to the successful development of the country, but has, at the same time, produced a number of graduates with impressive academic records, but with little capacity to act as managers, leaders or change agents (Ramguttty-Wong, 2004). The more talented, however, are being employed by multinationals which do their utmost to retain high

performers. Many Mauritian organisations are family-owned businesses, and the senior management jobs are reserved for family members who do not deem it necessary to be trained or educated in Management. MBAs are usually found in middle management positions with comfortable packages, but are, however, very often unable to apply their knowledge in the organisation.

Mauritius today has to struggle to cope with changes and globalisation, and a few foresighted managers have taken appropriate actions on time to upgrade their technology, to implement training and development programs to enhance the skills and gain the commitment of their workforce. Ramguttty-Wong (2004) highlights that other managers are trying to copy HRM models that have been successful in the west, without paying much attention to the local context.

2.3.1. SHRM in Mauritius

Ramguttty-Wong & McCourt (2003:2) argue that SHRM is a “Western, private sector solution to the Western, private sector problem” relative to the maximisation of organisational performance in today’s world. The authors note that there are only a few studies on the applicability of current best practices on the discipline, in developing countries.

According to Ramguttty-Wong (2004), there is evidence that many management teams, in Mauritian organisations, choose not to practise modern SHRM in their organisations, despite the fact that they are aware of good HR practices, and openly state their recognition of people within an organisation. They usually stick to traditional personnel management approaches (more particularly orientated towards welfare and administration). Ramguttty-Wong (2004) attributes this approach to the national culture characterised by rigid colonial structures and policies. Such evidence leads to the conclusion that explicit SHRM plans are not

being made in these organisations. For Ramgutty-Wong (2004), the main “culprit” for the absence of SHRM in Mauritian organisations is the lack of top management understanding and/or commitment to HRM; in line with criticisms made by other authors, Cunningham & Hyman (1999), Holbeche (2001) and Papalexandris & Panayotopoulou (2005), Ramgutty-Wong (2004) states that attempts towards the implementation of HRM in Mauritius are being done piecemeal, with no holistic vision. The piecemeal approach makes the implementation of HRM ineffective.

However, given the typical “mixed-mode” of operating in Mauritius, “there is evidence to support both the presence as well as the absence of a strategic approach to HRM” (Ramgutty-Wong, 2004:61); there are on the one hand, long-established firms which recruit highly educated HR professionals, place them in executive positions and sponsor best HRM practices, and, on the other hand, small and medium-sized family business type organisations, that have not made the transition to a more professional organisation, and the public and parastatal organisations “plagued with the ills of nepotism, corruption and political interference” (Ramgutty-Wong, 2004:61). The author notes that the public sector, characterised by bureaucracy and centralisation of HRM decision making, does not favour the performance-oriented management and strategic integration of HR. This is further enhanced by the report published by Ramgutty-Wong & McCourt (2003) where it was concluded that good HR practices and SHRM were not practised in the public sector. The private sector, which is more profit and market-oriented, is, however, increasingly open to business-oriented management approaches with its implications on the management of HR.

A survey of 46 Mauritian companies carried out by Ramgutty-Wong (2004) reveals, however, that three-quarters of HR managers interviewed, including those working in public organisations, claimed that they have a strategic role in their firms. Thus, some of the firms in the sample have put

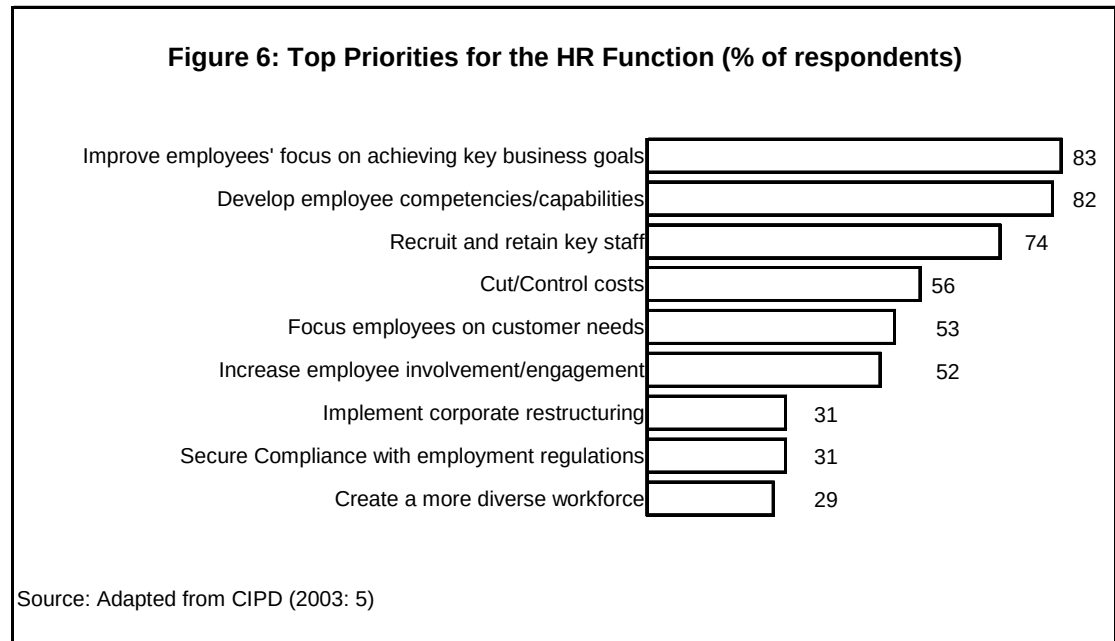
in place best HRM practices such as team working, quality management, benefits and devolution to line, and make use of sophisticated selection tools. The author notes that Mauritian managers have not, so far, given much thought to the elaboration of an eventual Mauritian management style or system, and she believes it is unlikely that Mauritian managers will discard evolutions of the global kind, more particularly, those coming from the western industrialised countries.

2.4 Perceptions of HR Managers as to their Existing and Future Role

A survey carried out by the Chartered Institute of Personnel and Development (CIPD) in 2003, with 1,188 respondents from UK and Ireland based organisations, reveal that 83% of the HR senior practitioners surveyed sustain that they mainly focus on supporting the achievement of business goals, covering, in addition, other traditional HR goals such as employee recruitment and development, handle HR related issues of legal or policy significance, enhance employees' involvement within the organisation, improve employees' focus on customer needs, health and safety, job evaluation, benefit plans and contracts and employee relations, and share with line managers other responsibilities such as internal communications, corporate social responsibility and organisational design and development. Line managers on their part concentrate mainly on objective setting, managing budgets, effecting employee appraisals and team briefing (Whittaker & Marchington, 2003).

The results of the survey held by CIPD (2003) indicate that HR appears to be focusing more on its basic job of building human capital and ensuring that employee efforts are focused on the achievement of business objectives (CIPD, 2003). For 56% of the respondents, controlling costs is among HR top five priorities, together with managing change, diversity and compliance with employment regulation. Figure 6 illustrates

respondents' indication of their top priorities for the HR function within their organisations.



According to the survey, 71% of the respondents assert that their chief executives believe that HR has an important role to play in achieving business outcomes, and that HR issues are being discussed in the board room; whereas over 50% state that HR issues are taken into account in the business planning strategy and that the influence of HR at this stage is significant. The report mentions, however, that both the involvement and influence of HR decline at later stages as the organisation proceeds towards the implementation phases; “a variety of recent CIPD studies suggest that the Achilles heel of contemporary HR strategy is in its implementation ” (CIPD, 2003:6).

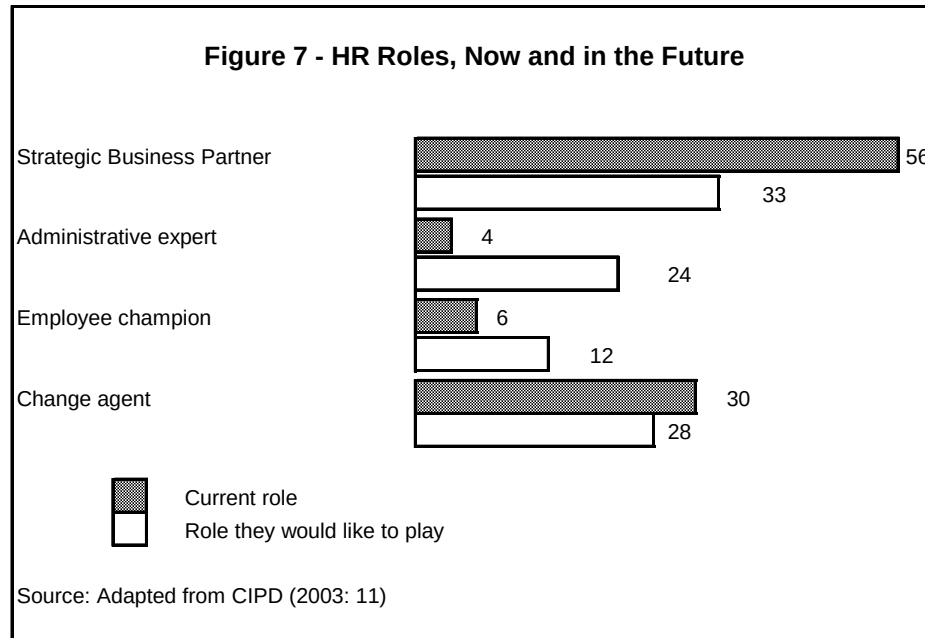
Ulrich's (1997) message has been widely accepted within the HR community as respondents to the survey believe that HR should be more business driven and strategic in the future while offering at the same time advice on specific items such as employment law and remuneration. The appreciation of the model within the HR community is further confirmed by Caldwell (2003:988) who states that Ulrich's (1997) model is “trumpeted”

as the professional paradigm towards which all HR practitioners should aim. Thornhill & Saunders (1998) argue that the absence of HR at the top level has a negative impact on the organisation's ability to achieve strategic integration in the management of HR.

HR professionals interviewed by CIPD assert that HR should become more proactive and provide tailored practices to their organisations. They believe that senior HR people should provide support in personnel advice to the decision-making team, and that a good management of people contributes to increased business performance.

HR practitioners surveyed by CIPD (2003) state that, in their current role, they act as strategic partners to the business (33%), change agents (28%), administrative experts (24%) and employee champions (12%). However, their preferred role, the one on which they will focus in the future, remains their involvement as business' strategic partners (56%), and change agents (30%). Caldwell (2003) confirms the tendency that over one third of respondents, in a survey carried out in UK in 1999, perceived their main role as strategic; similarly, a done by Cerdin & Peretti (2001) in France indicates that the HR function will, in the future, tend towards both change agent and strategic partner. A study done in South Africa by Pietersen & Engelbrecht (2005) reveals that both HR managers and line managers regard HR managers as strategic partners in their organisations. The authors identified the two driving forces behind the change of the HR role towards that of the strategic partner: the first one being the fact that it is HR professionals themselves who want to act as strategic partners, and the second one being pressure from CEOs and line managers forcing HR professionals to act as strategic partners. This first aspect is supported by the results of the survey carried out by CIPD in 2003 where it is mentioned that the attraction of HR managers towards the role of strategic partners may partly come from their quest for status, as "strategy" is associated with "importance". Only four percent see their

role in the future as administrative experts while, six percent see themselves as employee champions. This feedback is illustrated in figure 7.



The above responses illustrate the influence of Ulrich's (1997) concept on HR practitioners. It is noted, however, that a number of respondents do not wish to shoulder some of the responsibilities that, according to Ulrich (1997), should remain under HR, namely the role of administrative expert and that of employee champion.

Ulrich (2003) has given a new dimension to the role of strategic partner by giving to it the roles of coach, architect, designer, facilitator and leader; he refers to that enhanced role as that of "player" as players contribute, are engaged in the game and add value.

According to Clarke (2005), little progress has been made over the last years in order to apply HR's new agenda within organisations, even

though people in the profession are aware that there is a need for HR to revise its role along Ulrich's (1997) model.

Above sections have enabled the establishment of the context in which HR is evolving both in the international and local contexts. The next sections will focus on the issues hampering the strategic partner role of HR, section 2.5, while section 2.6 will provide a list of critical success factors that would facilitate the implementation of the strategic partner role of HR in organisations.

2. 5 Sub Problem 1

The first sub problem is to identify the generic issues hampering the application of the strategic partner role of HR in organisations

The implementation of the role of HR as a strategic partner necessitates the devolvement of a number of activities, which were usually performed by HR, to line managers; this forms part of the basis of HRM.

Devolvement has been made necessary in order to allow HR to focus on its new roles, as per Ulrich's (1997) agenda, one of them being the strategic partner role (Larsen & Brewster, 2003). In addition, it is argued that line managers, as business managers, are responsible for co-ordinating and directing all resources, including HR, to add value to the company, meet organisation's goals and achieve bottom line profits (Budhwar, 2000). In the point of view of Budhwar (2000), devolvement has a positive impact on the motivation of employees, on effective control, as line managers are close to employees on the field, and on cost reduction. It also enables the preparation of future managers, as middle managers are being given the opportunity to acquire decision-making skills.

To that effect, HR needs to join forces with operating managers to systematically assess the impact and importance of HR initiatives on strategy implementation and business outcomes. As specified by Thornhill & Saunders (1998:461), line managers are transforming the espoused policies of a business into “theory in use”, and any resistance on the part of line managers “will dilute, if not undermine, attempts to translate policy into practice”. Line managers will be requested to lead, motivate, involve their employees and manage change. Their ability to do so will have an impact on the level of employees’ commitment to the organisation. The negative outcomes of devolvment identified by Budhwar (2000) include the increased pressure to train line managers, problems of maintaining consistency in the system, the need for strict HR auditing and the issue linked to maintaining a balance of power between line and specialists.

The devolving of responsibilities to line brings about issues that could hamper the application of the Ulrich’s (1997) model. Issues identified in this context are developed in paragraphs 2.5.1 to 2.5.6. Paragraphs 2.5.7 to 2.5.12 describe other issues found in the literature which may hinder the application of the strategic partner role of HR in organisations.

2.5.1 Lack of Skills of Line

The first issue relates to the knowledge and skills of line managers to supervise staff effectively and to do same without the support of HR practitioners (Holbeche, 2001; Whittaker & Marchington, 2003; Larsen & Brewster, 2003; Renwick, 2003b and Papalexandris & Panayotopoulou, 2005). Renwick (2003b) mentions that there was at one time a tendency to place responsibility for HRM to the line as an alternative to outsourcing the HR function. This, however, brought in mixed results as the line

proved inadequate in performing some HR work and some decisions taken by them were at a later stage blocked by HR specialists.

Cunningham & Hyman (1999) assert that inadequate training is given to line managers to take the extra responsibilities of the management of people; the latter assume their HRM role ill prepared and are often ignorant about recent developments in the field. This is supported by Larsen & Brewster (2003) who argue that line managers do not have a comprehensive organisational or long term view of HR and are not comfortable at making policy in this field. The researchers are of opinion that the situation is more complex when it comes to new organisational structures (such as network or virtual organisations) which have less “well-defined line manager roles than the traditional, hierarchical, bureaucratic organisation which moulded the line manager role in the first place” (Larsen & Brewster, 2003:229).

This situation is attributed to either a lack of resources or the cost associated with development. HR managers state the difficulty in making line managers participate and apply good practice when handling employee issues (Papalexandris & Panayotopoulou, 2005). Furthermore, some of them do not take their HR aspect role seriously because, either they believe that such responsibility is a fad that will disappear in the coming years, or that all that is required from them, in this connection, is pure common sense, and that training is unnecessary (Cunningham & Hyman, 1995 and Whittaker & Marchington, 2003). Without training and clear procedures to follow, it is likely that inconsistencies will appear in the application of HR policies within an organisation (McGovern, Gratton, Hope-Hailey, Stiles & Truss, 1997).

In their research on the changing role of line management in the UK, Cunningham & Hyman (1995) found that line managers regarded themselves as very competent in dealing with both the hard aspect of HR,

such as recruitment and employee relations issues, and the soft aspect of HR which includes, amongst others, counselling, communication, training subordinates and personnel appraisals. Respondents to the same survey from HR departments are, however, of opinion that line managers are not competent to deal with HR issues. The difference in perception may be attributed to the difference in the professional background of HR and line managers, and this leads to the need for an increased collaboration between the two parties.

In a survey carried out by Thornhill & Saunders in 1998, respondents to the survey stated that management as a whole lacked the skills necessary to motivate, lead, manage change and communicate so as to increase employee commitment. However, they note that line managers, as a particular group, were doing better than “management” in that context.

2.5.2. Acceptance of Devolution of some of the HR Responsibilities by Line Managers

The devolution of HR activities are appreciated differently by line managers who are, in general, pleased to accept higher autonomy by taking the responsibility (Cunningham & Hyman, 1999; Higgs, 2003 and CIPD, 2003), but who are, however, fearful of the accountability that such duty entails (Renwick, 2000). The acceptance of HR responsibilities is made even more difficult as organisations are engaged into cost cutting programs to the detriment of employees.

Some line managers, however, do not believe that HR is a legitimate part of their responsibilities, since, according to them, this is the work of the personnel function and same is being “dumped” on them (Torrington & Hall, 1996 and McGovern *et al*, 1997). Commenting on the survey carried out by CIPD in 2003, Brown (2004) mentions that 60% of the HR

practitioners interviewed believe that line managers have not taken full responsibility for the management of their staff.

Analysing the results of a survey targeting line managers on their experience and involvement in undertaking HR work, Renwick (2003b) came to the conclusion that neither the line nor HR accepts devolution willingly.

The author is of opinion that conflicts and tensions exist between HR and line; line managers, for instance, are criticised by HR professionals for their lack of discipline when they perform HR functions such as performance appraisals. Renwick (2003b) even questions the value added of line managers in that respect; he, however, notes that line managers in the UK showed their willingness to do more HR work even though they produce mixed results.

2.5.3 Integration of HRM Role in day to day Activity of Line

It is argued that line managers, whose primary responsibilities lie in the meeting of service and production goals and for creating economic value, do not have enough time to learn how to find ways to get the best out of their staff (CIPD, 2003). People management issues tend to be taken less seriously than production or service issues which are in fact short term issues; HR issues are low in the list of priorities of institutions, and, without support from senior management and recognition and rewards for their work in the HR area, line managers are not encouraged to shoulder this responsibility and do it properly (Cunningham & Hyman, 1999; Holbeche, 2001; Whittaker & Marchington, 2003 and Papalexandris & Panayotopoulou, 2005).

In addition, line managers are often faced with the dilemma of how to deal with competing priorities, for example sparing time for the development of

staff versus time needed to meet business targets, profit versus cost incurred in training, the more so given the difficulty of measuring the contribution of training on employee productivity. Whittaker & Marchington (2003) refer to it as the dilemma in maintaining the “soft” part of managing people and the “hard” part of meeting the objectives of the company. Larsen & Brewster (2003) note that, despite the fact that many authors, in general, are of opinion that devolvment of HR to line is the key to success, the degree of involvement of line is not so extensive. Furthermore, Thornhill & Saunders (1998) argue that the complete devolvment of HR functions to line, which implies the absence of a designated human resource specialist role, can lead to failure to achieve effective HR management and integration of HR at strategic level.

In the survey carried out by Cunningham & Hyman (1999:9), half of the respondents among the staff mention the weaknesses of line managers in people management, and, more particularly in the application of “integrative practices” such as communications; these critics were accompanied by remarks relative on the fact that personnel specialists were perceived as not making visible impact on the everyday working lives of employees to increase their commitment. Line managers deplore the pressure put on them to introduce new HR practices which are time consuming and which are, according to them, difficult to apply.

2.5.4 Unclear Boundary between the Responsibilities of Line and HR

The boundary between HR and line is sometimes blurred (CIPD, 2003), and this is an issue that impacts on the devolution of HRM to line managers. As mentioned by Larsen & Brewster (2003), line managers have responsibility of HRM in their own BUs whereas HR specialists have responsibility for HRM across the organisation. The balance of responsibilities is a key issue in HRM. Truss (2003) notes that there is a

lack of communication between HR and the rest of the organisation, and this contributes to the lack of visibility as to the tasks performed by HR.

The areas where HR takes the lead include, amongst others, the determination of policy across all areas, HR planning, recruitment and selection. Line managers, on their part, are responsible for dealing with everyday management issues such as appraisals, quality initiatives, health and safety and communications. An analysis of the Cranet survey on the devolvement of HRM activities to the line effected on Greek firms through the past ten years, made by Papalexandris & Panayotopoulou (2005), reveals that there is a tendency for HR to take over the main responsibility for pay and benefits while acting in collaboration with line managers. This means that HR takes into consideration the opinion of line managers in order to suggest pay rises, more particularly in the IT section, where the demand for specialised/technical staff brings in rapid changes in an organisation's reward system. The authors note a trend towards a strategic approach to remuneration whereby the control of compensation expenses is used to secure the competitiveness of the business. HR makes salary surveys, so as to remain aware of conditions prevailing on the labour market as well as the amount of salaries paid and benefits given by competitors.

The same survey reveals a close cooperation between HR and line in the recruitment and selection areas with, however, an increased responsibility on HR's part. Such responsibility is attributed to the expertise needed to recruit among many good applicants, and, in practice, HR recommends two or three good candidates from whom line managers are asked to make the final selection. Papalexandris & Panayotopoulou (2005) state that, very often, HR leads the way in training and development, even though, generally, the accomplishment of these tasks are shared between HR and line managers. Collaboration also exists between HR and line when it comes to downsizing or staff increasing. The authors note,

however, that when it comes to downsizing, HR professionals usually lead the process as they have the competency to address legal and social issues associated with such initiatives. Larsen & Brewster (2003), analysing the Cranet-E (European) survey, came out with a different conclusion: the authors found that, in the largest EU countries, the expansion and reduction of the workforce are entrusted to line managers.

Industrial relations seem to be the only HR function where the main responsibility lies exclusively with the HR department. This may be due to the fact that there is usually only one person empowered to deal with labour relations and communicate and negotiate with employee representatives. In some countries, however, line management may at critical times, become involved in this area (Larsen & Brewster, 2003).

The degree of devolution may also be affected by the size of the organisation or sector (public or private) in which the business is operating; Poole & Jenkins (1997) state that HR departments are more likely to have a greater role in larger firms, even though there is a central tendency towards line dominance in respect of operational responsibility for most HRM practices. Similarly, there is evidence that the HR department's role is significant in the public sector where there is strong trade union involvement.

Comparing their findings on Greek firms with findings on firms operating in other European countries, Papalexandris & Panayotopoulou (2005) conclude that the Greek percentage of involvement of line managers in HRM is similar to Spain for functions such as training and development, pay and benefits and increasing or downsizing of staff. There is also a similitude between Greek firms and French firms as regards training and development. They assert, however, that compared to other EU countries, Greece seems to have the lowest average levels of partnership with line than the rest. This finding supports the suggestion of Larsen and Brewster

(2003) that the devolvement of responsibility of HR to line is reduced in Latin countries (with the exception of Portugal). The tendency in Greece and other Latin countries is the taking up of the lead for HR issues by HR. The researchers attribute this tendency to the growing professionalism of HR departments whereby the latter form policies and procedures that allow them to devolve HR activities, while, at the same time, keeping a control on such activities. There is thus a nuance as to the degree of devolvement (Ulrich and Brockbank, 2005): the two authors see HR professionals as architects and facilitators; they recommend the new HR agenda and the coaching of line managers by HR, with, however, the full responsibility for approving and executing HR given to line managers, just as the latter have the full responsibility for approving and executing finance, marketing and research and development.

The boundary between the roles and responsibilities of line and HR has to be made clear so as to prevent line managers delegating HR to HR, thus avoiding their responsibility for performing HR functions.

Research in Europe and in Greece has shown that varying levels of partnership and synergies exist between HR and line, depending on the HR activities conducted within an organisation, the organisation's structure and the overall culture of the firm (Larsen & Brewster, 2003 and Papalexandris & Panayotopoulou, 2005). It is argued that the issue of assignment of responsibility between specialist HR departments and line managers is directly related to the issue of decentralisation, even though these two issues are conceptually distinct. Theoretically, it is possible to have a decentralised organisation with local HR specialists controlling HR, while it is also possible to have a centralised organisation with line managers making all HR decisions. The first approach would imply increased staff costs with HR specialists posted in each large unit, and the second one would require strict adherence to standardised HR policies across the decentralised units; and this, according to Larsen &

Brewster (2003), would defeat the purpose of decentralisation. Both solutions imply additional expenses, but the authors conclude that decentralisation is likely to imply devolvement of the HR function.

Whittaker & Marchington (2003) state, however, that most studies conclude that HR specialists and line managers tend to work in close collaboration on a wide range of issues.

2.5.5. Relationship between HR and Line

HR professionals are requested to work with line managers to create organisations able to accomplish business strategies or objectives which are usually stated as financial targets, balanced scorecards, visions, missions or goals. HR should ensure that strategies do not remain on the organisation's top shelf. It should ask the questions that would move strategy into action and HR priorities, and should design HR practices and policies that would complement the overall organisational strategy.

Ulrich's (1997) model implies that HR has to provide support to line managers. In the survey carried out by Cunningham & Hyman (1999), interviewed line managers mention that there is a difference between what HR claims and what it does in practice: HR claims that it wants to be more open and people orientated; it then comes out with new contracts, wiping out any feeling that it wants to improve things for employees. For Ulrich (2003), HR players lead when they put into practice what they propose to others.

It is also stated that, as a general rule, HR professionals tend to rate themselves higher than their customers do. This positive self-rating may lead to self-deception and denial (Ulrich, 1997).

HR's perceived lack of support to line and doubts that exist about its capability to solve line manager's personnel problems, coupled with lack of leadership and direction from personnel specialists and their absence from the field, provokes tensions that prevent the smooth integration of HR management by the line. Renwick (2003b) mentions the frustration of line managers when they require support and advice from HR. However, when these come, they may prove to be unhelpful.

2.5.6 Devolution a Threat to HR

According to Cunningham and Hyman (1999:10), the devolution route can contribute to increase the HR's function existing weaknesses, and, in consequence, may lead to its "marginalisation or demise", and declines in personnel influence within organisations are very often attributed to devolution of personnel functions to line. Research has proved that HR managers are reluctant to devolve responsibilities to the line as this can be interpreted as a loss of influence (Torrington & Hall, 1996; Holbeche, 2001 and Papalexandris & Panayotopoulou, 2005).

The loss in influence is coupled with a pressure to reduce the size of the HR department as increasing devolution would lead to a reduced need of HR specialists. Larsen & Brewster (2003) state that there is clear evidence of a reduction of the size of personnel departments in Europe as per Cranet-E (European) surveys from 4.47 to 3.99 people in HR departments within a three-year time frame. The above authors argue that such a situation may, however, result in HR gaining more status, because those remaining within HR will have proved their worth. However, in general, researchers do not agree whether HR departments should consist of a group of generalists able to cope with any aspect of personnel work or of a group of specialists.

Such reduction in size is also a response to financial pressures. Larsen & Brewster (2003), however, argue that costs may increase in cases where line managers, who are not fully trained to take over the HRM role, make inappropriate or even, at times, unlawful decisions or undertake ineffective negotiations with employees or their representatives.

HR professionals are requested to balance the obligations of devolving more and more responsibility to the line, while retaining the ability to intervene strategically (Caldwell, 2003). The author states that Ulrich's (1997) concept of HR as a strategic partner partly captures this dilemma as HR is requested to proactively offer advice and participate in strategic decision making.

Renwick (2000) agrees that HR should achieve prominence in the boardroom in order to ensure that people management issues are taken seriously and be used to help strategic decisions, but, on its own, this is not sufficient to ensure that the HR customers – line managers – are delivering HR practices in an effective and consistent way.

2.5.7 HR too Focused on Operations

An analysis of the responses to the survey carried out by CIPD (2003) and published in a report written by Brown (2004), reveals that 35% of respondents believe that the HR function in their organisations is still too focused on operational or tactical issues, while 27% of those surveyed describe the HR function of their organisations as heavily strategic; there are, however, indications that organisations are moving in the latter direction, even though 50% of the respondents mention that their strategic input was constrained by the time they need to devote to administrative activities, but that changes were brought in that field and that the tendency today is more towards the outsourcing of some of the activities to outside providers. This point of view is supported by Truss (2003) who

finds that HR is often too involved in administration and short term concerns to become strategically involved in the organisation.

The ambiguities in the HR role described in section 2.2.4 combined with the lack of power of HR reduce the influence of HR in an organisation, and hamper attempts made by the function to act as a strategic partner. In addition, the lack of power, coupled with the lack of centrality of decision-making, result in the non-involvement of HR in people management issues, which often need to be addressed by HR itself. This increases the pressure on HR people, forcing them to be reactive and to engage in crisis management to the detriment of their strategic role. Such a situation contributes to the perception of the lack of effectiveness of HR which, in turn, results in the exclusion of HR from strategic decision-making process.

Ambiguities in the roles may impede the application of Ulrich's (1997) model. The issue of HR being too operational has been acknowledged by Ulrich (1997) who states that HR must be focusing on both long and short terms issues. Same, however, leads to what Caldwell (2003) refers to as inter-role conflicts whereby divergent expectations or incompatible performance criteria exist in the performance of a single role.

2.5.8 Difficulties in implementing the Strategic Partner Role

One of the main issues relative to the role of HR as a strategic partner concerns the scope and nature of the role itself. According to Caldwell (2004) and Goodge (2004), such a role is not clearly defined, and causes different interpretations among HR practitioners. No two organisations see the partnering role precisely the same way, and no one adheres to the Ulrich's (1997) model closely, and, according to Goodge (2005), quite a few HR functions have adopted very different approaches, each believing that they are operating in the HR partnering model; Becker,

Huselid & Ulrich (2001) supports this point of view by stating that many HR managers do not know how to initiate the implementation of the strategic partner role. This provides a hindrance to the application of the model, as HR practitioners cannot benchmark themselves as per best practice. Caution, however, has to be exercised when it comes to benchmarking, as, very often, managers who want to improve their organisational capability, select one area where a few companies have an excellent reputation and tend to isolate that area of expertise from other areas, disregarding other organisational issues and the context within which these companies operate (Ulrich, 1997).

Torrington & Hall (1996) note that there is little literature available on the implementation of the strategic partner role; the authors attribute same partly to the difficulty of finding a way of proving the effectiveness of implementation, as academics are more interested in asking intellectual questions than addressing practical problems, and partly to those executives who are more concerned about vision, strategy and concepts and less about implementation and making things work.

In an attempt to address this issue, Caldwell (2004) analysed the data obtained from CIPD (2003) survey and identified areas where one could differentiate strategic partners from other HR roles: strategic partners are proactive and not reactive; they are involved at all stages of the business strategy process and they have an influence in business strategy; they are highly valued by board executives, and the time taken for HR activities is balanced with the time taken to implement business strategy; strategic partners have key personal competencies and are able to demonstrate how HR is adding value to an organisation by translating business strategies into HR priorities.

To be a strategic partner, HR professionals must understand what capabilities drive successful strategy implementation in their organisations

and how HR affects those capabilities. This, by itself, is a challenge as HR still has to assume concurrently its role of administrative expert, employee champion and agent of change (Becker, Huselid & Ulrich, 2001).

According to Torrington & Hall (1996), few businesses look to the HR function to produce an integrated HR strategy in response to business strategy; they rather look for a strategic response to key business issues. This explains why HR strategy is usually being built up in a piecemeal fashion instead of a holistic way.

2.5.9 Negative Perception of HR as a Strategic Partner

Guest & King (2004) effected a survey of 38 executives with a view to determining how far the advent of HRM has enabled HR practitioners to enhance their power and influence in their organisation; of these 38 executives, 37 endorsed the sentiment that people are their most important asset, even though some of them are not convinced that there are clear guidelines or strategies for translating HR practices that would enable the linkage between people management and performance improvements (Higgs, 2003). This perception is shared by line managers (Becker, Huselid & Ulrich, 2001).

For Higgs (2003), HR has failed to communicate the relevant evidence that it is contributing to performance, while for Becker, Huselid & Ulrich (2001), matters are made worse as conventional accounting system encourages short-term thinking when it comes to the management of intangibles, including HR, as expenditure on such items are considered as expenses and not investments. When managers are put under financial pressure, they tend to invest more in tangibles than intangibles.

The HR literature, however, suggests that the strategic integration of HR, coupled with the devolution of HR work to line managers, have a positive

impact on a firm's performance (Huselid 1995; Pfeffer, 1995 and Accenture, 2004). The main difficulty is there are no empirical tools that would enable the linking of HRM with performance, despite the fact that HR managers now tend to focus more and more on outcomes. HR's influence on firm performance is difficult to measure. Becker, Huselid & Ulrich (2001) mention the difficulty of measuring the impact of a capable and committed workforce on a company's bottom line as well as the effect of development of competencies and a training system that helps employees learn faster than competitors, on the organisation's performance.

Such management perception of the HR function is an issue that has a negative impact on the application of Ulrich's (1997) model as top executives are not too keen to support HR's initiative towards the implementation of the role, and, as a consequence, do not give HR the importance needed to pursue its role as a strategic and planning arm of the management.

Based on the above, HR managers have no choice but to design their own measurements to demonstrate their contribution to a firm's performance (Buford & Mackavey, 2003). To do this, HR must first of all discard the "accounting mentality that says that HR is primarily a cost centre" (Becker, Huselid & Ulrich, 2001:11). In addition, the authors state that HR must demonstrate its strategic contribution through measurement systems that focus on the following two dimensions: cost control (diminishing costs of the HR function and increasing operational efficiency outside HR) and value creation (ensuring that the HR architecture intersects with the implementation process).

There exist, however, sophisticated tools that have been designed in order to provide metrics relating HR's contribution to an organisation's bottom line. Such tools are being implemented in large organisations, and

give decision makers a better picture of what they obtain for their HR and training money (Accenture, 2004).

The presence of HR on the board (or decision-making table) is also questioned by senior executives (and by one HR director) interviewed by Guest & King (2004), who are of opinion that the HR function has largely failed to make an impact at board level, and that it is not the HR Director or the HR function who should be making the decisions or be in the driving seat. This aspect was covered by Ulrich (1998) where he states that HR should not make strategy as this should be made by the company's executive team – of which HR is a member. The role of HR should be a partner to strategic execution, influencing business strategy, and ensuring that HR factors are taken into consideration during elaboration and implementation of strategies. It appears, however, that the role of HR on the board has not been fully understood by executives and by HR directors themselves. HR executives must understand business strategy in order to be in a better position to develop HR processes and systems that would support the implementation of that strategy (Pietersen & Engelbrecht, 2005). The head of HR should be the one who can certify to the CEO that the skills of the employees in the company at every level are competitive and best on the market. Despite the above, Budhwar (2000) notes an increase in the representation of HR at the top management/board level going up to 55% operating in the UK.

2.5.10 Lack of Competency of HR Professionals

According to Goodge (2005), the lack of skills and competencies of HR may in the long term present the biggest challenge to HR acting as a strategic partner; the HR partners are not strategic enough, and this is confirmed by Truss (2003). Khatri & Budhwar (2001) mention that one of the reasons behind HR executives not being invited to the strategic planning table is that they are unable to display required competencies.

Despite the number of professionals engaged in strategy, many thought their key development challenges were for business influence and strategy tools, business knowledge being ranked only fifth behind ability to deliver target and leadership ability (CIPD, 2003). The responses to the CIPD (2003) survey reflect HR practitioners' eagerness to re-instate HR's credibility in the business; however, HR partners without business-related skills are usually satisfied with a role very similar to their old HR jobs; this is referred to as "role erosion" whereby "HR partners drift to the sidelines, neither helping to shape strategy nor influencing the business." (Goodge, 2005:35)

Guest & King (2004) report that HR practitioners must be very proficient in the delivery of traditional HRM activities, but much less so in what is referred to as business-related competencies, a field where their competency is lacking; according to Pietersen & Engelbrecht (2005), however, this is just the type of competency that contributes most to strategy execution and has the strongest relationship with corporate financial performance. As per Ulrich (1997), HR as a strategic partner, must create capabilities within the organisation, and, in order to do this, HR has to carry on an audit of the firm's strengths and weaknesses and, thereafter, work towards the improvement of areas of weaknesses uncovered by the audit. HR cannot fulfil that role if it does not have a sound knowledge of the business. The ultimate goal of the exercise is to determine what drives or hampers strategy implementation.

Furthermore, the competencies necessary to manage intangible assets are different from those needed to manage tangible assets (Becker, Huselid & Ulrich, 2001). Among the competencies required from HR professionals are a sound understanding of the business that will allow them to adapt HR and organisational activities to changing business conditions. Becker, Huselid & Ulrich (2001) believe that it is only by understanding the financial, strategic, technological, and organisational

capabilities of the organisation that HR will be able to play a valuable role in strategic discussion.

In addition, it is important that HR be experts in their own specialty and that HR professionals continually master the underlying theory of HR and be agile enough to adapt that theory in the organisation.

Management of change is yet another competency requested from HR professionals as there is a continuous need to refocus the organisation in a perpetually changing environment. This competency involves knowledge, skills and abilities essential for moving the people side of the organisation (Becker, Huselid & Ulrich, 2001). Other competency required of HR is management of culture, so as to create a strong culture which will support strategy and lead towards increased performance. Culture, or as Ulrich (1997:68) calls it, “a shared mind set”, is the “glue that holds the organisation together”.

Personal credibility is the last competence identified by Becker, Huselid & Ulrich (2001); this competence may be described as the foundation on which the previous competencies lie. Credibility implies that HR must live the firm’s values, create an environment of trust on which its relationship with its colleagues will be based and act “with an attitude” (Becker, Huselid & Ulrich, 2001:61) by having an opinion about the way in which the business can operate and support that opinion with evidence. Expectations of the business on HR deliverables are thus high and complex.

2.5.11 Difficulty to Attract High Calibre People

The overall quality of the people in the HR function is an issue that impedes the integration of HR as a strategic partner. Guest & King (2004), quoting one of the respondents to the survey, state that to become strategic business partner, one must have backgrounds in consulting or MBAs and must be highly analytical, be effective communicators both verbally and in writing and have excellent interpersonal skills; the competencies needed and highlighted in paragraph 2.5.10 add to the complexity of the situation. The issue is that people with that kind of skills and competencies will not find HR an attractive function to go into. This is a vicious circle.

The issues identified above lead to the following research questions:

Research Question 1:

How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?

Research Question 2:

What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?

Research Question 3:

How does the level of competency of HR affect its ability to link HR strategies with the organisation's strategies?

2.6 Sub Problem 2

The second sub problem is to identify the critical success factors that would enable HR to act as strategic partners.

Paragraphs 2.6.1 to 2.6.8 highlight the critical success factors found in the literature that would facilitate the integration of HR as a strategic partner in an organisation.

2.6.1 Increase HR Credibility by Creating Value for the Organisation

As it stands, HR has a bad reputation with little or no credibility, and is still subject to the “negative counter-images of the past” (Caldwell, 2003:983). According to Ulrich (1998) and Truss (2003), the integration of the HR functions into the company’s strategy at the highest level, supported by the appropriate skills and the ability to deliver tangible results, will contribute towards the credibility of the HR function and increase its influence in the organisation. On their part, Whittaker & Marchington (2003) believe that to increase its credibility in the eyes of top management and in the organisation at large, HR must show how it can add value to the organisation. The authors support that credibility can be gained by showing clearly how HR specialists can have an impact on business goals and what are the measures they are undertaking to achieve this. Richardson, Senior Vice-President International Human Resources, American Express, cited in Accenture (2004:29), states that HR executives must be “vested and aligned with the corporation and the business units; they should be able to influence key decisions and ensure the best-in-class employee environment within their organisations, and it is only by doing so that they will demonstrate their ability to act as strategic partners and be recognised as such”. It is worth mentioning that Ulrich’s (1997) model stems from the premise that HR adds value to an organisation.

According to Goodge (2005), the increase in low-cost alternatives to HR services, both technological and human, consists one of the challenges facing HR today; developments in IT have enabled the availability of many of the services HR has provided, and same can be performed at lower cost. On his part, Caldwell (2003:985) mentions that the personnel function has been “balkanised” with the devolvement of part of its activities to the line, the result of which is an erosion of expert knowledge, credibility and role-based status.

Organisations thus expect HR to add value at a low cost, and this, according to Goodge (2005), is the essence of HR partnering. The author states that one of the ways in which HR can meet this expectation is by using low cost alternatives to deliver routine HR services and freeing HR practitioners for strategy and strategy implementation across the organisation.

According to Becker, Huselid & Ulrich (2001), the primary source of production in the economy has now shifted from physical to intellectual capital, and this puts a pressure on HR managers who have to demonstrate exactly how they create value for their organisations. With the challenges of globalisation and the need for organisations to compete in order to attract new customers, design new products, innovate, create, encourage free flow of information, share learning to increase a firm’s knowledge base, develop and retain a capable and committed workforce, HR has no choice but to prove that it can enhance the company’s strategic asset (which by definition should be difficult to copy), its people, to enable the organisation maintain its competitive edge in the long term (Grobler, Warnich, Carell, Elbert & Hatfield, 2002). In addition, Becker, Huselid & Ulrich (2001:7) are of opinion that HR is now in a prime position to “leverage many other intangibles... such as goodwill, research and development, and advertising”, and Budhwar (2000) asserts that research

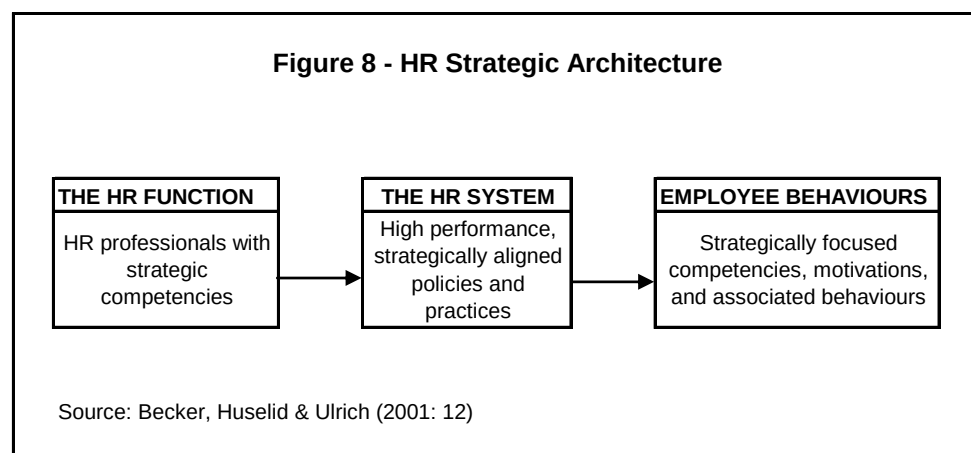
in the USA indicates positive implications of strategic integration of HRM into business strategy and the devolvement to line, on a firm's bottom line.

Ulrich (1998) is confident that to contribute towards the achievement of business goals, HR must now focus on outcomes. The author states that HR should no longer be defined by what it does, but by what it delivers – that is, those “results that enrich the organization's value to customers, investors and employees” (Ulrich, 1998:123). The HR business partner should thus focus on outcomes and not on processes, become champions of competitiveness by delivering value, measure results, implement strategy, help to resolve business problems and meet customer needs, be able to maintain its position when discussing with line managers and ensure that HR strategy is vertically aligned with business strategy (Conner & Ulrich, 1996; Brown, 2004 and Caldwell, 2003). CIPD (2003) survey data confirms that 56% of the respondents aspire to become strategic partners, whereas 33% state that they are currently performing this role.

The benefits of HR as an asset are not always visible; according to Becker, Huselid & Ulrich (2001:7) as they come to light only when “HR role is skilfully aligned with another intangible asset: the organisation's strategy implementation system.”

The most effective action that can be taken by HR managers to ensure their strategic contribution and enhance their credibility is to develop a measurement system that would prove HR's impact on business performance. Accenture (2004:18) states that “human performance leaders” have comprehensive and continuous measures in place to link HR, training investments and business results; metrics used in that respect are time to competence, manager proficiency, leadership capability, workforce proficiency and level of stakeholder engagement or advocacy.

The approach proposed by Becker, Huselid & Ulrich (2001) in that respect, is for HR managers to focus on the ways in which HR can play a central role in the implementation of the firm's strategy. This requires the development of an HR architecture which would show "how people can create value and how to measure the value creation process" (Becker, Huselid & Ulrich, 2001:3). The authors identified three components of an HR architecture: the HR function, the HR system and employee behaviours. This architecture is illustrated in Figure 8.



People within the HR function should understand and be able to lead the organisation's strategy. This implies that HR should depart from its traditional role and head towards translating the firm's strategy into actionable HR goals, and subsequently implement those goals. This ability to embed HR within the larger system of strategy implementation is the most important influence of HR on corporate financial performance as this can be reflected in measures such as sales per employee, cash flow per employee or market value per employee (Becker, Huselid & Ulrich, 2001).

For the three authors, the HR system, the second component of the HR architecture, is the linchpin of HR's strategic influence, and same must be designed to maximise the overall quality of human capital throughout the organisation. For HR to create value, a firm needs to "structure each

element of its HR system in a way that relentlessly emphasises, supports and reinforces a high-performance workforce” (Becker, Huselid & Ulrich, 2001:13); for instance, HR functions such as selection and promotion systems should facilitate the recruitment of employees with the required skills to implement the firm's strategies while compensation and performance management policies should be in place to attract, retain and motivate high-performance employees. This implies the setting up of individual HR policies and practices, the interrelationship of various HR components and the linkage of HR and the organisation's larger strategy implementation. It is the linkages between the system's components and not any individual component that make a system more effective. HR intersects with the larger system at several points and it may happen that several elements of the HR system interact with the larger system at the same point. It is thus important for HR to identify these points of intersection, align HR system accordingly and make sure that the HR systems are aligned and do not conflict with each other. As sustained by Becker, Huselid & Ulrich (2001), it is also imperative for HR to know how to measure its impact on value creation. For the three authors, these actions are the key for HR to secure its strategic partner role within an organisation.

Human beings can only influence their environment through their behaviours. For Becker, Huselid & Ulrich (2001), strategic behaviours of employees fall into two categories: the first one relates to the core behaviours, that is those that flow directly from the fundamental behavioural core competencies defined by the organisation and which are considered vital to the success of the organisation. These behaviours are expected across the organisation. The second type of behaviours is more “situation-specific” and is essential at key points in the organisation's value chain.

Ulrich (2003) argues that HR providers can create value for the organisation's stakeholders (employees, customers, investors and shareholders) in four different ways: contribution (how HR works interact with other works within the organisation), content (what value is added when they contribute), channel (who does HR work) and competencies (what needs to be mastered).

As regards contribution, HR must be more than a partner; it must be a player. HR professionals are expected to coach, inspire, train, facilitate by bringing in resources needed by the organisation and create systems such as rewards, staffing, development and organisational design to meet business goals; they should enable people to learn from the past and adapt their behaviour for the future. They should act as architects who must ensure that what is built fits with the local and global environment. They lay out the processes, structure, decision making and information flow to ensure the alignment of the organisation with strategic goals (Ulrich, 2003).

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In terms of content, HR adds value when it helps an organisation develop capabilities to compete and win business; such capabilities become intangible assets which give confidence to investors to invest into the organisation. These capabilities cover a large range of areas such as attracting talented persons for skills needed by the organisation, creating a process in which leaders are empowered to make quick decisions, instilling learning by generating new ideas, encouraging and rewarding innovation, facilitating the conversion of ideas and ideals into behaviours and outcomes, creating values shared by employees and customers, investing into leadership so that leaders at all levels have the right attributes and create the right outcomes and ensuring strategic clarity and focus. Such capabilities will become the bedrock of an organisation and be the basis for the deliverables of HR (Becker, Huselid & Ulrich, 2001).

Ulrich (2003) identified seven constituents (channels) who do or will do HR work: the first of them are line managers who would ultimately be responsible for HR work as same is included in their operational day to day work and they are in the best position to adopt the most appropriate HR styles and practices within their BUs. They make decisions regarding the way in which work has to be done and are in the front line to take up initiatives. They are accountable for the processes and outcomes of the company and are answerable to shareholders for the creation of economic value and to employees working for the organisation for the creation of workplace value, and to customers for the creation of product or service value, and solutions proposed by them are more likely to contribute to organisational goals and performance (Ulrich, 1998; Aghazadeh, 2003; Whittaker & Marchington, 2003 and Ulrich, 2003). This explains the reason behind their being held responsible for the integration of HR into the company's real work. The second group consists of corporate HR professionals whose responsibility lies in the design of policies and procedures, in the creation of values and ideals that will permeate the company and in nurturing employees; they are focused on long term policies that shape value. The third constituent is HR managers (or HR generalists) working within BUs in close collaboration with line managers. Their role is to clarify strategy, carry out audits and make investments in HR-related areas. In the long run, they would be more business-focused. The fourth group constitutes of HR professionals working in centres of expertise and provides internal consulting services to BUs and form relationships with outsiders who have the knowledge in the area of expertise and share that knowledge with others within the company. HR managers handling administrative tasks over the telephone (call centres) form part of the fifth group, and employees using technology to administrate themselves are classified in the sixth group. This is becoming increasingly popular. The last constituent is the outsourcing of HR functions to consultants, or through partnerships or alliances.

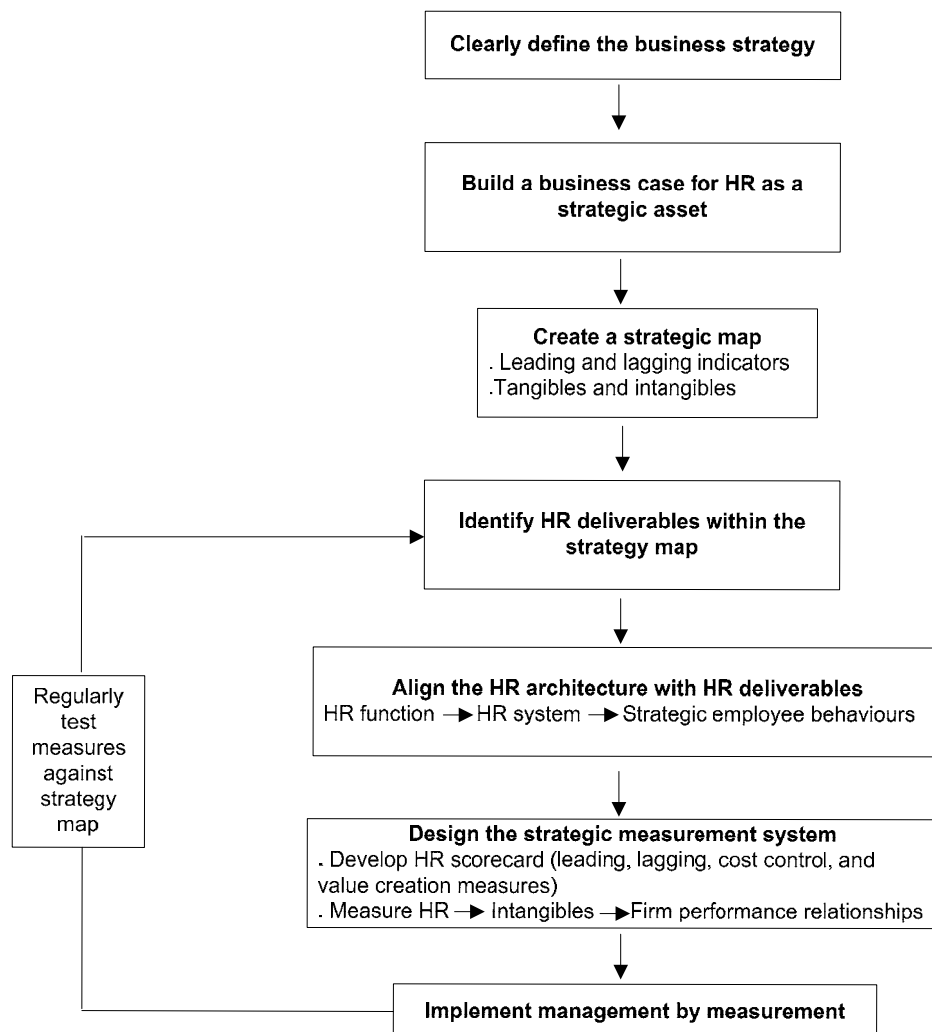
In order to convince top management of the importance of good people management, HR managers should refer to research which shows the links between people management issues and performance. Ulrich (2003) argues that investors' valuation of businesses is significantly affected by intangibles, which can account for up to 55% of variation in a company's market value; such intangibles are ability to develop committed employees by aligning individual and business values and ability to work across functions and BUs without the usual "tug of war" which characterises such initiatives. These intangibles coupled with competencies such as knowledge of the business, knowledge of the latest trends or research in functional HR as well as in other business areas will assist HR in adding value to the organisation. These competencies must, however, be supported by tools to measure the impact of HR in an organisation.

HR will thus increase its credibility by showing how it can add value to the organisation; measures to be taken in this endeavour include a clear focus on outcomes, delivery of HR service at low cost, alignment of HR strategies with business needs, the implementation of such HR strategies, the ability to transform the HR architecture into a strategic asset and the development of metrics proving HR's impact on business performance.

2.6.2 Ability to Transform the HR Architecture into a Strategic Asset

To enable HR to implement its role of strategic partner within an organisation as well as increase the credibility of the function within the firm, Becker, Huselid & Ulrich (2001) devised a model made up of seven steps whereby HR can link its deliverables to the company's strategy implementation process. The model, called the HR scorecard, is illustrated below in Figure 9.

Figure 9 - Transforming the HR Architecture into a Strategic Asset



Source: Becker, Huselid & Ulrich (2001:37)

The process is briefly described hereunder.

The first step consists of defining clearly the business strategy. The role of the HR leader at this level consists of facilitating the discussion towards the implementation of the strategy and the communication of the organisation's goals throughout the business. This approach makes strategy more real, actionable and somehow more unique to an

organisation. The key is to communicate the firm's objectives in such a way that each employee understands his role to achieve those goals.

HR is required, in step two, to build a clear business case indicating the ways in which HR will support strategy. A survey carried out by Becker, Huselid & Ulrich (2001) reveals that there is a positive correlation between a firm's returns and an increase in the quality of their HRM systems. HR managers are thus compelled to state how these two are related. The authors argue that strategy implementation, rather than strategy content, makes the difference from successful to unsuccessful organisations, and strategy implementation is driven by a strategically focused workforce, HR alignment and a "balanced performance measurement system".(Becker, Huselid & Ulrich, 2001:39). The last element requires the identification of the ways in which the organisation generates value (the balanced scorecard of Kaplan & Norton (1996) can be used to that effect) and the design of metrics that would capture the broadly defined implementation of the strategy.

Step three requires the creation of a strategy map which represents the firm's value chain; such a map will reveal how the firm creates value in terms that managers as well as employees can understand and act on. Becker, Huselid and Ulrich (2001) refer to it as the understanding of the full story of value creation in a business. The contribution of managers of all functions across the organisation is necessary for the value-chain mapping process for two reasons: first of all to ensure the quality of the strategy map itself and second to increase the buy-in among key players.

Step four relates to the identification of HR deliverables within the strategy map. As already mentioned, HR creates value at the points of intersection between the HR system and the organisation's strategy implementation system; these points are referred to by Becker, Huselid & Ulrich (2001:30) as "strategic HR deliverables". They indicate the outcomes of the HR

architecture that would enable the execution of the organisation's strategy. In order to maximise that value, it is important that HR understands both sides of the points of intersection so as to depict HR performance drivers, that is, the most important people related capabilities necessary to drive performance, as well as HR enablers, that is, those factors that reinforce core performance drivers, on the strategy map. From then, HR can design policies that would support strategy.

In step five, HR will align the HR architecture with HR deliverables - this step brings the firm's value-creation story to life as it aligns the HR system with the organisation's larger strategy-implementation system. This requires an understanding of how the components within the HR system fit together and how well the HR system aligns with the elements of the firm's value chain. The authors refer to this aspect as internal and external alignment; Khatri & Budhwar (2001) state that the full impact of HR practices on a company's performance is subject to the existence of an HR coherent system. Misalignment between the HR system and the strategy may destroy value.

The first five steps were concerned with the development of the HR architecture and the laying down of the foundation towards the measurement of the HR-firm performance relationships. In step six, HR professionals are required to design the HR measurement system in order to measure that HR-firm performance relationship. To do this requires the development of valid measures of HR deliverables; this implies that HR must choose the correct HR performance drivers and enablers as well as the correct measures for those deliverables.

Measurement choices range from traditional ones such as cost per hire and activity counts to more sophisticated measures that would include both financial and non financial measures and would allow the firm estimate the impact of HR's performance on the business bottom line.

This step thus leads to the setting up of an HR scorecard whose objective is to highlight how HR can be managed as a strategic asset and how it contributes to an organisational financial success.

Once the scorecard is implemented, HR professionals are in a better position to manage HR as a strategic asset. Implementation of the above is thus the last step in the whole process, and same requires flexibility and change in the way things are being done in a company.

It is important that the above process, proposed by Becker, Huselid & Ulrich (2001), be regularly revised and adapted to changes in strategy; HR enablers which no longer support the business strategy must be discarded and new ones identified and inserted.

2.6.3 Ability to Support the Organisation's Competitive Strategies with HRM Practices

As a strategic partner, HR should, in addition, be able to support the organisation's competitive strategies with HRM practices. As already mentioned, SHRM is a subset of larger strategic management model (Ramguttty-Wong & McCourt, 2003) and it is important to match the characteristics (that is, personality, skills, abilities, values and perspectives) of top managers and the behaviours of employees with the strategies of the business. This matching is not a new element; same was mentioned, twenty years ago, by Schuler & Jackson (1987). The needed employee behaviours vary along several dimensions. Some of these role behaviours, to name, but a few, are: highly repetitive, predictable behaviour, highly creative, innovative behaviour, very short-term focus, very long-term behaviour, highly cooperative, interdependent behaviour and highly independent, autonomous behaviour. Such dimensions may vary according to the strategy that the company is pursuing. The

approach here is similar to that elaborated in the matching model developed by Fombrun *et al* (1982).

The authors based their studies on the three competitive strategies defined by Porter (2001) which can be used by organisations to gain competitive advantage: these competitive strategies are innovation, quality enhancement and cost reduction.

According to Schuler & Jackson (1987), businesses pursuing a competitive strategy of innovation, for instance, aimed at being the sole producer of a specific product or unique provider of a specific service. This implies that these organisations have to create the conditions conducive to innovation. Such companies would then recruit managers with a high degree of creative behaviour, that is managers who work differently; these managers should have a vision and be long term focused; they should be cooperative and act interdependently, have a moderate degree of concern for quality and quantity, but have an equal degree of concern for processes and results; they should not be risk averse and must have a high tolerance of ambiguity and unpredictability. The implications of pursuing such strategy for managing people may include the recruitment of highly skilled individuals, the empowerment of staff, enhanced investment in HR and encouragement of experimentation without penalising failures. Such conditions will result in feelings of “enhanced personal control and morale, and thus a greater commitment to self and profession rather than to the employing organisation” which could, however, benefit both the organisation and the employees (Schuler & Jackson, 1987:210). Hewlett-Packard, 3M, Johnson & Johnson and PepsiCo are all successful innovative firms.

The impact of the quality-enhancement strategy on people management is different from the innovation strategy. Such strategy usually entails the necessity to have feedback systems in place; team work should be

facilitated and employees encouraged to make decisions and to assume their responsibility; the job classification system should also be flexible, so as to enable rapid changes in processes. Schuler & Jackson (1987) believe that such HR practices usually result in greater commitment of employees to the firm, better quality and increased output. They cite the case of L.L Bean which has been pursuing such a type of strategy, and whose sales have increased tenfold while the number of their permanent employees has grown only fivefold.

Firms which, on the other hand, seek a competitive strategy of quality enhancement must look for employees with relatively repetitive and predictable behaviours, having a medium to long term focus, demonstrating a modest amount of cooperative, interdependent behaviour, having a high concern for quality, but a modest interest in the quantity of output; such employees should be highly concerned with the way in which goods and services are being made or delivered; they would generally go for low-risk activities, but would be committed to the objectives of the organisation. It is argued that, as quality improvement usually involves greater commitment, fewer employees are needed to produce the same level of output and increase in demand, due to increase in quality, can be met with proportionately fewer employees. This phenomenon has been observed at Corning Glass, Honda and L.L. Bean (Schuler & Jackson, 1987).

Firms pursuing a cost-reduction strategy are usually characterised by tight controls, minimisation of overheads and pursuit of economies of scale. The aim of such measures is to increase productivity. Increase in productivity can also be achieved through a series of measures such as reduction of the number of employees, increased use of part-time employees and subcontractors, reduction in wage levels, work simplification and automation. Firms that have applied such strategy are Chrysler, Ford, General Motors, AT&T, General Electric and Whirlpool.

Schuler & Jackson (1987) state that companies wishing to pursue a competitive strategy of cost reduction should look for employees demonstrating relatively repetitive and predictable behaviours. These companies have a short-term focus, have a modest concern for quality, but a high concern for quantity of output and results; they are usually more comfortable with low risk-taking activities and stability.

In linking the above competitive strategies and needed role behaviours to HRM practices such as planning, staffing, appraising, compensating, and training and development, Schuler & Jackson (1987) came up with the following hypotheses of competitive strategy-HRM archetypes:

Innovation strategy – firms pursuing this type of strategy are likely to have jobs that require close interaction and coordination among groups of individuals with performance appraisals likely to promote group-based and long term achievements; the jobs within those organisations would enable employees to develop skills that could be used in other positions within the business and their compensation systems would favour internal equity rather than external or market-based equity; the pay rates in those organisations would tend to be low compared to their competitors, but the pay package would include a mix of components such as stock options and bonus; the career path within the organisation would reinforce the development of a broad range of skills. These practices will thus facilitate the cooperative, interdependent behaviour oriented toward longer term, facilitating the sharing of ideas and the taking of risk; as already mentioned, all these role behaviours are associated with the strategy of innovation.

Quality-enhancement strategy – businesses going for this type of strategy will have relatively fixed and explicit job descriptions and encourage high levels of employee participation in decisions relevant to their immediate working environment; performance appraisals would favour a mix of both

individual and team work short term deliverables; employees will be treated on an egalitarian basis and be given some guarantees of employment as well as extensive and continuous training. Such practices will favour a highly reliable behaviour from individuals who can identify with the goals of the organisation and who will be prepared to adapt to changes, whenever necessary.

Cost-reduction strategy – key human practices that need to be adopted when pursuing such strategy include the clear and stable job descriptions so as to allow as little room as possible for ambiguity; specialisation, expertise and efficiency will be encouraged by narrowly designed jobs and narrowly defined career paths; firms pursuing the above strategy will adopt similar HR practices to those going for a quality-enhancement strategy with respect to training and development and performance appraisals system; their pay levels will follow the market trend contrary to firms pursuing the innovation strategy.

To enhance its credibility within the organisation and affirm itself as the strategic partner of the business, HR must not, in the heat of fire fighting, abandon its strategy of working with management so as to align organisation structure and employee behaviour with business goals and ever-changing priorities (Buford & Mackavey, 2003).

2.6.4 Have an HR with Appropriate Skills and Competencies

In terms of competence, it is vital that HR people have a profound knowledge of good HR practice and SHRM; this point, which may be rather banal, is critical. Ramguttty-Wong & McCourt (2003) state, for instance, that such fundamental knowledge is not available in some Mauritian organisations and, more specifically, not in the government.

On top of the above, HR will have to develop the skills that have the greatest impact on an organisation's performance, that is, business and strategic competencies. As already mentioned, HR, as a strategic partner, must draw the organisation's architecture, do a gap analysis and come up with solutions to breach the gaps identified. This requires a sound knowledge of the organisation. Goodge (2005) asserts that the best HR partners may be found outside HR, for instance in sales, customer services, operations and marketing.

Among the skills that HR practitioners believe they should develop for the future, are high-level political influential skills, ability to formulate new HR policies and procedural framework, knowledge to develop and implement e-HR systems, ability to train line managers to deal with HR issues such as conducting job interviews or dealing with employees' grievances (Holbeche, 2001 and Whittaker & Marchington, 2003). This refers to the "ability to make things happen by understanding the informal system and bringing about change without formal authority" (Holbeche, 2001:111). Knowledge of business models, trends and issues and their impact on working practices as well as knowledge of re-engineering, ability to manage culture and make change happen are critical factors for the successful implementation of HR's new agenda (Ulrich, 1997; Becker, Huselid & Ulrich, 2001; Higgs, 2003 and Richardson of American Express, in Accenture, 2004). It is argued that HR must know the threats, opportunities and trends in today's environment and be able to anticipate tomorrow's environment to plan with confidence, ascertain risks, make decisions and help the organisation remain competitive in the market place (Aghazadeh, 2003). For Richardson (in Accenture, 2004), the most critical skill remains the ability to implement future thinking and innovative approaches to address areas that have an impact on both shareholder and employees, and this includes areas such as health and welfare benefits as well as employee safety.

According to Truss (2003), the personality, approach and focus of the HR director could be one of the most significant factors that will influence the role of HR as a strategic partner within an organisation. The ability of the HR director to lead, develop and implement HR strategies, linked to the overall strategic direction of the organisation as well as his ability to deliver quick wins along the way towards achievement of objectives, is a factor that needs to be taken into the equation.

2.6.5 Key Elements for Partnering

According to Higgs (2003) and Papalexandris & Panayotopoulou (2005), the role of HR, in organisations which have devolved people management responsibility to line, tends to be focused on building the capability of line managers to fulfil their new role, in a flexible and productive way. Thornhill & Saunders (1998) sustain that it is important to make line managers understand the link between the management of HR and the organisation's strategic intent so that they manage their people in accordance with the organisation's strategy.

The findings of a survey carried out by Whittaker & Marchington (2003) revealed that a number of issues need to be dealt with by both line managers and HR specialists in partnership. Most importantly, the roles and responsibilities of each actor need to be clarified (one of the issues hampering the implementation of HR as a strategic partner identified, relates to the clarification of roles): for instance, the recruitment and selection frameworks could be set by HR, while the decision making would rest with the line with clear support from HR. Similarly, minor grievances can be handled by the line, but HR expertise is fundamental when dealing with more serious situations, dismissal for an example. A survey effected by Budhwar (2000) in industries operating in the UK, reveals that line management responsibility for pay, recruitment, training, industrial relations, health and safety and expansion/reduction decisions is

following an increasing trend, and the author states that there is some evidence of devolved competency, with at least 33% of the line being trained in HR related areas. Thus, the issue of training the line is being dealt with by a significant percentage of these organisations.

According to Larsen & Brewster (2003), in countries such as Sweden, there is a trend to move HR away from administrative, system-oriented HRM roles towards more strategy and consultancy work as the day to day HRM work has become more integrated in line operations. As per the two authors, this trend is also seen in Denmark where HR departments contribute to the formation of corporate strategy by conducting opinion surveys, work environment surveys and participating in industrial negotiations with the executive committee. The advent of the intranet has considerably assisted in the devolution of HR responsibility to line, and same is being used by HR to assist line managers in dealing with some HR situations such as recruitment and disciplinary situations, and, at the same time, free up their time to deal with activities which remained with HR. This initiative, however, contributed to dilute the personal contact which existed between HR and line and made HR even more remote to the organisation, “shut up in their ivory tower” (Whittaker & Marchington, 2003:256). According to the survey, while this has helped to make HR more visible in the boardroom, it makes them appear less accessible to line managers in need of direct and immediate support. This raises a dilemma for the HR function as, at times, it does not know where to position itself to be more effective.

Robinson & Robinson (2005) identified three key elements, namely access, credibility and trust, which would assist HR in acquiring its place on the strategic decision-making table.

By access, Robinson & Robinson (2005:31) refer to the ability of HR to make “face time” with the real owners of the business, that is, those

involved in driving the business, making the strategy and being responsible for the achievement of results. This will provide HR with a holistic vision of the business and strategy of the company and will assist in the development of a long term collaborative relationship with those responsible for the business, a situation conducive to the elaboration of solutions aligned with the needs, preferences and requirements of the business. It is important that HR makes decision makers understand the meaning of HR partnering and the advantages to be reaped from such an association.

The above will be further reinforced by the development of a strong relationship with experts and specialists, both within and outside the organisation, so as to draw on their expertise for the benefit of the organisation as a whole (Yarnall, 2005).

Credibility, the second key element for successful partnering, has been covered earlier and is achieved only when the business believes in the capability of HR to deliver results as per agreed criteria and standards. Credibility is a sensitive issue; it is “elusive, difficult to acquire and easily lost” Goodge (2005:35); without credibility, HR partnering is powerless.

To make the business partnership a success, HR must have the characteristics or capability to make an impact: it must be visible and bring energy to drive the role. This usually derives from self awareness, which, in turn, contributes to the increase of credibility.

Trust, the third criteria identified by Robinson & Robinson (2005), leads to a successful partnership between HR, line and strategic decision makers. Trust is developed when there is congruence between what is said and what is done, when the actions done by HR are in the best interest of the organisation, by a careful management of the content being delivered by HR and by the establishment of an environment favouring open

communication flows among all those involved (Robinson & Robinson, 2005 and Yarnall, 2005).

Yarnall (2005) states that, in order, to be a successful strategic business partner, HR needs to be proactive, shift from purely operational matters towards a more strategic approach and be perpetually on the move to create and lead change. Ulrich (1997), however, states that HR cannot move away completely from operational matters as it has to ensure both short term and long term deliverables. To think “long term” requires additional skills such as creativity and a readiness to cope with uncertainty and complexity and work in situations of uncertainty.

Furthermore, to be able to be strategic, the organisation will have to ensure that people at all levels develop an ability to think strategic, so that they can understand the necessity to work in close collaboration with each other to deliver strategic solutions. For Holbeche (2001), staff should be conversant with IT skills, financial and business, competencies in the areas of business knowledge and be ready to take decisions relying on sound bases. Other skills that need to be developed include leadership and change management skills, more particularly at management level, entrepreneurial and creative thinking so that people are able to find innovative solutions and make things happen. The development of such skills calls for a long term strategic approach “firmly rooted in the here and now” (Holbeche, 2001:112).

2.6.6 Support of Leaders

“Virtually every imperative of the new mandate for HR requires a redefinition of its purpose. And, for it to happen, senior managers must lead the way.”

(Ulrich, 1997:131).

Buy-in of organisations' leaders is a must for the successful implementation of HR as a strategic partner (Truss, 2003). It is important that leaders communicate to the organisation that the "soft stuff" matters, and that management recognises same as one factor essential for the organisation's sustainable competitiveness. The importance of people within the organisation has been recognised by successful companies such as General Electric (GE) and Hewlett-Packard (HP) to name, but a few. GE's ex CEO, Jack Welch, states that he spent 30% of his time on people issues, and the management of people was one of the main objectives of HPs CEO, in 1997 (Ulrich, 1997). This implies that top executives must believe in the value of HR within an organisation and must be conscious that issues such as culture change and intellectual capital are critical to business success and they must devote their time to such aspects.

Their belief in HR can be shown in different ways ranging from communication to time spent on organisation's change initiatives or by including HR in strategy discussions. Accenture (2004) reports that the enthusiasm of CEOs for people is among the factors that contribute to the increase of the role and influence of HR within an organisation. Such enthusiasm which must be highly visible is demonstrated, for instance, by the holding of regular information exchanges whereby employees are given the opportunity to discuss challenges and best practices and by embedding HR professionals in senior management teams, which result in HR professionals being involved in all aspects of business, and be thus in a position to pick up on nuances that can be missed without the day to day contact with the business.

CEOs must show that "without the collaboration of HR, strategies are more hopes than realities, promises than acts, and concepts than results" (Ulrich, 1997:131). Furthermore, top managers should set a list of deliverables for HR, as per criteria of the balanced scorecard, and follow,

measure and recognise and reward performance against these deliverables as it does for any other business unit within the organisation.

Investment in good HR practices and new technology is another way of supporting HR in its new agenda; top executives should provide the function with new tools, information and processes to perform its duty. Sophisticated HR information system can provide services in areas such as recruitment, selection, distance learning and employees benefits. Accenture (2004) reports the turn-around of HR at US-based Delaware Investments where Hutcheson, Senior Vice-President for HR, transformed the HR function from a reactive, order-taking group to a high-performance team, and this was facilitated with the introduction of new technologies in the organisation. Bowick, Executive Vice-President for HR at Hewlett-Packard, cited in Accenture (2004), is of opinion that HR leaders should understand how to use technology creatively to enhance the relationship among employees, supervisors and managers.

By supporting HR, senior management provides a clear signal of HR's importance in the organisation. HR, on its part, should ensure that identified good practices are adapted to the organisation's unique environment, as copying what has been done elsewhere may not fit one's organisation (Ulrich, 1997 and Becker, Huselid & Ulrich, 2001). For instance, steps taken by Hutcheson to turn around the HR team of Delaware Investment included the establishment of extensive curriculum and training programs to enhance the capabilities of the organisation; building partnership with other functions within the organisation; focusing on key processes where HR is deeply involved and assisting managers in crafting their business plans and in understanding the impact of environmental changes on their workforce needs. Hutcheson implemented an HR dashboard which illustrates in detail various HR activities and business results generated from there. The dashboard covered items such as turnover, compensation, workforce performance

and recruitment as well as insights into financial aspects of the workforce such as revenue and operating cost per employee and compensation and benefits as a percentage of operating expenses and revenue.

2.6.7 Institutional Reinforcements

Institutional reinforcements can be both at organisation and national levels. McGovern *et al* (1997) state that organisations committed to having their line managers involved in HR practices should have this role institutionalised and reinforced in the organisation's policies and procedures. This implies that such roles should be integrated in individual line manager's job profiles and performance objectives.

Initiatives can also be taken at the national level; one of these initiatives called the Working Together, introduced by the UK's Labour government, contributed to enhance the importance of HR within organisations, and strategies initiated by the government often include a section which relates to workforce issues (Truss 2003).

2.6.8 Recognition of HR within the Organisation

To manage ambiguities in their role of strategic partner and employee expert, it is argued that HR managers need power and authority and be recognised as professionals, able to represent employee needs and implement management agendas, and be both the voice of employees and that of management, capable of acting as a partner to both employees and managers. Guest & King (2004) suggest that such ambiguity can be resolved by a more clear-cut alignment with management and the recognition that line managers are responsible for the implementation of HRM. The author cites the example of a successful response to this paradox: "How can I better meet your needs than by

sitting with and influencing management?” This point of view is, however, not in the philosophy of Ulrich’s (1997) model.

The recognition of HR in an organisation can be measured by the degree of integration of the discipline at strategic level. As per Budhwar (2000), the level of integration is measured on the presence of HR on the board, the availability of a formalised personnel strategy and the consultation of HR directors in the development of corporate strategy. Early consultation ensures that HR issues are covered in the business strategy before it is pursued and, therefore, helps to update and improve HR strategy and create structured implementation systems. Thornhill & Saunders (1998), as well as Pietersen & Engelbrecht (2005), argue that HR should share the same power and status as its counterparts in the finance, marketing or production area.

The conditions necessary for the integration of HR as a strategic partner include, in a nutshell, the familiarity of the HR people with HR models and a sound knowledge of the business, a strategic framework in place in the organisation, devolution of personnel management to line and most importantly the support of leaders.

Research Question 4:

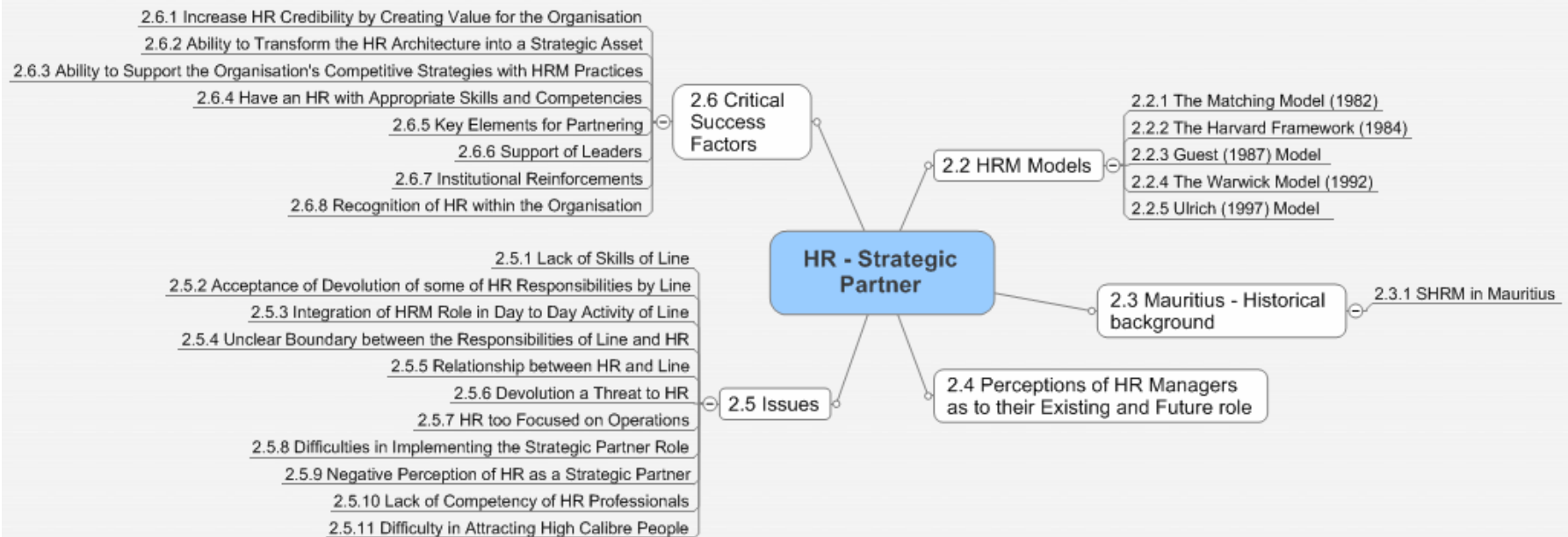
How do organisations respond to the issues which prevent the application of the HR strategic partner role?

Above literature highlights the issues linked to the implementation of the strategic partner role of HR in organisations as well as the critical success factors required for the fostering of the HR strategic partner role in organisations. The main topics described in this chapter are summarised in the mind map displayed in Figure 10.

A consistency matrix is available as Appendix 3.

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Figure 10 - HR as a Strategic Partner: Main elements of Chapter 2



CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The methodology used in this report comprises a qualitative research made through interviews of CEOs/general or their second in line managers (who will thereafter be referred to as CEOs), HR directors/managers and line managers of seven of the ten organisations forming part of the SEM-7 and the corresponding SEM-7 reserve list, as at July 2005. According to Khatri & Budhwar (2001), past HR research has not focused on the important information that could be obtained from CEOs and other senior line managers. By including both CEOs and line managers in this research, the researcher is looking for a better opportunity to understand the complexity of the issues from different angles (Khatri & Budhwar, 2001).

The organisations included in the sample operate in different industries, namely finance, sugar, commerce, construction and transport.

The choice of the organisations and their respondents stems from their availability to participate in the interview, a method known as “non-probability sampling”.

Willemsse (1990:12) defines non-probability sampling as “any sampling technique in which selection of the items is not determined by chance, but rather by personal convenience, expert judgement, or any type of conscious researcher selection.” While probability sampling is considered as a more reliable technique, the reason for the choice of non-probability sampling was deliberate as the selection of organisations for this survey

highly depended on the availability of key stakeholders, namely their CEOs and HR directors. This type of sampling is known as “convenience (chunk) sampling (Willemse, 1990:12). The main disadvantage of this method, however, is that the interviewer has too much discretion in the choice of the sample population. In this research, this discretion is constrained by the small size of the population which consists of ten companies, and the sample size here represents 70% of the population. As per Willemse (1990), convenience sampling is useful for producing ideas and for gaining insights on a specific subject, and not for population projections or generalisations. Convenience sampling is thus appropriate for this research which aims at gaining an insight of the extent to which senior HR managers are operating as strategic partners in top Mauritian organisations.

According to Leedy & Ormrod (2001), qualitative approaches have two things in common: first, they focus on events that occur in the real world, and second, they involve the study of those occurrences in all their complexities, with all their dimensions and layers. The authors state that qualitative researches call for the ability of the researcher to interpret and make sense of what he sees and what he considers as critical for an understanding; the researcher is thus used as an instrument during the whole exercise. This aspect is important and has been validated by many researchers who are of opinion that there is not necessarily a single or ultimate truth; there are instead different ways of looking at the same thing, each being of equal validity and truth (Leedy & Ormrod, 2001). Qualitative approaches have the additional benefit of providing “richness or thick description” to findings (Farber, 2006:2).

Qualitative studies continue to evolve over the course of the research as researchers learn more about what they are studying, as they proceed along. This, however, does not imply that qualitative studies need no preparation or planning. In fact they do. The researcher has to observe,

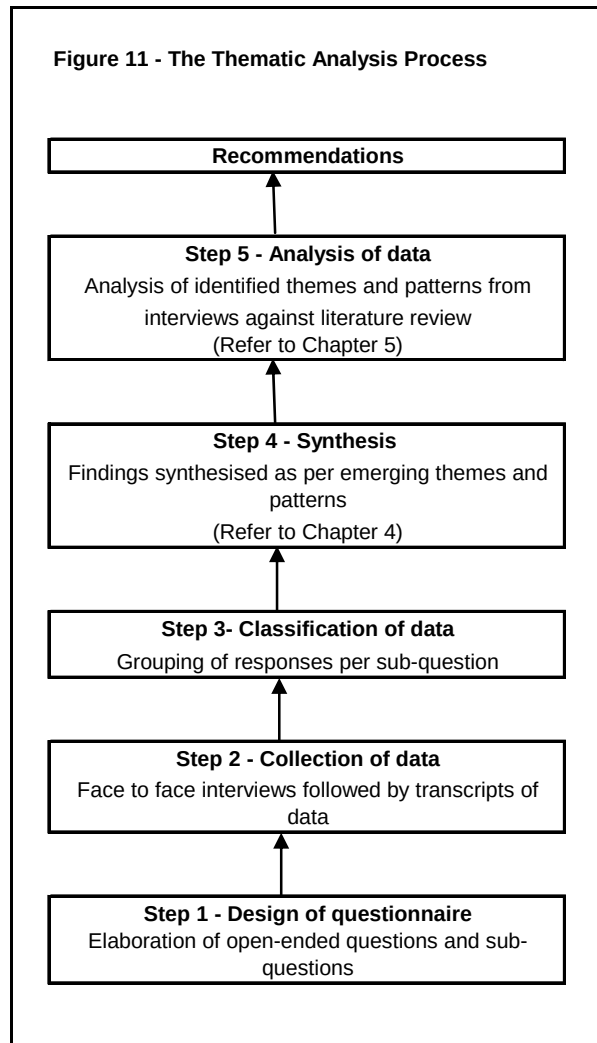
apply interview strategies, and be trained to use whatever data collection technique is appropriate, to collect as much information as needed to answer the research questions and be comfortable with the literature related to the problem in order to sort out important data from unimportant details, from what is being observed.

Qualitative research has been found appropriate to the present research as this methodology has enabled the researcher to gain insights about the nature of the issues associated with the application of the strategic partner role of HR within Mauritian organisations and to test the applicability of the model in real-world contexts; as per Farber (2006), qualitative approaches are appropriate when the researcher does not really know what he will find, but is interested in listening, exploring and discovering patterns.

3.2 Analysis Method

The present study uses a type of thematic analysis in terms of the research questions identified in chapter 2 to gain a better understanding of the extent to which HR is operating as strategic partners in Mauritian organisations. As per Aronson (1994:1), “thematic analysis focuses on identifiable themes and patterns of living/or behaviour”; it is exploratory and aims to understand the context, data and issues on hand.

The thematic analysis was performed following a five step process illustrated in Figure 11.



3.2.1 Step 1 - Questionnaire Design for the Interviews

The questionnaire consisted of a number of open-ended questions designed to provide information to the four research questions which read:

Research Question 1: How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?

Research Question 2: What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?

Research Question 3: How does the level of competency of HR affect its ability to link HR strategies with the organisations' strategies?

Research Question 4: How do organisations respond to the issues which prevent the application of the HR strategic partner role?

These questions were directed to selected interviewees, namely CEO's/general managers, HR directors/managers and line managers. Open-ended questions are not "forced choice questions" in which the researcher expects answers from the respondent to "fit into certain categories" (Farber, 2006:13). According to the author, these types of questions enable the researcher to keep an open mind and provide an overarching focus to the research. In addition to the research questions, the researcher has elaborated a set of specific sub questions that have been used to conduct the interviews and prompt respondents.

The researcher has tried to keep the questions as short as possible and avoided double barrelled and leading questions and the use of jargon, as per Leedy & Ormrod (2001). The interview protocol is displayed in Appendix 1.

A covering letter explaining the purpose of the study (Appendix 2) as well as the list of questions were forwarded to the interviewees prior to the meeting. This approach was used to prepare the participants to the interview, to start establishing a rapport before the meeting and to reassure them as to the confidentiality of the information that will be exchanged during the interviews. Such process is known as obtaining "informed consent" from the interviewee (Farber, 2006:14).

3.2.2 Step 2 - Data Collection

A one-hour face to face semi-structured interview has been conducted by the researcher with each respondent. This type of interview has proved appropriate as it enabled the researcher to control the topics and patterns of the discussion and adapt the questionnaire as the interviews proceed and, where necessary, adjust to the respondent's language. Planned and unplanned prompts were also used during the interviews.

The advantages of interviews lie in the richness of detailed information that can be secured during the interaction, provided the interviewer succeeded in establishing a rapport with the interviewees and obtained their full cooperation (Farber, 2006). For this research, the collaboration of all those interviewed was obtained, with the exception of one busy acting CEO, and the rapport with the interviewee was established at the initial stage of the meeting. The researcher has used empathy to build in a relationship of confidence with interviewees, and this is evidenced by a number of confidential information collected during the intercourse. The interviews were held at the respondents' offices.

During the interview, the interviewer was able to adapt to the condition of the meeting, probe the respondent with additional questions and gather information through observation, as recommended by Cooper & Schindler (1998). The researcher remained as flexible as possible as to the sequence in which the questions were asked, but, he ensured that he remained in control of the interview process; at times, he had to come back to the questions on hand, so as to keep the focus on the purpose of the interview.

The main disadvantages of such a technique, identified by Cooper & Schindler (1998) and Leedy & Ormrod (2001), are the cost and the time

spent for such exercise, and same is not practical with large sample sizes. In the case of this research, however, the number of people interviewed was manageable: 21 in all. In this type of research, the researcher is the “research instrument (the participant observer)” (Faber, 2006:13) and, as such, is part of the study; the influence that the researcher may have on the interviewees’ responses as well as on the interpretation of the former on the information obtained are other known disadvantages of the interview technique highlighted by Cooper & Schindler (1998), Leedy & Ormrod (2001) and Faber (2006).

To mitigate some of the disadvantages mentioned above, the researcher has put aside his own feelings during the interviews so as not to jeopardise the results through bias interpretation; in addition, he tried to confirm with the respondent his understanding of the question and has been careful not to mislead the respondent by using jargon or ambiguous words. The interviews were recorded and notes taken simultaneously; verbatim transcripts were thereafter forwarded to interviewees for comments, precisions or amendments.

3.2.3 Step 3 - Classification of Data

Verbatim transcriptions of responses for each question and sub question from each interviewee were organised in an excel sheet; the input of such data on the excel sheet enabled the sorting of responses per position or per company, and provided the researcher with a holistic view of themes and patterns emerging from answers obtained.

3.2.4 Step 4 - Synthesis of Findings

Responses to questions and sub questions were thereafter synthesised with reference to direct quotations of answers obtained, where necessary,

and grouped under the appropriate research questions. The findings are elaborated in chapter 4.

3.2.5 Step 5 – Interpretation of Findings

Themes and patterns coming out from the interviews were analysed and presented under the appropriate research question. The interpretation of the results is found in chapter 5.

3.4 Validity and Reliability

Validity serves to rate the credibility, meaningfulness and accuracy of the research as a whole: “How far can we believe in it?” A research effort is worthwhile only if it enables the researcher to draw “meaningful and defensible conclusions” from the data (Leedy & Ormrod, 2001:103). There are two questions that are usually asked to test the validity of a research study; the first one is: “Does the study have sufficient controls to ensure that the conclusions drawn are truly warranted by the data?” The first question addresses the issue of internal validity. The second question is: “Can we use what has been observed in the research situation to make generalisations about the world beyond that specific situation?” This question addresses the issue of external validity (Leedy & Ormrod, 2001:103-104)

To address the validity and reliability of the data collected, the interviews were recorded, and the transcripts sent to the interviewees for comments or adjustments; of the 21 persons interviewed, only seven provided feedback. Both the cassettes and transcripts are held secure.

3.4.1 Data Collection

Internal validity

Internal validity of a research is the extent to which the design of the said research and the data obtained allow the researcher to draw accurate, credible conclusions about cause-and-effect and other relationships within the data. To ensure internal validity of a research study, the researcher will take whatever precautions to “eliminate other possible explanations for the results” obtained (Leedy & Ormrod, 2001:103).

To that intent, the questionnaire has been designed as per information collected in the literature review, and the words selected carefully so as to avoid risk of misinterpretation. Furthermore, the researcher had recourse to triangulation whereby data has been collected from three different members of a same company, namely, the CEO/general manager, HR director/manager and a line manager. Information gathered has been analysed and referred to as comments or references in the next chapter.

External validity

External validity refers to the extent to which the findings can be applied in other contexts. It explains how useful the research is in the real world.

External validity is guaranteed in this research by the fact that the study is carried out in the real world. As opposed to laboratory experiments, which are controlled, research conducted in the outside world does not have the same tight control of the environment in which the study is carried out. Same may be “more valid in the sense that it yields results with broader applicability to other real-world contexts” (Leedy & Ormrod, 2001:104). However, given that the researcher opted for a non-probability sampling

for this study, the findings of this research cannot be generalised, even though they may be useful and applicable to other organisations.

To ensure external validity, the researcher met people in the business who should be directly involved with or impacted by the application of Ulrich's (1997) strategic partner model: actors particularly concerned by the model are members of the top management, HR and line managers.

3.4.2 Reliability

Reliability relates to the consistency with which a measuring instrument yields a certain result. The reliability of the research has been enhanced through establishing coherence between the purpose of the study, the literature reviewed, the research questions identified and the research methodology.

CHAPTER 4

PRESENTATION OF RESULTS

This section presents the findings of the research. Section 4.1 gives the profile of the seven companies included in the survey, while sections 4.2 to 4.5 present data collected during the face to face interviews conducted by the researcher as per the four research questions identified in chapter 2.

4.1 Profile of the Companies Surveyed

The following section describes the profile of the companies included in the survey, and provides information on their personnel/HR BU such as the size and structure of the department, as well as the professional background of their personnel/HR manager. Information contained in this section has been gathered through the said companies' websites, annual reports and from the interviews the researcher conducted.

4.1.1 The Mauritius Commercial Bank Ltd (MCB)

MCB was created in 1838 and is the oldest commercial bank operating in Mauritius; it is a pioneer in the Mauritian banking services sector as it is the first bank to install Automatic Teller Machines (ATMs) and to issue credit cards and acquire international debit cards (Maestro and Visa Electron); it is the first organisation to launch e-commerce and telephone banking services, to offer internet banking services, to allow customers to buy air time for prepaid mobile phones through the telephone and the internet; first to offer factoring services and first Mauritian bank to raise a

revolving credit on the international market (The Mauritius Commercial Bank Ltd, 2004).

This bank, which forms part of the MCB Group, offers banking services such as loans, deposits, current accounts, savings accounts, cards services, foreign currency trading, custody, trade finance and factoring, as well as a broad range of non-financial services such as investment management, stock broking, trustees and registry services.

MCB plays a key role in Mauritius by extending its support to the main sectors of the economy, trade, agriculture, textile and tourism and to the community by sponsoring sports events, education, environment, art and culture.

MCB employs over 1,900 persons as at September 2005. MCB operates in Madagascar, Mozambique and Seychelles through its wholly owned banking subsidiaries, and is present in Mayotte, Réunion and Paris through its 50% stake in Banque Française Commerciale Océan Indien (BFCOI). The Bank is pursuing a strategy of regional expansion and product diversification.

The bank considers its people as a source of competitive advantage and, in its endeavour to improve its HR processes and encourage personal and professional growth, it has undergone a complete reengineering of its HR management over the last four years and has brought in a new senior HR manager who has worked in the discipline for 17 years: first in a large construction company employing 2,600 people and then as an HR consultant for 22 countries in Asia Pacific for Hong Kong and Shanghai Bank, prior to joining MCB in 2005.

The evolution of HR at MCB, from a personnel department to an HR SBU, resulted in the setting up of a modern and structured unit, with more specific HR processes as well as clearly defined HR functions.

The HR SBU consists of 26 employees of which five coordinators (HR managers) whose main responsibility rests in providing support to line managers in recruitment, performance appraisal and job profiling; the HR function is centralised at MCB.

4.1.2 Rogers

The Rogers Group ranks amongst the top conglomerates in Mauritius, covering a wide range of activities including aviation and tourism, logistics, financial services, distribution and industrials. Rogers Group employs approximately 5,000 employees both in Mauritius, in the region and in Europe, namely in Madagascar, Mozambique, Comoros Islands, Reunion, Mayotte, Senegal, Kenya as well as in France.

Rogers was founded in 1899, and was, at that time, more in the import and distribution sectors, and then extended its activities, in 1930, into the shipping sector as shipping agents and then by chartering its own ships. In the 1960s, Rogers acted as a catalyst in gathering funds and setting up appropriate structure for the creation of the national airline, Air Mauritius, which, through regular flights to Europe, contributed towards the growth of the tourism sector (Rogers, 2004).

In 2005, the group was restructured and gave life to two new corporate brands, namely CIM which looks after insurance, credit management, offshore management, retail, stock broking, outsourcing and asset management, and Cerena which covers agro science, health care, industrial and trade services. Rogers retained the aviation, hotels, leisure, logistics and shipping activities (Rogers, 2005). The restructuring of the

group forms part of their decentralisation strategy aiming towards the increased participation of managers of the three divisions into the decision making process.

For a long time, HR at Rogers had a “one size fits all” process which was mostly focusing on industrial relations and a few HR initiatives such as training. At that time, the HR department was known as a personnel department. Five years ago, the group hired a new HR director who acquired experience in HR in the sugar sector, where he acted as HR manager for 14 years before joining Rogers. Under the impetus of the new HR director, the HR department was restructured and, in line with the group’s strategy, the HR functions were decentralised with one HR manager operating in each unit. These HR managers reported directly to the division’s managing director of these units with a “dotted” reporting line to the senior HR manager. In addition, the structure of the HR department caters for one person looking after the implementation of HR projects and one HR Development (HRD) manager.

4.1.3 Ireland Blyth Ltd (IBL)

IBL was incorporated as a private company in 1972, following a merger of Blyth Brothers & Co. Ltd and Ireland Fraser & Co Ltd, two organisations which have been trading in Mauritius since the early 19th century (Ireland Blyth, 2006).

The organisation remained a private company until 1994 when it became a public company listed on the Stock Exchange of Mauritius.

IBL is among the largest groups in Mauritius with activities covering a wide range of sectors from contracting, financial services, food and distribution, information technology, projects, services and property management, shipping, aviation, domestic appliances, earthmoving

equipment and power systems and pharmaceuticals (Ireland Blyth, 2004). It also represents a large number of international shipping companies and is substantially involved in hotel investment and tourism in Mauritius, Seychelles, Comoros Islands, Zimbabwe and Zambia.

As from April 1, 2006, the activities of the group were organised in four sectors, namely commerce, engineering, financial services & marine, logistics & aviation and five corporate units, namely corporate affairs, finance, HR & communication, information technology, projects & property management, all operating from the head office. IBL has more than 5,000 employees (Ireland Blyth, 2006).

Nine years ago, the HR department of IBL, which was operating under the name of the personnel department, was staffed with three HR managers for the whole group, looking after various aspects of HR. At that time, the group hired a health and safety manager and, later on, recruited a seasoned chief HR & communication officer. The latter has been working in HR for more than 25 years; throughout his working life, he has acquired experience in different fields of activities such as advertising, consultancy and change management. When he joined IBL, he decided to restructure the department and to change the title of the personnel managers operating in the organisation to HR managers with new challenges: become more proactive, focus on strategy and HR functions such as manpower planning and HR management.

Today, the HR department is staffed with a chief HR & communication officer, one general manager – HR, looking after all HR aspects, seconded by a team of managers and officers, one training manager, one health & safety manager and one communication manager. The HR managers and officers are located in the different activity sectors with a reporting line to the head of these sectors, but with a functional reporting line to the general manager, HR.

4.1.4 Mon Trésor and Mon Désert Ltd (MTMD)

MTMD started its activities in 1927, mainly in the sugar cane cultivation, milling and energy production. MTMD has been among the first five companies to be listed on the Mauritius Stock Exchange. The company has been playing a key role over the years in the sugar sector which is still one of the pillars of the Mauritian economy; the company's agricultural operations are carried out at Mon Trésor, Britannia and Highlands over an area of 7,972 arpents of wholly owned land and the management of 6,427 arpents of land belonging to SIT Land Holdings Ltd and State Land Development Co Ltd. MTMD also produces flowers for exportation (Mon Trésor and Mon Désert, 2004).

The agricultural sector, more specifically the sugar industry, was the main engine of growth of the country's economy in the 1970s accounting at that time for about a quarter of the Mauritian total GDP, two fifths of total employment and nine tenths of total exports (Mauritius Chamber of Commerce, 2003). The cultivation of that crop on the Island dates back to the 17th century, when the Dutch occupied the island, and, ever since, sugar has been the backbone of the Mauritian economy. However, today sugar is no longer dominant in the economy as a whole and it accounts only for seven percent of employment, seven percent of GDP and 14% of total exports (The Mauritius Chamber of Commerce, 2003).

Revenues from the sugar industry, which have been so instrumental to the development of the country, have been made possible by preferential treatments obtained through agreements, production quotas, import control, government support prices and preferential trade agreements of rich countries.

Mauritius is a signatory to both the Sugar Protocol (since 1975) and the Special Preferential Sugar Agreement (since 1995). These two agreements frame the sugar trade between African Caribbean and Pacific (ACP) countries, including Mauritius, and the European Union (EU). The Sugar Protocol provides duty free access to EU market for fixed quantities of sugar exported from ACP producers at a guaranteed price.

Both the Sugar Protocol and the Special Preferential Sugar Agreement form part of the EU Sugar Regime. However, there have been moves, since 2004 by the European Union, to reduce the guaranteed price for sugar by up to 37% by 2007, and also to liberalise the market. Such an event jeopardizes the financial viability of the sugar industry and is having considerable repercussions on the local economy and on the sugar estates.

In order to face the above challenges, MTMD has closed its milling factories to benefit from economies of scale and reduce production costs. MTMD is also restructuring its organisation in order to improve productivity. The main actions taken by MTMD in that context are the implementation of Voluntary Retirement Schemes (VRS), field mechanisation, irrigation, mechanical harvesting and energy diversification (MTMD, 2004). The staff strength, which used to be around 8,000, has now decreased to 1,200.

The situation in the sugar industry had an impact on the evolution of the HR department at MTMD, and its main activities now revolve around supporting operations managers and accompanying employees through the VRS process. The HR department consists of one HR manager, one administrative officer and two secretaries.

The HR manager of MTMD joined the company in year 2000 and acquired experience in the civil service, served in different ministries and worked for the National Broadcasting Corporation.

4.1.5 The United Basalt Products Ltd (UBP)

UBP was founded in 1953, and is the largest supplier of building materials in Mauritius. The company, which deals mainly with the production of aggregates, sandstones and hollow concrete blocks, has 12 crushing plants operating in Mauritius, Madagascar and Sri Lanka (Highbeam, 2002). Over the years, the company diversified its activities; it now operates two shops, “L’Espace Maison” and “Le Jardin de la Maison”, specialising respectively in the sales of home/hardware supplies and gardening equipment.

When the company started its operations in 1953, the company had ten employees and two support staff. The organisation expanded in the 60’s and 70’s and, at that time, the management of its 50 staff was entirely under the responsibility of its line managers. Line managers were handling functional HR activities such as leave management and relationship with trade unions.

The personnel function was set up in 1982, and, as at today, the department is still called personnel department and is staffed with one personnel manager, one personal assistant, one communication cum training manager and three employees exclusively dedicated to the management of payroll. All members of the personnel department operate from the head office. The company’s workforce is now equal to 987.

The existing personnel manager has been with UBP since he left secondary school in 1973 and has worked in various fields within the

organisation from accountancy department to the management of one plant and a sand quarry.

4.1.6 Shell (Mauritius) Ltd

The Shell Company of East Africa Limited started its marketing operations in Mauritius in 1905 through its agents, Blyth Brothers & Company Ltd. In 1976, Shell decided to manage its own business in Mauritius, and opened its offices on the island, under the name of Shell Company of the Islands Ltd. In 1991, the businesses of both Shell Company of the Islands Ltd as well as those of Shell Ocean Islands Ltd (a Shell company which has taken over the activities of the British Petroleum groups in 1982) were transferred to a locally incorporated group, Shell Mauritius Ltd. (Shell (Mauritius) Ltd, 2004). The latter company is quoted on the Mauritian Stock Exchange, and 25% of its shares are held by the Mauritian public.

Shell (Mauritius) Ltd today accounts for over half of the imported energy demand of Mauritius and is a leader in the provision of both automotive fuels and lubricants to its retail and business-to-business commercial clients; it supplies aviation fuel to Plaisance airport as well as bunker fuels and lubricants to both national and international shipping companies. In addition, Shell (Mauritius) Ltd is the largest supplier of liquefied petroleum gas (LPG) for domestic cooking and commercial uses.

Six years ago, the HR department regrouped the activities of HR as well as other activities such as catering and transport. The HR & services department, as it was called at that time, reported to the East Africa Hub HR manager, and the department was staffed with an HR manager and an HR and services assistant. More changes were brought in 2004, with the implementation of the Shell Oil Products Africa (SOPAF) structure, which was put in place to enable a better focus on procedures and processes within the African region, and, ultimately to reduce costs; this

resulted in the separation of the services function from the HR function, a change in the reporting line of the HR manager to the regional HR manager, and the local HR manager was given the added responsibility of looking after the management of HR in Shell Madagascar and Réunion. To second the HR manager, the organisation created one year ago a new position, the HR business support manager; the latter spends most of his time on the field and works in close collaboration with line managers.

The HR manager worked for a consultancy company for some years prior to joining Shell in 1990.

4.1.7 Air Mauritius

Air Mauritius, the national airline, was incorporated in June 1967 and started its operations with a Piper-Navajo. Today, the company has a fleet consisting of seven airbuses, two boeings, three ATRs and three bell range helicopters (Air Mauritius, 2006).

Nowadays the airline flies to countries within the region, Europe and Asia, and operates flights to Australia. Passenger traffic constitutes 80% of the company's revenue in 2003, but cargo is increasing in importance and presents a huge potential (Suddhoo, 2003).

The HR department was initially a small unit within the organisation, looking mainly after recruitment and industrial relations, and training primarily focused on service levels and the regulatory training of pilots and crews. Eight years ago, the department was operating with one director, two HR managers seconded by a team of administrative staff, and the number of employees within the organisation was more than 2,000. Today, the staff strength is about 2,800 employees comprising cabin crews, pilots and ground staff both operating in Mauritius and in out stations.

The structure of the HR department has evolved over the last two years and has shifted from a centralised type of HR to a devolved type of HR, with an HR person sitting close to the major departments. The company has in all 16 HR managers and officers as well as a welfare officer responsible for uniforms, welfare activities and assistance to employees.

The HR manager interviewed for the survey has been in the organisation for eight years and has worked for the ministry of Industrial Relations for some 15 years of his professional life, having been involved in the various activities of this ministry.

Table 4 displays the profile and staff strength of the companies which participated in the survey

Table 4 - Profile of the Companies included in the Survey		
Name of Organisation	Date of Incorporation	Work force (2006)
The Mauritius Commercial Bank Ltd	1838	1,900
Rogers	1899	5,000
Mon Tresor & Mon Desert Ltd	1927	1,200
Ireland Blyth	1972, but has been trading since the 19th century	5,000
Shell (Mauritius) Ltd	1976 but has been operating through its agents since 1905	135
Air Mauritius Ltd	1967	2,800
United Basalt Products Ltd	1953	987

The following section presents data collected during the survey. In order to preserve the anonymity of the respondents to the survey, the companies included in the survey will be referred to, at times, as

organisations operating in the service industry and organisations operating in the non service industry.

4.2 Research Question 1: How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?

4.2.1 Perception of the Role of HR Today and in the Future

CEOs and HR managers interviewed were presented with a quadrant (refer to Table 5), adapted from Higgs (2003:17), displaying different HR activities, with a view to providing the researcher with the respondents' assessment of the role of their HR today and in three to five years' time. The quadrant was not presented to line managers for comment as the researcher wanted to obtain only the appreciation of the CEOs/general managers and HR directors/managers of the as-is and the further evolution of HR in their organisations. This decision stems from the belief that the positioning of HR as a strategic partner is more driven by CEOs/general managers and HR directors/managers, and line managers come in the process only to perform devolved HR processes. A description of each quadrant is illustrated in Table 5.

Table 5 - The Range of HR Roles			
Future Strategic Focus			
Processes	HR as an enabler linking business strategy and HR strategy	HR as a leader and facilitator of change (HR-related and all change transformation process)	People
	HR as an expert developing ways of measuring implementation of its policies	HR as a provider of advice and services (pay and benefits, recruitment, training etc)	
Day-to-day/Operational Focus			

Source: Adapted from Higgs (2003: 17)

HR as an enabler of strategy and policy formulation: this quadrant relates to the role of HR as a strategic partner linking business strategy and HR strategy; this involves the formulation of HR policies that would support the strategy of the business and add value to the organisation. HR activities included under this role are, for instance, succession planning, training and development planning and the setting up of a reward and performance management system.

HR as an expert in planning and measurement: the role of HR in the second bottom left quadrant relates to activities whereby HR must develop ways of measuring the implementation of its policies; these activities which are more operational are important information for the business. Metrics which are usually used in this context are the balanced scorecard; according to Higgs (2003), it is the HR function which, very often, drives the implementation of the scorecard in an organisation.

HR as a provider of advice and service: in this role, HR managers are more concerned with the delivery of HR services and advice to both line

managers and employees. This function, too, is more operational based and includes HR activities such as payroll, pay and benefits, recruitment and administration. Some of the functions are generally outsourced to allow HR to free itself for more strategic functions.

HR as a leader and facilitator of change: in this role, HR acts as a leader and facilitator of change not only for HR-related changes, but for all change and transformation within the business. This falls within the HR function as there is evidence that a major cause of failure in change initiatives comes from the non consideration of people issues.

The responses of CEO's and HR managers interviewed for this research are displayed in Table 6. The order in which the companies are presented in this table is not similar to the order in which the companies were presented in Table 4; this is done on purpose, to ensure the anonymity of respondents to the survey.

**Table 6 - Perceived Role of HR Today and in the Future
(Responses from CEOs and HR managers)**

		CEOs		HR directors/managers	
Industry	List of Companies	Today	Future	Today	Future
Service	Company A	Provider of Advice	Provider of Advice	Enabler	Leader & facilitator of change
Service	Company B	Provider of Advice	Provider of Advice	Enabler	Leader & facilitator of change
Service	Company C	Enabler	Leader & facilitator of change	Enabler	Enabler
Service	Company D	Enabler	Leader & facilitator of change	Provider of Advice	Enabler
Service	Company E	Provider of Advice	Enabler	Leader & facilitator of change	Leader & facilitator of change
Non Service	Company F	Expert	Expert	Provider of Advice	Enabler
Non Service	Company G	Provider of Advice	Leader & facilitator of change	Enabler	Leader & facilitator of change

Only two of the seven CEOs interviewed believe that their HR today is acting as a strategic partner (enabler), and both of them see their HR evolving towards the role of leader and facilitator of change in the coming years. Four CEOs see their HR today as a provider of advice, and two of them state that there will be no change in the role of their HR in the coming years; the third CEO believes that his HR will become a strategic partner and the fourth that his HR will evolve as a leader and facilitator of change in the future.

Out of the seven HR directors/managers interviewed, four consider themselves as acting as a strategic partner (an enabler), today, and, out of the four, three believe that their role will evolve to that of a leader and

facilitator of change while the fourth one is of opinion that he will still act as a strategic partner (enabler) in the coming three to five years.

There is no pattern which emerged from responses obtained, except that a number of the respondents believe that the future role of HR in their companies will be that of a leader or facilitator of change. The evolution of the HR role towards that of a leader and facilitator of change is, according to respondents, due to the context where Mauritian firms today have to struggle to cope with changes and globalisation, and, as remarked by two interviewees, organisations will have to do their utmost to use change to an advantage.

4.2.2 Integration of HR in the Organisation's Decision Making Process

The decision making process of the organisations included in the survey varies from the purely top down approach to a mix of top down and bottom up approach.

As per responses gathered, IBL and Rogers operate in a “decentralised empowerment model” with autonomous divisions/SBUs having each their own board, on which the senior HR manager sits. As such, the senior HR manager is involved in the strategic decision making of the division to which he is assigned, right from the planning stage.

Air Mauritius, which advocates a pure top down approach, has included its senior HR manager in its executive team which regroups the organisation's key actors, namely the managing director, the head of marketing, business support, operations and finance. A respondent to the questionnaire mentions that the organisation's senior HR manager “is part and parcel of all policies and strategies of the organisation; he assists in determining the strategy his input is sought and he steps in and gives

the necessary HR dimension to any decision being taken". The senior HR manager is thus involved at the planning stage of the process.

UBP also has a top down approach to strategic planning, but the HR of that company intervenes solely at the development stage.

MCB adopts a top down, bottom up approach where the objectives and strategies of the businesses are communicated to the different SBUs, and HR, as any other SBU, presents its strategies to support the organisation's strategies to top management for validation. In this organisation, HR does not form part of the decision making team, and HR intervenes at the development and/or implementation stage.

Whereas at MTMD, HR forms part of the organisation's management committee with the general manager of the sugar estates under his responsibility, and, as such, participates in strategic decision making, and the strategies are then forwarded to the CEO for approval. Once the strategies approved, the senior HR manager, together with his counterparts in the business, proceed with the implementation of same.

The situation is different at Shell (Mtius) Ltd which is an operating unit of Shell International; corporate objectives and main strategies of Shell International are communicated to the organisation's local branch for development and/or implementation; the exercise is effected by the leadership team, where HR is represented by its HR cluster manager.

4.2.3 Understanding the Scope of the Strategic Partner Role

Even though all respondents agree that HR is important in their organisation, as evidenced by the statement made by a CEO, "we are as good as the people we have", their interpretation of the scope of the strategic partner role of HR differs: it ranges from HR "translating the

organisation's strategic imperatives into a people strategy" to HR mainly responsible for good communication flow within the organisation.

For one respondent, for instance, it is about HR understanding the needs of the organisation so as to be able to add value and "leveraging the people equation, that is, having a happy and well fitted staff; happy staff being staff that is delivering"; having the right people at the right place, at the right time within the right structure is, according to CEOs and HR managers interviewed, the scope of HR as a strategic partner.

One respondent's interpretation of the role is about involving HR at the "source of every strategic business decision and ability of HR to translate the business strategic imperatives into a people strategy"; it is about identifying the value drivers from those strategic imperatives from a people perspective. For this respondent, it is also about HR knowing both its client's business as well as its client in order to be able to add value. This point of view is shared by a senior HR manager who states that "it is about including HR in the strategic thinking; it is about HR identifying, at the planning stage, the organisation's capability in terms of HR and structure to achieve the objectives and strategies of the organisation and building the appropriate reward system in order to convey the right message to employees in respect of what is important to the organisation".

A number of respondents, be it in the service or non service industry, believe that HR should, as a strategic partner, focus on creating the right environment that would favour team spirit and creating the appropriate ambiance within the organisation; it is noted that respondents in the two organisations in the non service industry place much emphasis on HR ensuring communication throughout the organisation and the welfare of employees to increase staff motivation and enhance productivity.

One respondent, however, mentions that the concept is still new, and people must learn how to partner.

4.2.4 Senior HR Managers at the Strategic Decision Making Table

The concept of having senior HR managers at the decision making table has not been unanimously accepted by all respondents: one CEO of a service organisation argues that same “is not as easy as that, because you can make an equally good case for instance for the legal people.... the risk people.... IT, procurement and then your decision making becomes too wide ranging to handle, and, actually it’s self defeating; it becomes dysfunctional”. That CEO is more in favour of a structure where the board or top management co-opt their “partners on an ad-hoc basis depending on the type of decisions that have to be made”; for him, it is a matter of democracy which has got “its limitations”. His senior HR manager, however, does not share his point of view.

One line manager operating in the non service industry is of opinion that HR does not have its place at the strategic decision making table.

4.2.5 Importance of HR in the Organisation

All respondents recognise the importance of HR in their organisations and same is sustained by the high position of senior HR managers in some companies at executive team level or where strategic decisions are being taken.

Two CEOs note that the actual position of their HR managers on the field needs to be reviewed as they are hierarchically lower than their business counterparts and are at a disadvantage when discussing with them.

The line manager of one service company mentions that the success of his business relies on “the people working for the organisation; it’s not the products themselves”; one CEO of another company states that “without our people, we can’t make anything”, and this is supported by his HR manager who affirms that “we make the difference through our people, through their level of service, expertise, differentiation, values and behaviours”.

One line manager is of opinion that HR can be used “to differentiate us from our competitors; if we do not have people who are technically competent, loyal and dedicated to their job, our chance to differentiate ourselves from our competitors would be very slim.”

As mentioned by one of the interviewees, “often, companies tend to overlook the importance of HR; they think more about finance and technology and forget the HR part, culture, training, motivation, labour HR issues tend to be considered down the line”. Such consideration, however, does not apply in the company where the interviewee works, as his senior HR manager sits at the decision making table with the CEO and the finance director. In this company, “HR is important to define the procedures and all HR management related activities and also in determining and implementing the strategy of the organisation”.

One organisation in the service industry has undergone a review of its HR, and has structured the function into a more strategic and modern one. This is evidence of the growing importance of HR within the organisation; respondents to the interview, however, recognised that HR is not “positioned to the level that it should” in this organisation, yet.

Of the ten companies listed on the SEM-7 and its corresponding reserve list, eight of them operate in the service industry; for this survey, five of the seven chosen come from that industry. The importance of HR in the

service industry is seen as paramount, as supported by the comments of one line manager, “the service industry needs people with the right attitude and the commitment to achieve the objectives of the company, and I can say that HR plays a critical part in the delivery of services to our customers”. The CEO and HR manager of that same company concur that, in today’s changing environment, if an organisation “wants to live the change and use change to an advantage you need to develop your people, and the more you develop, the better you can satisfy your customers; that’s the philosophy.”

The importance of HR in one particular non-service industry has, however, declined over the years; the reason behind this is the context within which the organisation is operating. This industry is being faced with high pressures to reduce cost in order to survive. The organisation in that “declining” industry forming part of this research is thus centralising its processes, laying off its human resources, focusing on the centralisation of its processes and product diversification.

4.2.6 Function of HR in Organisations Surveyed

A few respondents recognise that the main function of HR today is to define HR strategies, policies and procedures and ensure that same are being followed by all employees. As per information given by respondents, four out of the seven organisations have written policies and procedures.

One interviewee points out that HR is responsible for implementing “basic discipline” and ensuring basic observance of rules and procedures; he also adds another dimension to the role which is to “translate the company’s vision into resources insights.” HR is also accountable for facilitating the implementation of business strategies and “finding the right

fit between the needs of the organisation and the needs of the employees”.

The second leg of HR's function which came out during the interviews encompasses activities linked to traditional HR functions such as health and safety, payroll, training, development, recruitment, dismissal, man power planning, competence review, succession planning, career path and driver of the performance management exercise; part of these functions are, however, effected in close collaboration with the line or even outsourced; for instance one respondent mentions the outsourcing of the first stage of their recruitment process, and another highlighted the outsourcing of their payroll.

Other responsibilities falling under the responsibility of HR and highlighted by respondents are the motivation of employees, the management of change, counselling and addressing industrial relations issues.

The function of HR in the organisation operating in the declining industry is limited to providing statistics on the performance of workers, and information on leave management, to implementing the Voluntary Retirement System (VRS) and dealing with the government and industrial labour disputes.

4.2.7 HR Strategy in Support of Business Strategy

For service companies whose strategies aim towards the decentralisation of their activities, HR has posted its HR managers in the main divisions or SBUs of their organisation; these HR managers report to the general manager of their divisions with a dotted reporting line to the senior HR managers. Given their decentralised structure, HR relies heavily on processes and procedures and same are available in paper form, except for one particular company which has such information available on line.

In some companies surveyed, the processes and procedures are not formalised with one line manager of one of these companies stating that “there are no HR strategies, policies and procedures!”

The objectives of the organisations surveyed are generally speaking classic ones: optimise revenue, reduce cost and enhance effectiveness. The strategies used by these firms vary from increase of operational efficiency, investment in new ventures, diversification of activities, disinvestment in small activities, rationalisation and consolidation of activities and maximisation of the use of resources. The main priority of the HR director of one service company surveyed is “to always have systems and procedures in place to align the human resources in support of the strategy.”

For instance, for a group which pursues a cost control strategy, HR is responsible for ensuring the right fit of its employees to their jobs and also for ensuring that there is no waste in the use of human resources. This is made possible through a sound knowledge of the business by HR professionals and through resource planning; one CEO points out that “in case you have one of the activities experiencing a downward trend, while another activity is grooming and looking for additional staff, HR will transfer people from the first activity to the second one.” Another HR strategy applied by another firm in that context is to “reduce the appetite of SBUs in terms of resources”.

The priority of HR in the case of the organisation operating in the declining industry is to implement the Voluntary Retirement Scheme and provide advice to those who are leaving the organisation while giving support to those who remain; in addition, the HR manager feels responsible for maintaining a good climate to increase the efficiency of existing resources and to enable good industrial relations.

Another HR manager pointed out that his main priority is to implement a structured interview process and a structured induction process to support one of the strategies of the organisation, which is to encourage diversity and attract the best talents.

When the strategy of the company is to enhance efficiency, HR comes in with a training and development strategy, a reward strategy through more variable pay, introduction of an Early Retirement Scheme (ERS) for those employees who wish to retire early from the organisation, a sound performance management system linked to business plan and a selection strategy to attract the best in the organisation; another company surveyed gives 10 scholarships every year to university students in fields which will be of interest to the organisation in the coming years. The priorities of HR in one company engaged in a strategy of increased efficiency are to “create a performance based culture, add value through training, create organisational capability, facilitate a learning culture and communicate”. The need to develop a career plan is the priority of only one organisation.

Communication is the priority of HR in organisations which are undergoing changes; as mentioned by the HR manager of one of these companies, “the challenge is really to engage the staff, to make them know what is happening around them, so that they still deliver.”

For companies going into a new venture, HR is revising its recruitment, training, and reward strategies, and devising motivation schemes.

People management and the reduction of labour disputes remain, however, the priorities of one of the four HR managers who has defined the main role of HR in an organisation as dealing with industrial relations issues.

For those companies who favour the setting up of the right ambiance within the organisation, HR has set up forums where people can “voice out their points of view on different HR issues” as well as welfare systems, and is engaged in the organisation of social and sports events.

4.2.8 Ability of HR to Achieve Business Outcome and Implement the Firm's Strategy

The initiatives taken by one HR manager in the service industry to achieve business outcome and implement the firm's strategy are a better alignment of “HR activities to the business strategy through the use of the balanced scorecard with performance objectives; better reward system through more variable bonus payment based on performance; setting up of a training strategy to meet business requirements; review of HR policies better aligned to the business exigencies”.

According to a line manager of another company operating in the service industry, his HR contributes to the firm's strategy through an effective selection process, development of human resources “to levels that would lead to the achievement of the company's goals and the markets that we are targeting” and through man power planning.

For one line manager in the service industry, the extent to which HR is able to implement the firm's strategy depends on the “involvement of the operations people; they need to believe in the strategy first.”

For one respondent whose main focus is on good industrial relation, the ability of HR to implement the firm's strategy is more about creating the right environment of work as well as shifting the mind set of employees towards increased productivity and higher morale; the effectiveness of HR in that context is evidenced by the fact that there is no conflict, no strike, no problem with trade unions.

The effectiveness of HR in achieving business outcome and in implementing the firm's strategy is measured by some companies through internal surveys and customer satisfaction surveys on the core activities of the organisation.

In most companies, however, no mechanism is in place to measure the effectiveness of HR. During the interviews, HR managers and CEOs proposed a list of possible measures such as the effectiveness of HR in "hiring the right people" within a relatively short time, in developing competitive pay packages and benefits, in ensuring good industrial relations and in implementing a number of training initiatives, provided there is a way of measuring the effectiveness of training given; other metrics include rate of retention, employee turnover, respect of health and safety regulations, responses to surveys, listening to complaints, "crackle on the line ... or... congratulations notes", and increase in total salary as opposed to increase in productivity.

One line manager operating in the service industry mentions that in his organisation, for instance, the rate of retention is equal to 70% or more; if same is not achieved, he and his HR manager will be accountable for this situation as they would not have identified problems existing within their unit. Another measure in place relates to the total number of overtime effected within his unit. He will attribute the increase of same to an inappropriate man power planning. This approach to measuring the effectiveness of HR is, however, rebutted by one senior HR manager who affirms that there are factors outside HR control which affect the behaviour and the productivity of employees: "when you are in functional strategy like HR, marketing, research and development, it is difficult to measure the direct correlation between what you have initiated and the results you obtained."

All those interviewed agree that HR contributes to the bottom line, but such contribution cannot be quantified. One HR manager mentions that his company is in the first year of implementation of the HR scorecard, but he has not been able to provide more information on the introduction of this new tool.

4.2.9 Conclusion

This section aimed at providing answers to research question one which relates to the degree to which Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner. In a nutshell, it is found that respondents have each a different interpretation of the HR strategic partner role; the positioning of HR within an organisation also varies from one firm to another, but all respondents concur that HR is important in their organisations and contributes to the implementation of the organisations' strategies, but they cannot measure its effectiveness on the firms' bottom line.

4.3. Research Question 2: What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?

4.3.1 The Lack of Business Knowledge

The lack of business knowledge has been identified as one of the factors that hinder the application of the strategic partner role of HR as it negatively impacts on the credibility of HR within organisations. The level of such knowledge varies from respondent to respondent.

CEOs and HR managers of companies, which operate in a decentralised structure and having their HR managers on the SBU's/division's strategic

table, assert that their HR managers on the field are knowledgeable enough about the activities of the division/SBU they are serving, and can at times challenge the business; in addition, a few of them are aware of the evolution of the environment in which their SBU/division is operating, up to a certain level. Line managers operating in these sections share this opinion; except for one who finds the knowledge of his manager “low to medium”. Another line manager, however, states that he does not expect his “HR manager to be that knowledgeable of the likely changes in the business I have educated managers and educated sales persons for that.” Some HR managers, however, do not feel confident as to their capacity to anticipate changes in the environment in which their organisations are operating.

The senior HR manager of a service company which is operating in a centralised structure, states that his HR managers have some knowledge of the nature of the business, but they are not really knowledgeable about the “exigencies and constraints of the business”; the line manager operating in the same organisation has, however, a completely opposite appreciation of the knowledge of the HR managers on the field: “they do not know the business and the market, and they are not very proactive in that sense either.”

As commented by respondents to the survey, those HR managers who have been in the company for a long time and who work in close collaboration with line managers on the field are those who have a better understanding of the business.

4.3.2 Lack of Training given to Line to perform Devolved HR Activities

During the interviews, one CEO states that “HR is everybody’s business, and your resources are the responsibility of the line managers.” His point of view is shared by his senior HR manager who asserts that “the concept

is that line managers are responsible for their resources and HR managers are there to help, guide and provide them with tools to better manage their human resources”; by devolving HR activities to line and ensuring that such activities are being properly managed, HR managers would free themselves to perform tasks more related to their strategic partner role.

Devolution of HR activities to line is generally accepted by line managers, except for those activities which imply the making of difficult or unpopular decisions such as firing. In most organisations, devolved HR activities have been institutionalised and included in incumbents’ job profiles.

Activities devolved include recruitment, which is usually shared between HR and line with final decision resting with line managers, health and safety, identification of training needs for employees, day to day people management, discipline, welfare activities, implementation of HR policies and procedures, follow up of post training performance, performance appraisals, leave management and granting of rewards as per policies designed by HR. Dealing with trade unions remains with HR, except in one non service organisation where the line manager accompanies the HR manager in meetings with unions.

A number of line managers assert, however, that they have not been well trained to perform the devolved HR tasks; respondents to the survey mention that training given in that connection covers areas such as the design of job profiles, performance appraisals, utilisation of the balanced scorecard, application of health and safety measures, competence review and interview techniques, but regular training in the discipline is required.

As per one respondent, the list of tasks devolved to line in his organisation varies according to the experience of the line manager.

4.3.3 Inability to Measure the Effectiveness of HR

CEOs, in general, perceive the contribution of their HR to business performance as good, even though they cannot assess the impact of HR's effectiveness and impact on the organisation's bottom line. Their perception that HR contributes to business performance stems from the fact that most of these companies operate in the service industry and people "judge an organisation by the service it provides", and the quality of service is attributed to HR. One CEO, however, states that the contribution of HR is "very little, as HR is more concerned with the welfare of the employees; it indirectly contributes to the bottom line through the performance of employees."

HR managers and line managers are, however, more cautious on that issue; they believe that HR's contribution to business performance today is low, while another seasoned senior HR manager is of opinion that this question is "difficult to answer; I cannot link business performance exclusively to HR as there are other elements involved in achieving performance." HR is also considered by people in the business as a cost centre and HR has not been able to convince that it is adding value.

4.3.4. Low Calibre of People in the HR Function

Almost all respondents agree that HR is generally close enough to the business as they are physically present on the field in the different divisions/SBUs they serve; one exception, though, from one HR director who operates in a centralised structure and who thinks that his HR managers are not close enough to the business. That same HR director, who is new to his organisation and who has been exposed to more modern and international standards human resource management, is of opinion that the calibre of his managers is rather low and their ability to

offer an individual perspective to business orientation needs to be improved.

CEOs and HR managers, with the exception of the one referred to above, agree in general on the good calibre of the HR people in their organisation; some are professionals holding degrees in the discipline, some are MBA's; one CEO, however, highlights the necessity for his HR manager to get acquainted with new HR practices and to mix up with people of the profession in order to keep update with new trends and practices.

HR directors/managers present on the different executive boards and management committees are generally considered as credible, and exert an influence on members on the board; this last part is, however, attributable to the personality of the HR director/manager and his competency.

The perception that HR has the ability to offer an independent perspective to business orientation varies from one organisation to another, and can be subject to the personality of the HR director/manager. One seasoned HR manager believes that HR would not give an individual perspective to business orientation, but more "a different HR perspective, by offering solutions for business orientation by understanding the labour market, changes in legislation and studying trend in HR". His contribution in that sense will remain within the HR domain.

HR has been also criticised for its lack of vision; one respondent attributes this to the lack of vision of key leaders at corporate level and unclear business strategies resulting in a lack of vision of HR and its incapacity to implement the strategies of the organisation.

4.3.5 Negative Perception of HR by Members of the Organisation

The negative perception of members of the organisation, CEOs and line managers inclusive, of the HR function is another factor identified by respondents which may hinder the application of the HR strategic partner role. One CEO points out that “the perception will only change when HR itself will become proactive enough to sell the idea that it can suggest better ways to improve returns and performance”. One HR manager mentions that there is a perception that HR has not been effective in the past, and as such, is not credible enough today.

One HR manager believes that HR procedures and rules in his organisation are not automatically in line with the priorities of the business, while another respondent criticises HR for being too procedure oriented or, at times, too slow.

Despite the above, a number of HR managers, however, state that HR within their organisation is in general credible and trusted.

Above factors are to some extent, directly attributed to either the HR function or the people in the function; there are, however, exogenous factors that have been identified, such as the leadership style of top management or even the acceptance of the importance of HR as barriers to the evolution of HR as a strategic partner; one CEO states that he has in his organisation managers who are old fashioned and who operate in a command and control mode; these managers put a lesser value on HR.

The lack of recognition of members of the top management who are usually too focused on the bottom line has also been identified by respondents as one factor that would hinder the application of the strategic partner role.

4.3.6 Interferences from Politicians and Internal Politics

Interferences from politicians as well as internal politics are important factors for people of at least three organisations; one respondent mentions that “people have tendency to look at people rather than to look at the job”, and another one mentions that recruitment in his organisation is usually done within the circle of acquaintances of members of the top management.

4.3.7. Organisation Structure

Organisation structure has also been identified as a factor that would hinder the application of the strategic partner role of HR: one company which has been in a turmoil has changed its leadership team, including its senior HR manager on several occasions within a short period of time; the line manager operating in this organisation referred to that situation as the lack of “continuity manning at top level”; this has led to the implementation of different structures and resulted in a lack of stability within the organisation and, more particularly, in the management of HR. In two other companies, the HR managers are not at par hierarchically with their key colleagues in the business, and, according to their CEOs, this situation has weakened their position in the organisation. The lack of empowerment of some HR managers has also been mentioned during the interviews, with one line manager mentioning that all decisions are being taken at top level, resulting in the by-pass of the HR manager on many occasions.

4.3.8 Conclusion

Issues identified by respondents in answer to research question two, which is about the issues hampering the application of the strategic partner role of HR in Mauritian organisations, are lack of knowledge of the

business, lack of training given to line to perform devolved HR activities, inability to measure the effectiveness of HR, low calibre of people in the HR function, negative perception of HR by members of the organisation, interferences from politicians and internal politics and organisation structure.

4.4 Research Question 3: How does the level of competency of HR affect its ability to link HR strategies with the organisation's strategies?

4.4.1 Competencies needed by HR

Vision has been identified by many respondents as among the main competencies needed by HR to fulfil its role of strategic partner; "vision is necessary because they (HR people) need to understand the objectives, strategies and needs of the organisation and translate them into an HR vision."

Strong business acumen, knowledge of the industry, knowledge of the HR function, the labour market as well as trends in the industry and in the HR discipline have been highlighted by respondents as important competencies needed by HR managers to be able to link HR strategies with the organisation's strategies. One respondent mentions that HR people today have "to be business minded as HR is no longer a support function". One respondent adds that these competencies must be completed by another important competency which is the ability of HR to act strategically and to know how "to partner with others". Knowledge of technology is also considered by those interviewed as being important so that information can be made available as quickly as possible.

Leadership skills have also been highlighted as an important competency needed by HR directors/managers. Many respondents believe that the personality of the HR manager influences his integration at the strategic decision table. One HR manager points out, however, that “your personality helps to open the door, but once inside, you will have to show your competency”

Ability to communicate effectively, to voice out independent views, to listen, to inspire, to motivate, to plan resources over a long period of time and be proactive are yet other competencies identified by respondents.

The competencies which, according to respondents, represent the highest challenge are: to have a vision, as per CEO's comment “that is the creative process”, to be business minded, to listen, to know the business, to have technical HR competence, to be able to inspire, motivate and to know how to act as a strategic partner, because “strategic partnership is a new dimension in the business”. One interviewee mentions that the HR manager has to build credibility to be a strategic partner, and, for that, “you need to change the perception of the organisation about HR, understand its evolution and its growing importance in business, and this is not easy to do.”

CEOs, HR and line managers concur that some of their HR people do possess the competencies identified above, but there is, however, still room for improvement.

4.4.2 Conclusion

Among the main competencies needed by HR to link HR strategies with the organisation's strategy, which is the subject of research question three, respondents noted vision, business acumen, knowledge of the

industry and knowledge of the discipline as well as the ability to act strategically, to communicate effectively and voice out independent views.

4.5 Research Question 4: How do organisations respond to the issues which prevent the application of the HR strategic partner role?

4.5.1 Critical Success Factors for the Application of the Strategic Partner Role of HR

The key success factors for the application of the strategic partner role identified by respondents to the survey are support and trust of top management and “recognition (of) top management and line managers on issues that have a people element”; increased empowerment of HR managers; appropriate staffing of the HR department in terms of quantity and quality of resources; implementation of “the appropriate structure to make HR more credible”, and availability of processes and procedures to ensure the standardisation of decisions taken by HR managers operating in the various divisions/SBUs.

Competencies in HR have been identified earlier as being of importance to facilitate the application of the strategic partner role of HR in an organisation, and some organisations participating to the survey have set up attractive pay packages and benefits in order to attract the best competencies in their organisation while other organisations believe that they are “good enough employers to aspire the best”, and, as such, are not going out of their way to attract the best talents. One company has taken the initiative of sponsoring university students, in the hope that successful students may be tempted to work for that organisation at a later stage.

One HR manager is confident that, by creating an “up standard HR BU, structure and activities”, he will be able to attract the best candidates in the profession. Other HR managers believe that the best professionals would be attracted in organisations having the best opportunities in terms of career path.

4.5.2 Actions to Promote HR in the Organisation

To promote HR, one company has taken the initiative to revamp its HR SBU and its HR processes with a view to giving “more power and more responsibility to the HR function so that it may add better value to the organisation”. In addition, the HR manager of that same organisation is gradually positioning HR as a valuable partner by having a weekly meeting with the CEO of his company, during which encounter both mutually keep abreast of what is happening. The CEO interviewed for this research recognises that following, this initiative from his HR manager, members of the top management ask themselves “more and more” whether they should bring in HR when they have to make a decision.

In some companies, the support of top management is shown by allowing HR to be involved in the recruitment of people at the same level grading as the HR manager himself.

The CEOs of two companies included in the survey are considering the revision of the position of the HR managers in the organisation so that they “would be at par with other key people” and also the inclusion of HR in different forums of strategic planning and decision making.

Only one HR manager is considering the implementation of HR metrics in the future as a means to show how HR is adding value in the organisation - one way of promoting HR.

Other initiatives include the review of the HR structure so as to make the HR managers more proactive and more “visible” on the field, as well as a review of the manning of the HR departments and better use of the balanced scorecard in the performance appraisal exercise.

4.5.3 HR seen as Adding Value to the Business

In one organisation operating in the service industry, HR is seen as adding value through the performance management system and strategic planning; the CEO of that organisation states that “HR is investing itself in these exercises, and same enables HR to interface with all employees”. He further adds on that, in managing the performance management system, HR is contributing towards the change of culture within the organisation.

One HR manager mentions his contribution in changing the culture of the organisation in making it focus more on productivity, efficiency and effectiveness and creating good organisation climate.

The implementation of an appraisal system is seen by many respondents as one of the most important ways in which HR can add value to an organisation. One HR manager concurs that HR, so far, has been adding value by furthering the use of the balanced scorecard and by “aligning HR activities and policies with imperatives of the business”. Another HR manager is adding value by taking initiatives to increase the motivation of its employees.

In another organisation, where the HR director sits at the decision making table, HR has been seen as adding value in determining and implementing the strategy of the group.

Other ways in which HR is seen as adding value by respondents are by finding the “right people in the right place”, increasing service level, creating the appropriate climate conducive to increased productivity, making people happy, facilitating, training, fostering employee morale, encouraging behaviours in line with the organisation's values and promoting a diversified culture.

4.5.4 Conclusion

A summary of data collected for research question four, which relates to organisations' responses to address issues which prevent the application of the HR strategic partner role, includes a revamp of the HR department, repositioning of HR within in the organisation, face time with top managers and initiatives taken by HR to show how it is adding value to the organisation. Support of leaders, trust of key stakeholders and appropriate HR staff are critical success factors needed by HR in this endeavour. The next chapter consists of an analysis of above findings with reference to the literature review and the research questions.

CHAPTER 5

INTERPRETATION OF RESULTS

Chapter 5 presents an interpretation of data collected in the context of the reviewed literature and in relation to the four research questions. The purpose of this research is to assess the extent to which HR professionals of Mauritian organisations are acting as strategic partners in their companies, and determine the issues which may prevent their progress towards strengthening their position as strategic partners, and identify conditions necessary to facilitate their integration in such role.

5.1 Research Question 1: How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?

5.1.1 Perceived Role of HR in Mauritian Organisations Surveyed

Data collected in this section indicate that Mauritian key stakeholders are aware of the increasing importance of HR as they are conscious that HR may make the difference; initiatives are being taken by CEOs and HR managers to strengthen the position of the function in organisations surveyed, to a certain extent, but their lack of understanding of the scope of the strategic role hampers the application of the role in its full dimension.

The survey revealed that many CEOs and senior HR managers interviewed do not have a clear understanding of the scope of the strategic partner role of HR within an organisation, and, as mentioned by one seasoned HR manager, “the strategic partner role is a new dimension

in the business... and people must know how to partner". This point of view is supported by Becker, Huselid & Ulrich (2001), Caldwell (2004) and Goodge (2004) who concur that the role is not clearly defined and as such leads to different interpretations among HR practitioners with each believing that he is operating in the partnering model as there is no benchmark available.

One organisation included in the survey and operating in the non service sector is a typical example of many Mauritian organisations which, according to Ramguttty-Wong (2004), deliberately choose not to practise modern SHRM in their organisations. The management team of these organisations stick to traditional personnel management approaches more orientated towards welfare and administration. The person responsible of the personnel department still holds the title of personnel manager. A similar approach to HR has been noted, but to a lesser extent in another company operating this time in the service sector. The two organisations referred to above are among the 10 best organisations operating on the Mauritian market, and their leaders gave no indication that they are considering changing the way they are doing things; it is questionable whether such organisations will be able to sustain their position on the market in the long run without a more proactive HR, that is, one supporting the business strategy with a sound HR strategy tailored to the business.

SHRM is based on the premise that human resources are an organisation's main asset for the implementation of corporate strategies, and they must be recognised as such by all decision makers (Armstrong, 2001). It is about the fit of an organisation's HR strategy and policies with business strategy (Roos, Fernström & Pike, 2004) and is thus more strategic and political than operational. It would seem that some Mauritian organisations have understood this concept as out of the seven companies included in the survey, five of them have integrated their

senior HR managers at the decision making level, as recommended by Ulrich (1997); as mentioned by senior HR managers interviewed and in line with findings of Pietersen & Engelbrecht (2005), their intervention at this level would cover the implications of HR on business strategy and the potential constraints that may result, should HR issues not be considered at strategic level. Based on data collected, these senior HR managers are sharing the same status as their counterparts in finance, marketing and production area, as advocated by Thornhill & Saunders (1998) and Pietersen & Engelbracht (2005).

The remaining two CEOs interviewed mentioned that the senior HR manager is consulted on an ad hoc basis, with one confirming that HR is, however, getting more and more in the equation in the decision making process. The latter is, however, not convinced yet that HR should be at the decision making table: "You can make an equally good case for instance for say, the legal people... the risk people... IT, procurement, and then your decision making becomes too wide ranging to handle and actually is self defeating; it becomes dysfunctional."

Ulrich (1997) states that strategic HR managers define the business strategies with the company's strategic team, implement them and design HR practices that align with business strategy. It can therefore be rightly deduced that, if HR is not part of the decision making team, it cannot claim it is acting as a strategic partner; if it fulfils only the second and third steps, then it is acting as an executant, and cannot claim either to be a strategic partner. In the survey, there is one senior HR manager who sees himself as a strategic partner, but who does not form part of the decision making team. Based on the above scope of the role of strategic partner, it can be deduced that this senior HR manager is not operating as such.

One CEO who has included his senior HR manager in his top team sees his HR as a provider of advice. Furthermore, a senior HR manager of an

organisation in the non service sector, who is integrated in the decision making team and covers the three areas mentioned above, is seen by his CEO as a provider of advice and not a strategic partner.

As already mentioned, out of the seven companies included in the survey, five operate in the service industry. This could explain the growing importance of HR in these organisations since, as mentioned by one line manager “the service industry needs people with the right attitude and the commitment to achieve the objectives of the company, and I can say that HR plays a critical part in the delivery of services to our customers” and by a senior HR manager who mentions that the organisation makes its difference through its people. The growing importance of HR is thus evidenced in five of the seven companies at the decision making table. This strategy may be due to the existing economic context which makes it important for Mauritius to use its HR as a source of competitive advantage, more particularly in the private sector (Ramgooty-Wong 2003), but same is in contradiction with Betchoo (2003) who states that Mauritian firms do not consider HR as a major component of the business strategy; culture being among the main reasons for the non consideration of HR at strategic level.

The scope of SHRM, as per Armstrong (2001) is wide, and covers HR activities such as development of culture, structure and values that would enhance the quality, motivation and commitment of people towards the achievement of an organisation’s strategy, and, as stated by Ulrich (1997), this implies the development of capabilities through HR strategies, policies and procedures. In the organisations surveyed, it has been found that four out of seven have their strategies, procedures and processes elaborated; the coverage of same, however, has not been established. It is noted that the two non service industry organisations included in the survey do not have elaborated HR strategies, policies and procedures; the senior HR managers of both companies, however, confirm that they have

designed their strategies, but have not consigned them in writing. Effective business strategies depend on the speed in which the execution of these strategies is effected (Ulrich 1998). The speed of execution is thus an important element, and same cannot occur in cases where HR processes are complex, or when then they have not been formalised. It is worth highlighting the initiatives of one company which has designed its processes and procedures and which has made same available on line.

The importance of motivation and commitment has been highlighted in several cases by HR senior managers and CEOs and, in three sectors in particular, this is evidenced by the need for HR managers to create the right ambiance conducive to enhanced productivity. Motivation in terms of reward based on performance is inferred mostly by CEOs and seasoned senior HR managers who have a more business minded approach to HR than some of their colleagues. Motivation of employees can also be achieved through devolvment of responsibilities (Budhwar 2000); devolvment of HR activities to line managers is a practice in the companies surveyed and, as rightly mentioned by one CEO, "HR is everybody's business, and your resources are the responsibility of the line managers HR managers are there to help, guide and provide them with tools to better manage their human resources." These activities have been accepted by line managers, but none of them has identified same as being a source of motivation; one of them states that "these HR tasks form part of my job!"

Most respondents agree that HR's main role is to ensure well fitted staff of high quality, and this is in line with the scope of SHRM as defined by Armstrong (2001).

The ability to shape the appropriate culture to improve an organisation's capacity has been recognised by many authors such as Guest (1989), Hendy & Pettigrew (1992), Armstrong (2001) and Brown (2004) as an

important function of HR as a strategic partner. Such role within the organisations surveyed has been highlighted by changes in culture towards a performance based approach aiming at increasing efficiency and productivity.

Initiatives taken by HR managers in the companies surveyed to add value in their organisations vary and range from the implementation of a culture aiming towards increased performance, productivity and efficiency, implementation of a performance management system and the use of the balanced scorecard, as recommended by Ulrich (1997) to support the process, by aligning HR activities and policies with the imperatives of the business, as advocated by Budhwar (2000), by motivating employees through team building activities, listening, welfare committees and by finding the right fit between people and the job to be done. To enable HR to better support the business, a number of organisations have decentralised their HR function, as prescribed by Schuler & Jackson (1987), and have developed procedures and procedures so as to standardise practice within the organisation, as supported by Larsen & Brewster (2003) and Ulrich & Brockbank (2005); in companies pursuing a cost control strategy, HR is ensuring elimination of waste of resources through better resource planning (Schuler & Jackson, 2003) and awareness of line managers as regards overtime; in companies seeking enhanced efficiency, HR has proposed a training and development strategy, and all these initiatives are in line with the literature and the development of a performance based culture.

For a number of respondents, HR succeeds in the implementation of HR policies to support their organisation's strategies. This is seen with HR ensuring the right fit of employees to their jobs and ensuring no waste in the use of human resources to support one of the firm's strategies, which is, cost reduction. In another company, having the same cost reduction strategy, HR is supporting the organisation's strategy by implementing the

VRS schemes and by accompanying people leaving the organisation. Other initiatives taken by HR to support the firm's strategies are the implementation of structured interview and induction processes to encourage diversity and attract best talents, introducing of sound performance management and reward systems in order to encourage performance, productivity and efficiency.

As per Ulrich (1998), HR managers as strategic partners should focus on outcomes, not processes, and, to be able to show their contribution to the business, HR must develop a measurement system that would prove its impact on business performance. This could be the Achilles heel of Mauritian HR managers wishing to operate as strategic partners as they do not have metrics in place to measure the impact of HR on the bottom line; for instance, respondents agree that training is important, and that same is being given to employees in their organisation, but none mentions their ability to measure the efficiency of same; as highlighted by one line manager, "We should have something in-house so as to accompany them... a sort of follow-up after the training". HR cannot assert that it is adding value through training as it does not have the means to measure the efficiency of the training given.

The need to measure HR's effectiveness within an organisation triggers different reactions among respondents to the survey: whereas two HR managers mention that there is no real mechanism for measuring HR's effectiveness, except for internal surveys and customer satisfaction surveys, tasks usually devolved to HR in companies operating in Denmark, as per Larsen & Brewster (2003), one seasoned senior HR manager strongly argues that the implementation of metrics in support functions such as HR and marketing, is difficult, subjective and thus not precise; he does not foresee the development of any metric in his organisation in the future. The absence of measures contributes to a lack of vision as to the effectiveness of HR, and, eventually, to the lack of

credibility of the function. Only one HR manager mentions that he will work on the design of HR metrics in the future; he, however, does not give any indication as to the metrics that he intends to use.

The profile of the strategic partner developed by Caldwell (2004) and supported by Yarnall (2005) highlights firstly that the strategic partner should be first of all proactive; only three seasoned HR managers have shown their proactivity by initiatives taken at their level to decentralise the HR process or to enhance the position of HR within the organisation; secondly, the strategic partner should be involved in all stages of the business strategy and have an influence on the firm's strategy, and, as per data collected, only two of the three HR managers mentioned above meet this profile, the other one being mostly an executant; thirdly, the strategic partner is highly valued by top management or board executives, and the same two HR managers are well known and recognised as HR managers in Mauritius; fourthly, strategic partners are able to demonstrate how they add value to their organisation by translating business strategies into HR priorities, and CEOs, HR managers and line managers of both companies concur that same is effectively done in their organisations through the implementation of a training and development system in order to "develop the business you want to do" or "by setting up a performance system and linking that to a reward system" or by "aligning the "systems and procedures... in support of strategy."

It is obvious that the interpretation of the role by key stakeholders within the organisations surveyed varies, as the scope of the role is not well grasped by all; they all agree, however, that HR is our "most important asset". Only two of the four HR managers interviewed operating in the service industry and who positioned themselves as strategic partners, really qualify as such. The reasons behind the erroneous appreciation of some HR managers as per their role could be multiple: lack of understanding of the scope of the role (Becker, Huselid & Ulrich, 2001;

Caldwell, 2004 and Goodge, 2004) or the attraction of the aura around the strategic partner role (CIPD, 2003 and Pietersen & Englebrecht, 2005), or pressure from CEOs and line managers forcing HR professionals to act as strategic partners (Pietersen & Englebrecht, 2005); based on data gathered, the last one is more unlikely.

The two organisations where senior managers are acting as strategic partners are among the long established firms identified by Ramguttty-Wong (2004) which recruit highly educated or seasoned HR professionals, place them in executive positions and provide their support to best HRM practices.

As regards the future role of HR in organisations, many respondents to the survey mention that they see HR in the years to come as a leader of change; a similar trend has been noted in France by Cerdin & Peretti (2001). The motivation behind this perception can be the subject of a future research.

5.1.2 Conclusion

As the answer to research question one which reads “How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?”, we conclude that the scope of the role of HR as a strategic partner is not well understood by a number of key stakeholders interviewed for this research; this is evidenced by the questioning of HR at the decision making table, the absence of formalised HR strategies, processes and procedures in some organisations surveyed. Despite the lack of understanding of the scope of the strategic partner role concept, organisations surveyed have in place a number of good practices in support of the firms’ strategies, such as devolvement of part of HR activities to line managers and changes towards a performance-based culture which are initiatives that may promote HR as a strategic partner.

5.2 Research Question 2: What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?

The main issues hampering the application of the HR strategic partner role in organisations surveyed include the lack of business knowledge, the lack of a holistic approach to SHRM, the negative perception of HR by key stakeholders, HR being too focused on operations, the lack of standardisation in the application of people management, the lack of visibility of HR on the field, lack of skills of HR, interferences from politicians and organisation structure.

5.2.1 Lack of Knowledge of the Business

The findings of the survey as regards the lack of business knowledge support the literature (Khatri & Budhwar, 2001; Truss, 2003 and Goodge, 2005). As regards this particular factor, the issue is more nuanced: it is not really a lack of knowledge as the depth of the required knowledge. This aspect will be further developed in the next section.

5.2.2 Piecemeal Approach to SHRM

The survey has identified lack of top management understanding of the scope SHRM, as supported by literature (Becker, Huselid & Ulrich, 2001; Caldwell, 2004; Ramgutty-Wong, 2004 and Goodge, 2005), as one factor hindering the application of the strategic partner role. This situation results in a lack of the full recognition of HR by key stakeholders as a strategic partner, the lack of empowerment of HR, and contributes to a piecemeal approach to the application of SHRM.

None of the respondents included in the survey mentioned the elaboration of a road map to implement the role in their organisations as advocated

by Becker, Huselid & Ulrich (2001). The piecemeal approach to strategic partnering has been heavily criticised by Cunningham & Hyman (1999), Holbeche (2001) and Papalexandris & Panayotopoulou (2005). Ramguttty-Wong (2004) has noted a similar approach in her research on the application of HRM in Mauritius.

5.2.3 Negative Perception of HR by Members of the Organisation

The negative perception of HR mentioned by Becker, Huselid & Ulrich (2001) is sustained by responses from line managers and HR managers themselves; one line manager mentions: "I don't see what the HR manager can bring in terms of strategy to the sector". This shows the contempt of that respondent for the HR profession. Betchoo (2003) and Ramguttty-Wong (2004) mention the fact that some Mauritian managers still hold the narrow view of employees being solely the productive counterpart of business and that HR in these organisations covers traditional personnel management activities more particularly orientated towards welfare and administration.

Fortunately for the HR profession, the appreciation of the above line manager is not shared by other respondents; CEOs interviewed in the wake of this research report perceive the contribution of HR to business performance as good, even though they cannot assess precisely the impact of HR on their bottom line - one area of great interest to them and their shareholders. The literature on that aspect (Huselid, 1995; Pfeffer, 1995 and Accenture, 2004) supports the findings that the absence of metrics and tools to measure the effectiveness of HR is a serious factor hindering the implementation of the role of strategic partner. For Becker, Huselid & Ulrich (2001), HR will have to demonstrate its strategic contribution on two specific dimensions: cost control (diminishing costs of the HR function and increasing operational efficiency outside of HR) and value creation (ensuring that the HR architecture intersects with the

implementation process). The latter requires competencies that HR may not have.

According to respondents to the survey, the negative perception of HR is due to the fact that HR is a cost centre, and, as such, is not perceived as adding value to the organisation; this perception has been highlighted by Caldwell (2003) who further sustains that HR is still subject to the bad reputation the function had in the past. The implementation of bad HR structure can also be an issue even though no reference of this particular factor has been found in the literature.

The leadership style of managers may have influenced the application of the strategic partner role; as one CEO mentions, there are members of his management who are still functioning in an old fashioned “control and command mode”, and they put lesser value on the role of HR. This aspect has been highlighted in the literature by Ulrich (1997), Truss (2003) and Accenture (2004). The latter refers to the passion of famous CEOs for their HR people, and two CEOs interviewed demonstrate a certain degree of passion one for the development of his people, and the second for the empowerment of his personnel.

5.2.4 HR too Focused on Operations

Six respondents to the survey, four CEOs and two HR managers, who represent 42% of those surveyed (the relative question was only put to CEOs and HR managers), consider HR in their organisation as a provider of advice, which, according to Higgs (2003), is more operational than strategic. This percentage is higher than the 35% given by CIPD (2003) and is evidence that HR is still focusing too much on short term issues. According to one respondent, HR is being too procedure oriented or at times too slow; the latter can be attributed to the complexity of the procedures as discussed earlier in section 5.1.

The role of HR within an organisation is multiple: according to one respondent at corporate level, HR, in his firm, acts as a strategic partner; at corporate level of division, HR performs more as a leader and facilitator of change; at operational level, HR acts as an expert and provider of service. As stated by Ulrich (1997), HR cannot move away from all operational matters as it has to ensure both short term and long term deliverables; but this is in contradiction with Yarnall (2005) who supports that HR should shift from purely operational matters to strategic approach, and, to a certain extent, to Holbeche's (2001) who supports the view that people throughout the organisation should think strategic. Ulrich (1997) recommends a better balance between short and long term focus of HR; this can be made actionable with the outsourcing of routine HR functions (Goodge, 2005) and will be facilitated by a good communication flow within the HR BU to ensure that all HR people, irrespective of their levels and functions and wherever they are posted are fully aware of the strategies of the business and role of HR to support that strategy.

Only two respondents mention the outsourcing of HR functions, namely that of the recruitment process and the payroll.

5.2.5 Devolution to Line Managers – Lack of Standardisation in the Management of People

As supported by literature (Cunningham & Hyman, 1999; Higgs, 2003 and CIPD, 2003), line managers have generally accepted their HR role, and, contrary to the arguments put forward by Torrington & Hall (1996) and McGovern *et al* (1997), some of them believe that this is a legitimate part of their responsibilities as they have been institutionalised and reinforced in the policies of the organisation as recommended by McGovern *et al* (1997).

Renwick's (2003b) conclusion that HR does not accept devolution of part of its activities has not been sustained by the survey.

Contrary to what the literature says about the devolution route being a threat to HR (Cunningham & Hyman, 1999; Torrington & Hall, 1996; Holbeche, 2001 and Papalexandris & Panayotopoulou, 2005), none of the HR managers interviewed mentioned their unwillingness to devolve part of their activities to line and none questioned the competencies of line managers in fulfilling their HR activities.

As a general rule, recruitment is shared between line and HR managers with the final selection being entrusted to line; training needs are generally identified by line, but the design of the training falls under the responsibility of HR as argued by Papalexandris & Panayotopoulou (2005); performance appraisal system is designed by HR, but the execution is effected by line managers coached by HR managers; payroll is exclusively HR or is even outsourced in one case; the system of reward is designed by HR, but the application is under the responsibility of the line. This model is similar to the one described by Papalexandris & Panayotopoulou (2005) where HR activities are devolved to line, but the lead of these activities remains with HR.

One HR manager, though, mentions that the devolvment of HR may lead to situations where one line manager may be taking a decision different from the one taken by his colleague in a different area in the organisation, and "this is critical from the industrial relations point of view and may affect the credibility of the management." He still wonders whether the company should not go to a "centralised type of HR management"; this issue was highlighted by Budhwar (2000). The solution to this issue could, however, be different: better communication between HR and line and formalised procedures, as a centralised approach is not in line with the concept of SHRM. The HR manager's remark is evidence of the lack of

clarity of the role of HR as a strategic partner, even to people in the HR profession.

5.2.6 Lack of Visibility of HR on the Field and Relationship with the Line

The lack of visibility of HR on the field has been considered by Renwick (2003b) and Whittaker & Marchington (2003) as a factor that may hinder the implementation of the strategic partner role; this point has been mentioned by one line manager operating in a centralised structure: “what I deplore is that we always go to them; they never come to us. So, if we have a need or whatever, we have to go them. They are not visible on the ground”. This lack of visibility may prevent HR from being aware of the activities and the needs of the business, and is opposed to the role of strategic partner who must be close to its customers. As regards this aspect, all respondents with the exception of one senior HR manager, consider that HR managers entertain a good relationship with the line.

Brewster (2003) mentions that there is, at times, an unclear boundary between the responsibilities of line and HR, and that same may lead to conflicts. The structure in place in most of the organisations surveyed allows for the presence of HR people on the field: some are in the divisions/SBUs they are assigned to, while others maintain a centralised structure with the HR people communicating and visiting their internal customers regularly. Such structures facilitate the interaction between HR and line, and all those surveyed have not considered this item as a factor hindering the application of the strategic partner role in their organisations.

During the survey, there was, however, a perception that the boundary between responsibilities of HR and line, in respect of HR activities, is at times blurred: some respondents were not clear of the service they should expect from their HR. This aspect is highlighted in the Warwick model

(1992) and also confirms the findings of CIPD, 2003, stating that this is an issue which impacts on the devolution of HRM to line, and, by extension, to the relationship between line and HR professionals.

The perception mentioned by Ulrich (1997) that HR professionals tend to rate themselves higher than their customers do, has been proved to some extent by the research.

5.2.7 Lack of Skills of Line

The literature mentions that the lack of skills of line in fulfilling devolved HR activities could be a factor hindering the application of the strategic partner role of HR in an organisation (Holbeche, 2001; Whittaker & Marchington, 2003 and Larsen & Brewster, 2003). The survey reveals that the extent of such devolvement varies from one firm to another with a marked tendency to entrust industrial relations issues to HR; as one senior HR manager mentions, "Line managers are eager to give a raise, but unwilling to take difficult decisions;" this last point is supported by Renwick (2000). Some HR managers interviewed for this research, however, involve their line managers in discussions with unions when it comes to the application of disciplinary measures.

The lack of skills of line has not been raised as a particular issue during the survey, and the training given to line to fulfil their HR role varies from one organisation to another. One line manager, however, mentions that more training should be given to the line to ensure a better management of human resources within his unit.

5.2.8 Interference of Politicians and Internal Politics

Interference of politicians and internal politics have been mentioned by three HR managers as being important factors affecting the application of

the strategic partner role. The only literature found on the subject is from Ramguttty-Wong (2004) who mentions that the public sector and parastatal organisations operating in Mauritius are plagued with such interferences; as per this survey, it is found that same also applies to private institutions.

5.2.8. Organisation Structure

Organisation structure has been identified by respondents as a factor that would hinder the application of the strategic partner role of HR. Some respondents to the survey referred to the rigidity of the structure limiting the degree of empowerment of HR and to the leadership style of top management. This important barrier to the application of the strategic partner role of HR has not been supported by literature.

5.2.9 Conclusion

In conclusion, it can be stated that most of the issues which hamper the application of the HR strategic partner role identified in the literature are similar to those gathered from the interviews. A summary of these issues is displayed in Figure 12.

5.3 Research Question 3: How does the level of competency of HR affect its ability to link HR strategies with the organisations' strategies?

This section focuses on one important aspect found in the literature, and which relates to the competencies of HR managers or their lack of competencies to link HR strategies with the business strategy. The main competencies identified during the survey are vision, business related

competencies, ability to create metrics to measure the effectiveness of HR, leadership skills, and ability to voice out independent views.

5.3.1 Competencies Needed

Vision is among the first competencies required and highlighted by respondents; the lack of vision of HR people has been identified by interviewees to the survey as being among the most important challenges of HR managers wishing to act as strategic partners in their organisation; this shortfall can be attributed to the education system which, according to Ramguttty-Wong (2004), has contributed to the successful development of the country, but which has at the same time produced a number of graduates with impressive academic records, but with little ability to apply and adapt concepts to their organisation. This last point was raised by one line manager interviewed during the survey. The lack of vision may lead to a lack of credibility and trust in HR's ability to act as a strategic partner, but none of the interviewees made the link between the three elements. Vision is needed to translate business objectives into HR vision and strategies, and, as sustained by Richardson (in Accenture 2004), enable the implementation of future thinking and innovative ideas in the field. The ability for HR to develop its vision in support to the business will provide a new dynamism to the profession and will make HR appear much more proactive as per Ulrich (1997).

Business related competencies and ability for HR managers to develop a business oriented frame of mind are among the most important competencies needed by HR managers in their quest to position themselves as strategic partners, and this has been identified as such by all those interviewed. This competency which has been recognised by Guest & King (2004) and Goodge (2005) is the one which contributes most to strategy execution and has the strongest relationship with corporate financial performance. Respondents to the survey agree that

most of their HR managers do possess such competencies; the depth of such knowledge, however, is subjective; one seasoned HR manager who, according to the researcher, acts as a strategic partner in his organisation, states that the HR manager “does not need to know the operational part... (he needs) to know the business (he is) in, (the) core competence and how HR can contribute. Knowledge of the environment is also important; for instance for recruitment, HR must know what’s going on in the market, what are the benchmarks, what is best practice both at local and international levels. We want our HR managers to know about the evolution of the business; they’ve seen the business plan, they’ve participated in it, so, they need to know what the market trends are and understand how they can help line managers manage their human resources to be able to adapt to the trends”. Anticipate trends and their impact on working practices are important competencies highlighted by Ulrich (1997), Aghazadeh (2003), Higgs (2003) and Richardson of American Express, in Accenture (2004); based on the findings of the survey, it seems that not many HR managers possess such competencies. In addition it is noted that some respondents do not expect their HR managers to know the trends of the business.

As a strategic partner, HR has to create capabilities within the organisation, and same requires the carrying out of an audit of the firm’s strengths and weaknesses in order to build on the strengths and work on the areas of weaknesses and transforming the HR architecture into a strategic asset (Becker, Huselid & Ulrich, 2001); this requires a sound knowledge of the business. The above task is carried out by what Ulrich (2003) identifies as the third constituent of those who do HR work, that is, those HR managers or generalists working within BUs in close collaboration with line managers. HR managers operating in the organisations included in the survey, have, in general, a reasonable knowledge of the business; but the depth of such knowledge to be able to carry out the audit is questionable. None of the respondents dwelt on that

point, and this could indicate that none of them has the holistic approach of how HR adds value to the business and what are the competencies required to carry out these tasks.

The creation of metrics for instance, which is important to increase HR's credibility within an organisation, necessitates a sound understanding of how the business creates value, through the design of a strategy map, how HR intersects within that value creation chain, and how HR can add value at these points of intersections through the implementation of an HR system that would support the business. Leadership skills are needed to do, this as per Becker, Huselid & Ulrich (2001), and respondents to the survey identify leadership as another challenge for some Mauritian HR managers; the identification of leadership by respondents stems more from a perception that their HR managers may lack some punch to impose themselves in the organisation.

The survey reveals that Mauritian HR managers do not possess all the competencies mentioned in the foregoing, and, more importantly, there is no indication that they understand the big picture, that is, the HR architecture and its link with the value chain; this finding is sustained by Ramgooty-Wong & Mc Court (2003). This shortfall will certainly limit their ability to translate the vision into HR strategies, the integration of HR strategies with the business strategies and their ability to act as true strategic partners in their organisations. The lack of visibility will certainly influence their assessment of the impact that changes in business will have on the strategy of HR.

Other skill needed by HR professionals and mentioned in the literature, such as high-level political influential skills and knowledge to develop and implement e-HR systems (Holbeche, 2001 and Whittaker, 2003), ability to influence the business and knowledge of strategic tools (CIPD, 2003) have not been raised by respondents; interviewees focused mainly on

ability to communicate, as sustained by Thornhill & Saunders (1998) and Becker, Huselid & Ulrich (2001), ability to voice out independent views, ability to listen, motivate, plan resources over a long period of time and to be proactive.

5.3.2 Calibre of People in HR

The organisations included in the survey are high profile firms whose shares on the market are highly appreciated; respondents to the survey state that they do not have any difficulty in recruiting the best people on the market, contrary to what Guest & King (2004) sustain, and do not believe that this is a real issue. Even though these companies do not have any problem in attracting high calibre people, they have in their existing pool of HR managers a mix of very good, experienced and professional HR managers as well as those who are just academically competent and those who to some extent are not as good.

This item, as such, may not pose any real problem to the organisations surveyed for the time being, but may, in the long run, be an issue if they do not increase the competency of their existing pool of managers with up to date good HR practice and knowledge of the business, and bring in regularly high calibre people in the function; one of the seasoned HR managers interviewed is lecturing MBAs at the University of Mauritius, and this is a means for him to keep up to date with latest trends and concepts on HR. Leaders must also be cautious as Mauritius is operating in a global environment and competencies can be exported easily (Ramguttty-Wong, 2004).

5.3.3 Conclusion

The findings in this section are in line with the literature as to the necessity of having an HR with vision and sound knowledge of the

business and the industry in which the organisation is operating; the depth of such knowledge has, however, not been established in this research. They also confirm conclusions of previous sections as to the lack of understanding of the scope of the role, as other competencies which would enable HR to evolve towards the strategic partner role, such as ability to understand the big picture, that is the HR architecture and its link with the value chain, the knowledge to develop and implement e-HR systems, business influence and strategy tools and high-level political skills that have not been identified as important competencies.

5.4 Research Question 4: How do organisations respond to the issues which prevent the application of the HR strategic partner role?

This section provides an analysis of data collected with a view to determining actions taken by organisations to promote HR as a strategic partner. Those leaders, who think rightly or erroneously that their HR is already acting as a strategic partner, had no actions in the pipeline. The main initiatives identified are the implementation of metrics to measure HR's effectiveness, the support of leaders, repositioning of HR within the organisation, and an HR staffed with competent HR people.

5.4.1 Develop Metrics to Measure Effectiveness of HR

One HR manager mentions that he intends to implement metrics in order to measure the effectiveness of HR in his organisation, and this will contribute to promote HR in his organisation, as HR will be able to show that it adds value to the organisation. Whittaker & Marchington (2003) and Accenture (2004) sustain that this kind of initiative is key to the recognition of HR by key stakeholders, it will increase HR's credibility in an organisation and contribute towards making HR recognised as a strategic

partner. Unfortunately, the other HR managers interviewed for this research do not make this aspect one of their priorities, neither for the time being nor in the future.

Respondents to the survey sustain that HR adds value by implementing a performance management system and participating in the strategic planning exercise; the implementation of a performance management system as a value added function to HR has been supported by Becker, Huselid & Ulrich (2001). Tools such as the balanced scorecard of Kaplan & Norton (1996) have been applied in some organisations surveyed in order to identify ways in which the business is generating value.

5.4.2 Obtain Support of Leaders

Respondents recognise that the support of leaders as well as empowerment of HR are critical success factors for the implementation of the strategic partner role of HR in an organisation, and all those interviewed in that context state that HR receives such support and are empowered to a certain extent; the degree of the support as well as the perception of the support given, however, varies from one organisation to another. The consideration given by two CEOs to uplift the positioning of their HR managers in the organisation testifies to their willingness to send the right message as to the relative importance of HR in the business. There is, however, the case of one HR manager who states that he receives the full support of his CEO while the line manager of that same organisation mentions that the HR manager is often bypassed by employees with the blessing of the CEO.

The support of leaders is also demonstrated by the regular holding of forums, as recommended by Accenture, 2004, such as the “tea and talk” applicable in one company surveyed where all employees are invited to discuss various issues, including people issues.

To enhance the support of his top management, one HR manager has been able to obtain recently “face time” with his CEO. This method which has been identified by Robinson & Robinson (2005) as an element contributing towards making HR a strategic partner provides HR with a holistic vision of the business and the strategy of the company and assists in establishing a long term, collaborative relationship with key leaders. It will also contribute to increasing HR’s credibility (Goodge, 2005) even though this element does not seem to be an issue for respondents to the survey, with the exception of one HR manager who relates problems of lack of credibility more to changes in the organisation’s leadership team. At the same time, CEOs are made aware of the role of HR, of the importance of the function and of the difference that HR can make to the organisation. The CEO involved here agrees that the exercise is fruitful.

The support of leaders has also been demonstrated in the investment of the organisation in the revamping of the HR function as well as investment in intranet; both initiatives have been supported by Accenture (2004).

5.4.3 Staff the HR Department with Competent HR People

Having an HR with appropriate technical and business knowledge and able to show that it can act as a trustworthy partner have been identified by a handful of respondents as key to the success of the strategic partner role, and is supported by Ramguttty-Wong & McCourt (2003). However, respondents did not provide much information about how they intend to acquire such competencies; some are posting their HR managers close to the business to acquire business knowledge and make them more visible on the field, as advocated by Whittaker & Marchington (2003); some are sponsoring University students in the hope of attracting the best from University; while others just hope that the reputation of their organisation will suffice.

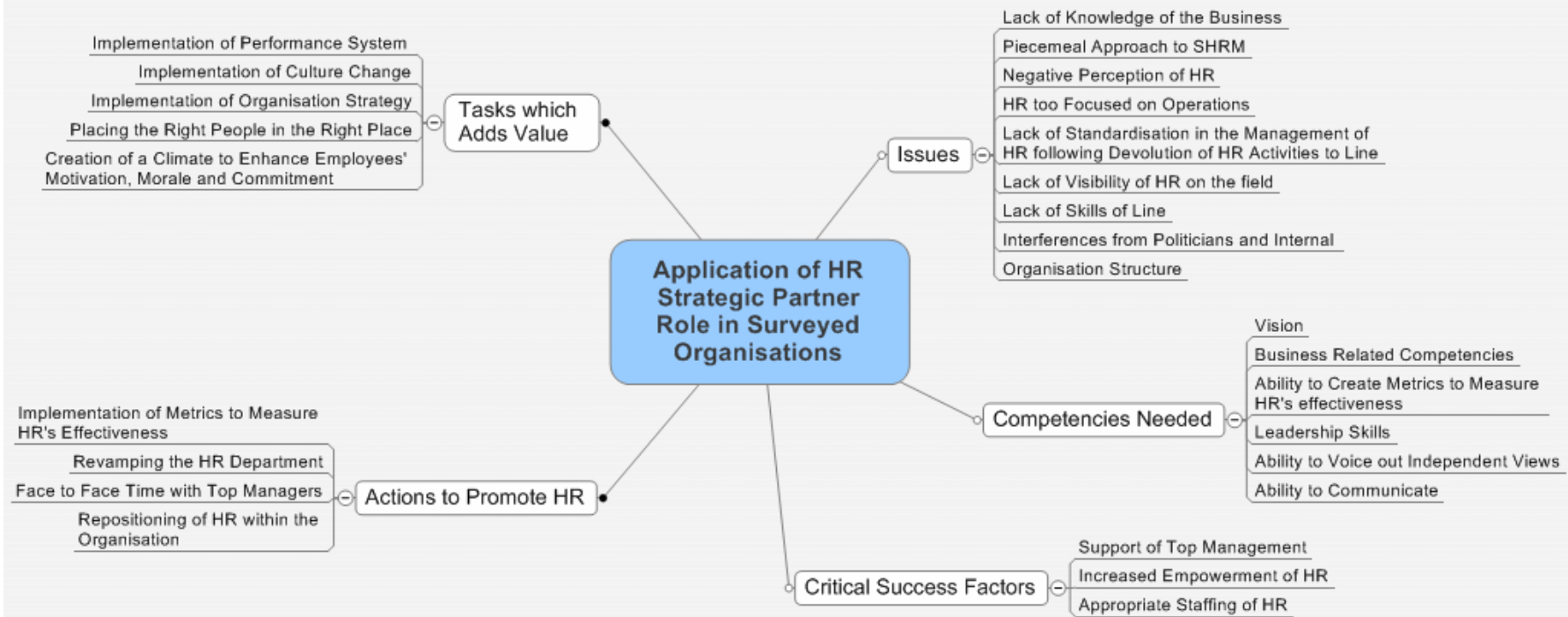
With a few exceptions, the absence of forceful initiatives at this level may have long term negative consequences on the capability of the organisation to meet its objectives.

The necessity for HR to learn how to partner with other stakeholders in the organisation, as commented by Whittaker & Marchington, 2003, has been mentioned by one senior HR director during the interview; he did not, however, elaborate on the subject.

5.4 4 Conclusion

The factors identified by the literature to respond to issues which prevent the application of the HR strategic partner role and promote HR to that position, such as the development of metrics to measure the effectiveness of HR, support of leaders, the appropriate staffing of the HR BU, have been partly sustained by the findings; key elements for partnering such as the clear definition of roles and responsibilities, build credibility and install trust which are very important have not been identified as critical success factors, even though they form the basis of the relationship between an organisation's main stakeholders and HR as a strategic partner. The main findings of this section are displayed in Figure 12.

Figure 12 - Findings of the Research



CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this research is to determine the extent to which HR is acting as a strategic partner in Mauritian organisations and identify the issues preventing the application of same, critical success factors that would strengthen the positioning of HR as a strategic partner and actions taken to promote HR to that role.

The management of human resources has been described by many authors (Chew & Goh, 1997 and Ulrich, 1998) as one area through which companies may sustain competitive advantage; traditional form of competitiveness such as technology, product differentiation, distribution or manufacturing techniques can all be replicated; organisations need them to stay in the game, but they do not, by themselves, guarantee sustainability or leadership in the industry. A new form of competition is thus required to match the new environment, and this is based around HR and the management of human capital (Ulrich, 1998).

A number of models have been developed on HRM throughout the years among which the Matching model of Fombrun *et al* (1982), the Harvard Framework of Beer *et al* (1984), Guest (1987) model, Warwick model of Hendry & Pettigrew (1992) and Ulrich's (1997) new agenda for HR with each bringing in their contribution to the management of the discipline. Ulrich's (1997) new agenda for HR focuses on business and outcomes linking people management practices with business success (Brown, 2004); as per Ulrich (1997), the new role of HR in an organisation is that of a strategic partner to senior and line managers in strategy execution, as an expert in the way in which work is organised and executed so as to

increase efficiency and reduce costs, as a champion for employees, representing their views and interests, and, finally, as a change agent. This research covers the strategic partner role which, as finally proved by the findings of the survey, is complex to apply.

To better understand the extent to which the role is applied within seven of the best organisations operating in Mauritius in terms of market value, the issues preventing the implementation of same and actions taken to address these issues, the researcher has conducted semi structured interviews with CEOs/GMs, senior HR managers and line managers of these firms.

An analysis of data collected leads to the following conclusion.

6.1 Understanding of the Strategic Role Concept

In line with literature available (Becker, Huselid & Ulrich, 2001; Caldwell, 2004 and Goodge, 2005), Mauritian key stakeholders have not grasped the scope of the role as well as the implications of same on organisations. Respondents to the survey gave different interpretations of the role, with some of them erroneously believing that they act as strategic partners in their organisation. The survey also reveals that, out of the seven companies included in the survey, one still uses the traditional personnel management style; this aspect was already noted by Ramguttty-Wong (2004).

Ulrich's (1997) model implies the integration of senior HR managers at the decision making table; a number of CEOs have done so, while the others are not convinced of the necessity to have HR positioned at such level. The survey, however, reveals that, in some cases, there are clear indications that CEOs are getting more conscious of HR and the strategic

role of HR in an organisation, based on their definition of the “strategic partner role” which may not cover the whole aspects of the role.

Another factor confirming the application of the strategic partner role are devolution of HR activities to line managers, as per Cunningham & Hyman (1998), Thornhill & Saunders (1998) and Larsen & Brewster (2003) which is practised in all organisations surveyed; the degree of devolvment, however, varies from one organisation to another.

To act as strategic partners, HR must support the business towards the achievement of its objectives, and same takes various forms, ranging from the implementation of a performance management system, simplified, but effective and efficient recruitment process, change in culture to support business strategy to the internal coherence of the HR strategy as well as coherence of the HR strategy with that of the organisation. HR managers in these organisations have been trying to prove that they add value to the organisation through various ways, but the absence of metrics to make the results visible is a real issue slowing their progress towards being recognised as strategic partners.

The survey reveals that there is no holistic approach to the implementation of the role as advocated by Becker, Huselid & Ulrich (2001); the fact that there is no benchmark on which to rely allows for nuanced application of the role by different stakeholders; however, based on the literature gathered the researcher has identified two of the seven senior HR managers interviewed as acting as strategic partners within their organisation.

6.2 Issues Preventing the Application of the Role

Issues identified in that context have been supported by literature: they range from lack of knowledge of business which have been identified by Kathri & Budhwar (2001), Truss (2003) and Goodge (2005), the piecemeal approach to SHRM with no road map and the negative perception of HR within the organisation, as mentioned by Becker, Huselid & Ulrich (2001), HR being too focused on operations to the interference of politicians and internal politics as per Ramguttty-Wong (2004).

Competencies needed by HR have been elaborated under a specific section, given the importance of same; business knowledge, ability to develop a business oriented mind set, as well as deep knowledge of the functions constitute the main competencies needed, and the research reveals that HR managers operating in the selected companies do not possess such skills. A number of HR managers also do not have the vision (Accenture, 2004) to translate business objectives into HR vision and strategies.

6.3 Actions to Address Issues Identified

The main keys identified in this section have been sustained by literature: these relate to the ability of HR to measure its effectiveness to prove its contribution to the achievement of business goals as sustained by Ulrich (1997), Whittaker & Marchington (2003) and Accenture (2004) using the balanced scorecard of Kaplan & Norton (1996), the support of leaders, coupled with the empowerment of HR and an HR with appropriate competencies.

The researcher concludes that, among all these issues, the one on which HR managers should focus in priority, is the design of a road map that would provide a clear vision of how HR intends to proceed to position itself as a strategic partner in the organisation. This road map will also be used to educate CEOs and all key stakeholders of the scope of the role and its ins and outs, including the clear distinction of roles and responsibilities of each and everyone in the new model.

6.4 Recommendations

Based on the findings, the researcher recommends the following to promote HR as a strategic partner in Mauritian organisations:

6.4.1 Senior HR managers to adapt the strategic partner role to the Mauritian context while taking into consideration the fact that Mauritius is operating in a global environment.

6.4.2 Senior HR managers to establish an HR vision to support the vision of the business and to draw a road map which will provide a holistic view of the ins and outs of the application of the strategic partner role of HR in their organisations; this will also serve to educate key stakeholders of the scope of the role, and, consequently, obtain their buy in.

6.4.3. Mauritian companies using the traditional HR approach to review same in line with the strategic partner role of HR concept. These companies may be competitive today, but such a position will not last for very long in a continuously changing environment.

6.4.4 Senior HR managers to engage in the formalisation of HR strategies, policies and procedures and ensure the regular update of these. The use of the intranet would enable the rapid dissemination of

practices and procedures and the implementation of standardised procedures across the organisation.

6.4.5 Senior HR managers to consider the outsourcing of routine HR tasks and to rely more on technology.

6.4.6 Senior HR managers to get acquainted with the latest concepts in HR and acquiring business knowledge as well as developing a business oriented mindset.

6.4.7 Senior HR managers to provide training to line managers to enable the latter to perform their HR management role efficiently.

6.5 Suggestions for Further Research

6.5.1 Design of a framework for the application of the role, customised to the Mauritian context, while taking into consideration the global environment.

6.5.2 A research on how the strategic partner role can help in turning around the sugar industry which is today considered as a declining industry.

6.5.3 A similar study on the role of HR as leader of change would be of interest as respondents to the survey indicate a clear preference for that role in the future.

6.6 Conclusion

Many researchers today believe that the effective management of HR is one area through which companies may sustain competitive advantage in

the existing business environment. To be able to manage HR effectively, Ulrich (1997) proposes a new agenda for HR which comprises four roles among which that of strategic partner.

This research, which aims to obtain a better insight of the application of the strategic partner role of HR in Mauritian organisations surveyed, reveals that key stakeholders recognise the importance of HR in their business, but many of them are not familiar with the concept itself. HR managers have the duty to create the awareness of key stakeholders in their organisations as to the scope of the role and the ways in which HR can add value to an organisation; they also have to take actions in order to promote HR and facilitate its integration as a strategic partner in their organisations.

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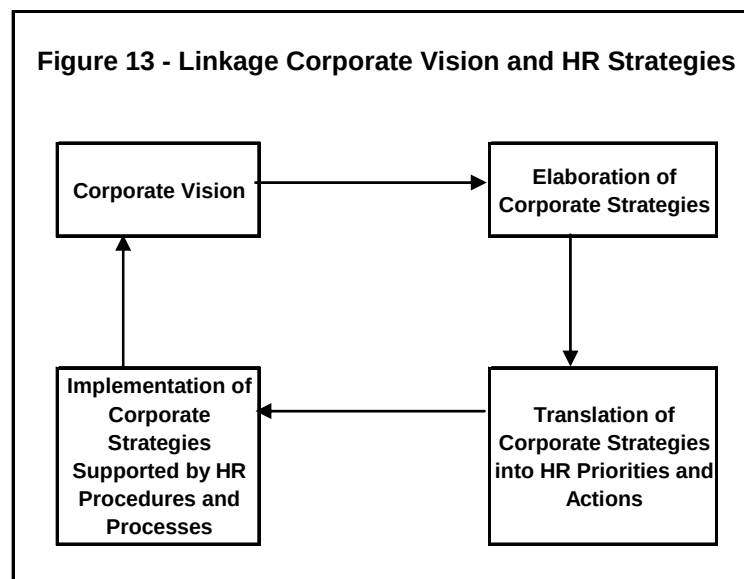
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APPENDIX 1

Interview Protocol

Introduction

The strategic partner role of HR within an organisation implies initiatives taken by HR to guide senior members of the organisation into discussions relative to the way in which the company should get organised to carry out its strategy and to ensure that HR factors are taken into account when business strategies are being elaborated and implemented. The initiatives involved include the development of capabilities (processes and practices) to implement strategy; the linkage between corporate strategy and HR strategies is illustrated in Figure 13.:



The purpose of the research is twofold: identify the issues preventing the application of the strategic partner role of HR in Mauritian organisations and the ways in which Mauritian organisations are addressing the issues identified.

Anonymity and Confidentiality statement

As a researcher, I will strive to protect the anonymity and privacy of the interviewees, and any personal information collected during this research will remain confidential; I also take the engagement to make due diligence to prevent data from being released in a form that would allow the identification of the persons interviewed.

As already mentioned in the e-mail I sent earlier, I would like to record our conversation, and, at the same time, take notes, if that is acceptable to you. The notes and records will be kept secured and will be deleted/erased once the MBA research report is corrected by Wits Business School.

Question 1

Background information on the company's HR (addressed to CEOs, HR managers and line managers)

Would you please state briefly the evolution of HR in [organisation's name] over the last 5 years, its activities, the structure of the HR BU and the number of persons working in the department?

Question 2

Background information on the respondent

What is your professional background and career path? How long have you been working for [organisation's name]?

Question 3 (addressed to CEOs and HR managers)

Define the decision making structure and process in [organisation's name] and state when and how HR integrates the process?

N.B. Interviewees will be prompted with the following proposed stages: outset/planning; development; discussion/agreement; implementation).

Question 4 (addressed to CEOs and HR managers)

What is your understanding of HR as a strategic partner in an organisation?

Question 5 (addressed to CEOs, HR managers and line managers)

What is the importance of HR in [organisation's name], and, most importantly, to what extent is HR able to implement the firm's strategy?

Question 6 (addressed to CEOs and HR managers)

What are the priorities for the function of HR in [organisation's name] today?

N.B. If need be, prompt interviewees in respect of recruitment strategies (long term recruitments & fresh graduates), training and development strategies (means of monitoring training), culture, pay and benefits, motivation and commitment, rewards, communication.... All these need to be in line with the firm's strategy.

Question 7 (addressed to CEOs, HR managers and line managers)

What according to you, should be the role of HR in an organisation?

Question 8 (addressed to CEOs and HR managers)

Can you describe the company's strategy, and state how HR links HR strategies with business strategies?

N.B. Figure 13 drawn by the researcher to be used to facilitate the discussion.

Question 9 (addressed to CEOs and HR managers)

How is HR's effectiveness measured in the organisation?

Question 10 (addressed to CEOs and HR managers)

How integrated is HR at strategic level (representation on the board, presence of a written personnel strategy, consultation of personnel in the development of corporate strategy and translation of personnel/HR strategy into a clear set of work programs) in [organisation's name]?

Answers to questions 3 to 10 will provide information to address Research Question 1 which reads:

Research Question 1: How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?

Question 11 (addressed to CEOs, HR managers and line managers)

How far is HR knowledgeable about the activities of the organisation?

N.B. Interviewees will be prompted with additional questions relating to the competition and future market conditions (in 3 to 5 years' time); core

competencies, behaviours and profile of employees that will be required in the coming 3 to 5 years; HR practices that would be relevant to build the organisation to meet future challenges.

Question 12 (addressed to HR and line managers)

How is the management of people shared between HR and line? What training has been given to line managers?

Question 13 (addressed to CEOs, HR managers and line managers)

What is your evaluation of HR in [organisation's name] in terms of:

- contribution to business performance,
- closeness to the business,
- calibre of the people in the function,
- their influence on board decisions,
- their relationship with the line,
- the quality of HR processes,
- their ability to offer an independent perspective to business orientation?

Question 14 (addressed to CEOs, HR managers and line managers)

In your opinion, what factors hinder the application of HR as a strategic partner in [organisation's name]?

Answers to questions 11 to 14 will provide information to address Research Question 2 which reads:

Research Question 2: What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?

Question 15 (addressed to CEOs, HR managers and line managers)

According to you, what are the most important competencies needed by HR to accomplish its strategic partner role?

Question 16 (addressed to CEOs, HR managers and line managers)

Which of the competencies identified above represent the highest challenge, and why?

Question 17 (addressed to CEOs and HR managers)

How far does the individual personality of the HR manager affect the integration of the function at board level?

Question 18 (addressed to CEOs, HR managers and line managers)

Do the HR managers of [organisation's name] possess the competencies identified above?

Answers to questions 15 to 18 will provide information to address Research Question 3 which reads:

Research Question 3: How does the level of competency of HR affect its ability to link HR strategies with the organisations' strategies?

Question 19 (addressed to CEOs, HR managers and line managers)

In your opinion, what are the critical success factors that would foster the role of HR as a strategic partner in [organisation's name]?

Question 20 (addressed to CEOs, HR managers and line managers)

What actions, if any, are being taken within the organisation to promote HR as a strategic partner?

Question 21 (addressed to CEOs and HR managers)

What are the initiatives taken to attract the best HR professionals in [organisation's name]?

Question 22 (addressed to CEOs and HR managers)

How is HR adding value to the organisation? Do you intend putting in place a structure that would enable the measure of HR's performance? If so which measures are you considering implementing?

Answers to questions 19 to 22 will provide information to address Research Question 4 which reads:

Research Question 4: How do organisations respond to the issues which prevent the application of the HR strategic partner role?

Question 23 (addressed to CEOs and HR managers)

Referring to Table 5, which description best suits the current state of HR in [organisation's name]?

Question 24 (addressed to CEOs and HR managers)

Referring to Table 5, which description will suit the position of HR in 3 to 5 years' time?

Table 5 - The Range of HR Roles			
Future Strategic Focus			
Processes	HR as an enabler linking business strategy and HR strategy	HR as a leader and facilitator of change (HR-related and all change transformation process)	People
	HR as an expert developing ways of measuring implementation of its policies	HR as a provider of advice and services (pay and benefits, recruitment, training etc)	
Day-to-day/Operational Focus			

Source: Adapted from Higgs (2003: 17)

Closing Statement to interviewees

Thank you very much for your time and for your valuable contribution to the research. If convenient to you, I will send you a copy of your interview by e-mail for your perusal. Should you find any discrepancy between what was discussed and what is reported, kindly inform me accordingly. I will make the appropriate corrections.

APPENDIX 2

Dear Sir,

Re: **MBA Research: The Application of the strategic partner role of HR in Mauritian Organisations**

Following your earlier indication of a willingness to participate in the above research, we are pleased to provide you hereunder with additional information regarding the said research, together with a list of the main interview questions.

As already mentioned, I am completing an MBA program with Wits Business School of South Africa in collaboration with DCDM Business School, and am presently working on my research which relates to the extent to which Human Resources (HR) is operating as a strategic partner in Mauritian organisations.

Many researchers today believe that effective management of HR is one area through which companies may sustain competitive advantage in the existing business environment. Traditional forms of competitiveness such as technology, product differentiation, distribution or manufacturing techniques can all be replicated; organisations need them to stay in the game, but they do not, by themselves, guarantee sustainability or leadership in the industry. A new form of competition is thus required to match the new environment, and this is based around HR and the management of Human Capital.

Ulrich (1997), who has developed a new agenda for HR, is of the opinion that HR should, among others, be a member of a business executive team, guiding senior members of the organisation into discussions relative to the

way in which the company should get organised to carry out its strategy and ensure that HR factors are taken into account when business strategies are being elaborated and implemented. This role is being referred to as the strategic partner role of HR in an organisation.

Even though the concept of HR as a strategic partner has been widely accepted by researchers, it would seem that there are constraints limiting the application of same within organisations. My research would be to identify the issues preventing the application of the model in Mauritius and the ways in which Mauritian organisations are addressing such issues. Hopefully, the findings will enable CEOs and HR Managers identify the issues existing within their own organisations and address them for the benefit of all stakeholders.

For the research, I am requested to interview CEOs or General Managers, HR Managers and Line Managers of companies listed on the SEM 7 (including the three companies on the reserve list), among which your organisation. The collection of data will be effected through an interview of one hour which could take place at your earliest convenience.

Your input to the research will be most valuable, and I thank you in advance for communicating the date, time and venue that is most convenient for the interview to the following addresses:

michele.raoult@mcb.co.mu

michra@intnet.mu

Please be assured that I will strive to protect the anonymity and privacy of the persons that will be interviewed for the research and any personal information collected will remain confidential; I also take the engagement to make due diligence to prevent data from being released in a form that

would allow the identification of those who have kindly agreed to participate in the interviews.

If acceptable to you, I would like to record our conversation and at the same time take notes. The notes and records will be kept secured and will be deleted/erased once the MBA research report has been corrected by Wits Business School.

The questions that will be asked during the interview are being enclosed for your information.

Thank you again for your kind assistance.

Yours sincerely,

Michele Raoult

MBA student

Wits Business School in collaboration with DCDM Business School

Tel No: 202-5789

464-6234

454-8737

Mobile: 497-8419

APPENDIX 3

CONSISTENCY MATRIX

The Research Problem is to assess the extent to which HR professionals of leading Mauritian companies are considered and succeed in acting as strategic partners in their organisations; to determine the issues that may prevent their progress towards strengthening their position as strategic partners and to identify conditions necessary to facilitate their integration in that role.				
Sub Problems	Literature Review	Research Questions	Data source	Data Analysis
Sub Problem 1 Identify generic issues hampering the application of the strategic partner role of HR in organisations	Accenture (2004) Becker, Huselid & Ulrich (2001) Brown (2004) Budhwar (2000) Buford & Mackavey (2003) Caldwell (2003) Caldwell (2004) CIPD (2003) Cunnighman & Hyman (1995) Cunnighman & Hyman (1999) Goodge (2004) Goodge (2005) Guest & King (2004) Higgs (2003) Holbeche (2001) Huselid (1995) Kathri & Budhwar (2001) Larsen & Brewster (2003) McGovern <i>et al</i> (1997) Papalexandris & Panayotopoulou (2005) Pietersen & Engelbrecht (2005) Pfeffer (1995) Poole & Jenkins (1997) Renwick (2000)	Q1 - How well do Mauritian leaders and key stakeholders understand the concept of HR as a strategic partner?	Q1 - Question to CEOs and HR managers Define the decision making structure and process in your organisation and state when and how HR integrates the process (proposed stages: outset/planning, development, discussion/agreement, implementation) Q2 - Question to CEOs and HR managers What is your understanding of HR as a strategic partner in an organisation? Q3 - Question to All What is the importance of HR in the organisation, and, most importantly, to what extent is HR able to implement the firm's strategy? Q4 - Question to CEOs and HR managers What are the priorities for the function of HR in your organisation, today? Q5 - Question to All What according to you should be the role of HR in an organisation?	Thematic Analysis

Sub Problems	Literature Review	Research Questions	Data source	Data Analysis
Sub Problem 1 Identify generic issues hampering the application of the strategic partner role of HR in organisations	Renwick (2003) Torrington & Hall (1996) Thornhill & Saunders (1998) Truss (2003) Ulrich & Brockbank (2005) Ulrich (1997) Ulrich (1998) Ulrich (2001) Ulrich (2003) Whittaker & Marchington (2003)	Q2 - What are the issues hampering the application of the strategic partner role of HR in Mauritian organisations?	Q6 - Question to CEOs and HR managers Can you describe the company's strategy, and state how HR links HR strategies with business strategies? Q7 - Question to CEOs and HR managers How is HR's effectiveness measured in the organisation? Q8 - Question to CEOs and HR managers How integrated is HR at strategic level (representation on the board, presence of a written personnel strategy, consultation of personnel in the development of corporate strategy and translation of personnel/HR strategy into a clear set of work programs) in the . organisation? Q1- Question to All How far is HR knowledgeable about the activities of the organisation? Q2- Question to HR and line managers How is the management of people shared between HR and line? What training has been given to line managers?	Thematic Analysis

Sub Problems	Literature Review	Research Questions	Data source	Data Analysis
Sub Problem 1 Identify generic issues hampering the application of the strategic partner role of HR in organisations		Q3- How does the level of competency of HR affect its ability to link HR strategies with the organisation's strategies?	Q3 - Question to All What is your evaluation of HR in your organisation in terms of contribution to business performance, closeness to the business, calibre of the people in the function, their influence on board decisions, their relationship with the line, the quality of HR processes, their ability to offer an independent perspective to business orientation? Q4 - Question to All In your opinion, what factors hinder the application of HR as a strategic partner in your organisation? Q1- Question to All According to you, what are the most important competencies needed by HR to accomplish its strategic partner role? Q2 - Question to All Which of the competencies identified above represent the highest challenge, and why? Q3 - Question to CEOs and HR managers How far does the individual personality of the HR manager affect the integration of the function at board level? Q4 - Question to all Do the HR managers of your organisation possess the competencies identified above?	Thematic Analysis

Sub Problems	Literature Review	Research Questions	Data source	Data Analysis
Sub Problem 2 To identify the critical success factors that would enable HR to act as strategic partners	Accenture (2004) Aghazadeh (2003) Becker, Huselid & Ulrich (2001) Brown (2004) Buford & Mackavey (2003) Budhwar (2000) Caldwell (2003) Conner & Ulrich (1996) CIPD (2003) Fombrun <i>et al</i> (1982) Goodge (2005) Grobler <i>et al</i> (1982) Guest & King (2004) Higgs (2003) Holbeche (2001) Kaplan & Norton (1996) Kathri & Budhwar (2001) Larsen & Brewster (2003) McGovern <i>et al</i> (1997) Papalexandris & Panayatopoulou (2005) Pietersen & Engelbrecht (2005) Porter (2001) Ramgutty-Wong & McCourt (2003) Robinson & Robinson (2005) Schuler & Jackson (1987) Thornhill & Saunders (1998) Truss (2003) Ulrich (1997) Ulrich (1998) Ulrich (2003) Whittaker & Marchington (2003) Yarnall (2005)	Q4 - How do organisations respond to the issues which prevent the application of the HR strategic partner role?	Q1 - Question to all In your opinion, what are the critical success factors that would foster the role of HR as a strategic partner in your organisation? Q2 - Question to all What actions, if any, are being taken within the organisation to promote HR as a strategic partner? Q3- Question to CEOs and HR managers What are the initiatives taken to attract the best HR professionals in your company? Q4 - Question to CEOs and HR managers How is HR adding value to the organisation? Do you intend putting in place a structure that would enable the measure of HR's performance? If so, which measures are you considering implementing?	Thematic Analysis