Tendencies towards the Strategic Role of the Human Resource Management Function - 
Four Seasons as a Control Sample

A dissertation submitted by

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Directed by:
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First in the World

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To my parents
Acknowledgments

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Survey candidates

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Four Seasons Hotel Berlin, Germany
Four Seasons Hotel Milano, Italy
Four Seasons Hotel George V, Paris, France
Four Seasons Hotel Istanbul, Turkey
Four Seasons Hotel The Ritz, Lisbon, Portugal
The Westin Palace, Madrid, Spain
Hyatt Regency Birmingham, England

London Marriott Hotel County Hall, England
Paris Marriott Hotel Champs-Elysées, France
Marriott Marbella Beach Resort, Spain
Courtyard Berlin/Köpenick, Germany
Athens Ledra Marriott Hotel, Greece
The Westin Palace, Madrid, Spain
Hotel Kamp (Sheraton), Helsinki, Finland
Hyatt Regency Birmingham, England

Four Seasons Hotel Berlin, Germany
Four Seasons Hotel Milan, Italy
Four Seasons Hotel George V, Paris, France
Four Seasons Hotel Istanbul, Turkey
Four Seasons Hotel The Ritz, Lisbon, Portugal
The Westin Palace, Madrid, Spain
Hyatt Regency Birmingham, England
Executive summary

The new role of Human Resources (HR) function as a strategic business partner represents a new subject of investigation as a dissertation work and the tendencies towards the strategic role of HR is a topic of high interest to me as it forms a basis for my future career specialization because I plan to build my future career within the domain of Human Resources Management (HRM).

The shifting role of the HR department towards a more strategic function is of major importance in the ever-changing business today. The HR role has expanded and the strategic nature of HR management has changed significantly in recent years. HR’s new strategic role has given HR executives an unusual access to the CEO’s office and this is a major opportunity for the CEO and HR working hand-in-hand together to make business better, as well as an opportunity for HR managers to provide leadership and guide the company through the new business challenges it faces.

The objective of this study is to examine the move from an administrative and purely operational personnel function to a more strategic human resources management function. The author assumes that the shift towards a more strategic role of the HR function implies the need to develop a different awareness of the HR manager’s role both by top management and the HR professional, as well as different perceptions and expectations from top management concerning the importance and responsibilities of the HR department. This is proved by this study.

The hypothesis states that the necessary tools for the human resources professional in order to be able to shift into a strategic dimension are not available or not used by the human resources professionals. This has been verified from the perspective of HR professionals with the help of interviews and a survey and can partially be confirmed.

The more strategic role of HR departments in organizations is based on the fact that HR should be defined not by what it does but by what it delivers. Several tools how to deliver measurable results and therefore value are discussed in this research study.

HR should be seen as a strategic business partner working hand in hand together with top management to formulate the company’s strategy as well as to execute it, if it is to add value to the company and deliver a competitive advantage in the long term.

Lausanne, November 20, 2000

Sonja Bruss
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1. Introduction

1.1. Orientation & Nature of the Subject

The notion that the HR function must become a strategic partner to management versus remaining focused on activities rather than outcomes came up already about ten years ago. Several management visionaries argued that the knowledge and know-how of employees would become a company’s core assets in the information age. Thus the HR department would need to assume a central role in helping a company fulfill its highest-level strategic and economic objectives. However, to transform these ideas into reality has never been easy. Many management teams have had trouble figuring out how to transform HR into a strategic function. As a result, the HR departments in most companies remain focused on administrative and operational tasks.

This dissertation will discuss the new mandate for HR that requires dramatic changes in how HR professionals think and behave. It also requires that senior executives change what they expect from HR and how they perceive the role of the HR function. The Author will discuss the critical business challenges any company faces today and suggests how the role of HR should be transformed considering its new responsibilities.

In the beginning, the research question was: “Should we do away with HR?”. According to Dave Ulrich in his article “A new Mandate for Human Resources” the question rises out of serious and widespread doubts about HR’s contribution to organizational performance. The HR department had - or still has - a beleaguered reputation. It is said to often be ineffective, incompetent, and costly - in other words, being value sapping. In fact, if HR were to remain configured as it is today in many companies, one would have to answer the question with “yes, abolish the department!” But the truth is that HR has never been more necessary:

“The competitive forces that managers face today and will continue to confront in the future demand organizational excellence. The efforts to achieve such excellence - through a focus on learning, quality, teamwork, and reengineering - are driven by the way organizations get things done and how they treat their people. Those are fundamental HR issues. Achieving organizational excellence must be the work of HR. The question for senior managers then is “what should we do with HR?” The answer is: create an entirely new role and agenda for the field that focuses it not on traditional HR activities, such as staffing and compensation, but on outcomes. HR should not be defined by what it does but by what it delivers - results that enrich the organization’s value to customers, investors, and employees.”

Therefore this study looks at ways on how to measure the outcomes of the HR department and includes this issue into the survey that has been conducted in order to analyze the actual situation of HR departments in hotels today.

1. 2. Importance of this Dissertation and its Context

The author’s motivation on approaching this subject comes from the belief that this topic is especially important to the hospitality industry, as service organizations have little to sell but their good service, which makes them uniquely dependent on their employees’ attitudes and motivations - and on HR management. Therefore HR plays a crucial role in the people-focused hospitality industry. Using progressive HR practices to build employee commitment and morale closes the ‘Service-Profit Chain’, which states that satisfied, loyal and productive employees provide excellent service, which creates value for the customers, who will become loyal, which in turn will generate profit. This theory can be found in appendix 1.

The actuality of the subject is underlined by the eighth World Congress on HR 2000, held in Paris, where a major theme was the changing focus of HR from operational matters to strategic considerations. The keynote speaker Dave Ulrich, who is perceived as one of the world’s top 10 management educators and the top educator in HR, talked in length about the new HR ‘value proposition’ and made a strong point about the new HR capabilities and the change in focus.

The Author believes that the shifting role of the HR department towards a more strategic function in the future is of a major importance in the ever-changing business today as the HR department is the connection between the top management and the staff, and especially the hospitality industry faces several critical business challenges that require organizations to build new capabilities in order to achieve a competitive advantage. Some of the main business challenges are globalization, profitability through growth, technology, intellectual capital, and change. As traditional forms of competitiveness - cost, technology, distribution, manufacturing, and product features - can easily be copied, the only competitive weapon left is organization. Dave Ulrich states in his article “A New Mandate for Human Resources”:

“In the new economy, winning will spring from organizational capabilities such as speed, responsiveness, agility, learning capacity, and employee competence. Successful organizations 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.”

Developing these capabilities is HR’s opportunity to play a leadership role in enabling the organization to meet these competitive challenges. It is very important for the author to create a new awareness about the implications of the HR function and to understand the importance that the strategic implication of the department has on business success in the hospitality industry. Choice has been made to write this dissertation as a problem solving approach explaining why the HR departement still is not a strategic business partner and giving solutions on how this could be changed in the future. One major problem is that the results are intangible and difficult to mesure but effectif, as they translate into a competitive advantage in the long term.

1. 3. Objectives & Hypothesis

The primary purpose of this research study is:

To examine the move from an administrative and purely operational personnel function to a more strategic human resources management function.

Furthermore this study discusses the impact of the way top management perceives the importance of HR department and its expectations regarding the HR function, as well as the responsibilities given to that function, which seem to be not conducive to the shift of the HR function towards a strategic dimension. Therefore, this dissertation discusses the following assumption:

The shift towards a more strategic role of the HR function implies the need to develop a different awareness of the HR manager’s role both by top management and the HR professional, as well as different perceptions and expectations from top management regarding the importance and responsibilities of the HR department.

One specific objective of this research study is to verify the following hypothesis:

The necessary tools for the human resources professional in order to be able to shift into a strategic dimension are often not available or not used by the HR professionals.

This study verifies the hypothesis from the perspective of HR professionals with the help of a case-study on the Four Seasons hotel chain, which is the primary research instrument for emphasizing the tendencies of the shift into the strategic dimension.

Furthermore, the author conducts a survey with several other hotels in order to verify the assumptions and the hypothesis of this study outside the Four Seasons hotel chain to generalize the hypothesis on the hospitality sector and in order to compare the primary research instrument Four Seasons to it's competitors.

1. 4. Limitations

This dissertation considers the strategic implication of the HR function in achieving business excellence. Other themes that are closely connected to the problem of the global implications of HRM, such as approaches to remuneration, motivation techniques, measuring performance, or managing diversity or change - which are entire individual subjects - won’t be treated in depth in this study due to time and space limitations. The author focuses on giving only essential, however the nature of the subject demands the support of an extensive literature review as well as a detailed analysis of the data findings in order to give a complete understanding of the implications of the subject.
The Author will shortly analyze the implementation of new strategic approaches in HRM, as for example how to redesign HR for a strategic advantage. The underlying theories of HR strategies and practices will not be described in detail in order to concentrate on the core of the subject.

This work limits the research to a point of view from the different Human Resources departments, as due to time constraints and confidentiality issues, the information from Headquarters could not be obtained.

Due to the time constraints, the author first limited the practical research to the case study of the Four Seasons hotels in Milan, Paris and Berlin. Nevertheless, the HR department of the property in Paris - despite many reminders - never answered to the interview questions and could therefore not be included in this study. Another limitation was encountered when interviewing Mrs. Alida Fonini, the HR manager of the Four Seasons Hotel Milano, as the legislation in Italy limits the flexibility of the HR manager and therefore the strategic implications of the HR department.

In general, using case-studies instead of questionnaires did limit the research on two different hotels in Europe, who represent very individual cases and that cannot necessarily be generalized over the whole Four Seasons hotel chain, as overseas things might look very different.

Therefore the author decided to conduct a survey within the Four Seasons Hotels, as well as with several other hotel chains in Europe in order to have a wider range of samples as a basis for the analysis. The author chose not to supply the survey to headquarters, because the content of the study would shift more to the corporate culture of the company rather than verifying the strategic role of HR from the individual HR departments point of view.

15 survey participants out of 36 did reply within the given deadline, which represents 41.7%. The generalization of the survey outcome on the hospitality sector in Europe is depending on the number of companies that replied to the survey and therefore the analysis needs to be viewed within this limitation. Furthermore, the comparison of the companies with each other cannot be generalized, as the number of participants of each company is not proportional.

The case-study, as well as the survey conducted, set several parameters as the outer limits this study is working in, which will be focusing on the functioning of the HR departments and it’s strategic implications in the business process.

1.5. Methodology & Structure

The logic applied in this dissertation is a primary research through the interviews of the Four Seasons Hotel Berlin and the Four Seasons Hotel Milano, as well as surveys supplied to Four Seasons and other hotel chains within Europe. A secondary research is conducted with the help of books, Internet databases, references, and articles.

The paper is divided into four specific chapters. After the Introduction, the main part presents the literature review, including issues as strategy execution and value creation within a company in
general and the strategic human resources management (SHRM) specifically, followed by an explanation of today’s critical business challenges and HR’s new role as a strategic business partner. Certain critics and the problem of the HR function will be discussed followed by hints on the changing expectations needed in order to realize this objective. The first chapter also discusses the reengineering of the HR function, giving recommendations on how HR can deliver measurable value, and concluding with a view into the future.

The third major part of this paper is made up of a data presentation, where the author describes and analyses the practical application case, namely the Four Seasons hotel chain in general and the Four Seasons Hotels in Berlin and Milano specifically, followed by a comparison of the two properties. Furthermore the survey is analyzed and recommendations for the future research are given.

The very last chapter consists of a general conclusion, where the author summarizes and reflects upon the different parameters discussed in this dissertation and gives a personal opinion.

The author chose the Four Seasons hotel chain, as it is said to realize the importance of the HR department and it’s implications with the strategy of the business. The Four Seasons chain has been selected to focus on the particular issue of the strategic function of HR and because it meets the general parameter of the study’s objective and shares the defined core characteristics. Furthermore, the Four Seasons vision reflects the author’s personal vision on the HR management and has therefore been chosen as the primary research instrument.

The information was obtained by interviewing the HR managers of the Four Seasons Hotels in Berlin, as well as in Milano. The research was prepared by writing a list of questions that would be gone through with the HR managers in individual meetings. In order to log the research, the interviews were taped on a Dictaphone and the results were written down afterwards. The data analysis section reviews, summarizes, and compares the different cases. The statistical treatment option chosen for the interviews is a convenience (non-probabilistic) sampling, as the research objectives are inherently qualitative in nature.

Furthermore as survey has been conducted with the Four Seasons Hotel chain, as well as with several other hotels in Europe, in order to verify the hypothesis and to draw conclusions on the general trends concerning HRM. The results are treated with the ‘SPSS for Windows Student Version, Release 8.0.0’ program that creates graphics and statistics which will help the author analyze the findings.

The data presentation chapter concludes with conclusions drawn from the interviews and the conducted survey and gives recommendations for future research.
2. Literature Review

This section presents the literature review that the author collected in order to discuss the tendencies towards the strategic role of the HR function. Strategy execution & value creation, as well as the role and responsibilities of the personnel function in strategy and the strategic human resources management (SHRM) will be shortly discussed. The author presents today’s critical business challenges and the withcoming new responsibilities for HR, followed by several critics and the problematic of changing HR to become a strategic business partner. The literature review section continues with recommendations on the need of changing expectations concerning HR’s role and responsibilities and discusses the possible reengineering of HR in the future, as well as proposing tools for delivering measurable value. The final section of this chapter presents a view into the future.

2.1. Strategy Execution & Value Creation

In large, multi-business organizations three levels of strategic decision making may be identified: corporate (what business one should be in), business (how to establish competitive advantage), and functional (role of component parts). Functional strategies are those directed at improving the effectiveness of basic operations within a company, such as production, marketing, R&D, and HR.

The HR function is a support activity of the value chain, which refers to the idea that a company is a chain of activities for transforming inputs into outputs that customers value (see appendix 2). The process of transforming inputs into outputs is composed of a number of primary activities and support activities. Each activity adds value to the product. The primary activities are R&D, Production, Marketing & Sales and Service. Support activities are the company infrastructure, HR, and materials management, which provide inputs that allow the primary activities to take place - this is why the HR function is so important.

According to Gary Dessler in his book “Human Resources Management” HR management does support the strategic implementation in many ways. For example, HR is heavily involved in the execution of most firm’s downsizing and restructuring strategies, through outplacing employees, instituting pay-for-performance plans, reducing health care costs, and retraining employees. And in an increasingly competitive global marketplace, instituting HR practices that build employee commitment can help improve a firm’s responsiveness.

Patrick Gunnigle defines Strategic management as being “concerned with policy decisions affecting the entire organization with the overall objective being to best position the organization to deal effectively with its environment and is seen as a vital ingredient in achieving and maintaining effective performance in a changing environment.”

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According to Charles W.L. Hill in his book “Strategic Management Theory”, managers at the level of functions or operations must strive to obtain efficiency, quality, innovation and customer responsiveness, which all play a central role in building and maintaining a competitive advantage.

The HR function plays a primary role in achieving superior efficiency:

“Employee productivity is one of the key determinants of an enterprise’s efficiency and cost structure. The more productive the employees, the lower the unit cost. The challenge for a company’s HR function is to devise ways to increase employees’ productivity. There are three main choices: employee training, self-managing teams, and pay for performance.”

Several ways of how to increase employees’ productivity will also be part of the questions in the surveys that will be discussed later on in this study.

“There are a number of ways in which the HR function can help an enterprise create more value. The HR function ensures that the company has the right mix of skilled people to perform its value creation activities effectively. It is also the job of the HR function to ensure that people are adequately trained, motivated, and compensated to perform their value creation tasks.”

Strategies increasingly depend on strengthening organizational responsiveness and on building committed work teams, putting HR in a central role. In a fast changing, globally competitive and quality oriented industrial environment, it’s often the firm’s employees themselves - its human resources - who provide the competitive key. It is thus now increasingly common to involve HR in the earliest stages of developing and implementing the firm’s strategic plan, rather than letting HR just react to it.

A competitive advantage can be defined as “any factors that allow an organization to differentiate its product or service from those of its competitors to increase market share.” Similarly, strategic planning expert Michael Porter says that “competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.”

According to Charles Greer in his book “Strategy and Human Resources”, Human resources can be viewed as a source of competitive advantage, as distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes, and systems. Competitive advantage can be obtained with a high quality work force that enables organizations to compete on a basis of market responsiveness, product and service quality, differentiated products, and technological innovation.

According to Derek Torrington in his book “Personnel Management - HRM in Action”, the extent to which the HR function is involved in both organizational and HR strategy development is dependent on a range of factors. Involvement in strategy is clearly dependent on the level of regard for the

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personnel function. There is a greater likelihood of involvement in strategy when the most senior personnel person is at Director level on the main Board. The organization's view of the importance of people and how they should be treated is an important factor in personnel involvement, too. For example, does the organization see people as a cost or an investment? Another factor is the organizational environment. If an organization operates in a stable and comfortable environment there is no pressure to change, whereas a turbulent environment demands that the organization looks for new approaches and ways of doing things.

“These three influences are not particularly easy to manipulate, but what the HR function can do is (...) to use business and financial language; to describe the rationale for personnel activities in terms of business benefits; to act as a business manager first and a personnel manager second; to appoint line managers into the personnel function; to concentrate on priorities as defined by the business; and to offer well developed change management skills that can be used immediately. In addition, the function needs to prepare itself by thinking strategically, identifying a functional mission and strategy and involving line management in the development of HR strategy.”

2. 2. The Strategic Dimension of Human Resources Management

According to Senga Briggs and William Keogh in their article “Integrating human resource strategy and strategic planning to achieve business excellence”, developing a HR strategy to support the business plan requires HRM planning to be recognized as a fundamental part of the business planning process, as it is fundamental to integrate HR strategy and strategic planning in order to achieve business excellence.

Strategic decision-making begins with the identification of a clear and relevant vision, mission, and objectives which then need to be communicated to all stakeholders. In order to put these into practice, one has to identify the processes in which the organization must excel in order to add value. The strategic planning process should identify the routes an organization needs to take in order to achieve its mission, vision, and objectives. The alignment of HR strategy and strategic planning is demonstrated in appendix 3.

A key factor influencing the interest in linking business strategies and HR policies is the search for a competitive advantage. According to George C. Tokesky and Joanne F. Kornides in their article “Strategic HR management is vital” SHRM is the idea that HR management can be used to gain or enhance a competitive business advantage when its practices are integrated into the business strategy.

“The HR planning process doesn’t follow the business plan - it’s a part of business planning. (...) SHRM lifts HR management from the micro level, namely the individual personnel issues to the macro level, concerning the business strategy.”

The strategic macro HR considerations by George C. Tokesky can be found in appendix 4.

2 Tokesky, George C; Kornides, Joanne F.: “Strategic HR management is vital”, Personal Journal, (Dec. 1994)
HR assets are the current talent, policies, programs, organization structure, culture and capacity to manage diversity. SHRM also includes organizational analysis and design, meaning the HR function has the role to provide management with not only analysis, but also with organization-design recommendations.

The two theories of Briggs & Keogh and Tokesky both prove the importance of HR management being recognized as a business partner in the planning process and to integrate HR strategy and strategic planning in order to achieve business excellence. George C. Tokesky and Joanne F. Kornides underline the fact that HR does not only help to achieve business excellence, but also provides the company with a competitive advantage if HR practices are integrated into the overall business strategy.

Senga Briggs and William Keogh state the vision, mission and objectives as being important tools for the business planning process, whereas George C. Tokesky and Joanne F. Kornides emphasize the importance of organizational design of the company.

The relationship between organizational strategy and HR strategy presented in appendix 5 shows and explains to what degree HR strategies are integrated in the overall organizational strategy. Ideally the two strategies are developed together in an integrated way with the people of the organizations recognized as the key to competitive advantage.

2. 3. Today's Critical Business Challenges

According to Dave Ulrich in his article “A new Mandate for Human Resources”, companies today face five critical business challenges: globalization, profitability through growth, technology, intellectual capital, and change. This chapter will shortly present these challenges that collectively require organizations to build new capabilities. The implications of these issues on HRM will be analyzed in greater detail in the next chapter regarding HR’s new role.

2. 3. 1. Growth & Globalization

With the rapid expansion of global markets, managers have to think globally and act locally. Globalization requires that organizations increase their ability to learn and collaborate. Ethics also play an important role here, companies have to be able to adapt to new cultures and to manage diversity, complexity, and ambiguity.

Lately, a lot of companies have realized the gains of downsizing, reengineering, delayering, and consolidation to increase efficiency and cut costs. Executives will now have to be creative and innovative, and must encourage the free flow on information and shared learning among employees. They must also become more focused on the market and of the fast changing needs of their customers. From hiring and firing labor force to formulating selection, training, and compensation policies for expatriate employees, managing globalization will be a major HR challenge in the next few years.
2. 3. 2. Technology

In modern organizations HR strategy is supported by information technology in the form of human resource information systems and workforce management systems. Developments in IT are leading to significant changes in the measurement of performance. Extensive statistics can be generated but how meaningful are they? Not all technology adds value, but it can and will affect how and where work gets done. That's why managers have to make sense and good use of what technology offers, to make technology a viable, productive part of the work setting. They will need to stay ahead of the information curve and learn to take advantage of information for business results.

2. 3. 3. Change

In order to adjust to nonstop change, companies must be able to learn rapidly and continuously, innovate at all times, and take on new strategic imperatives faster and more comfortably. They must detect emerging trends quicker than the competition, be able to make rapid decisions, and the flexibility to seek new ways of doing business.

2. 3. 4. Human Capital

Knowledge has become an indirect competitive advantage for companies attempting to differentiate themselves by how they serve customers. The challenge for organizations is to make sure they have the capability to find, attract, assimilate, develop, compensate, and retain talented individuals who can drive an organization that is responsive to both its customers and the opportunities of technology.

According to William M. Mercer¹, Human Capital can be seen as the sum of intellectual capital (competence & commitment), social capital (network, access to people, reputation, etc.), and emotional capital (behavior, traits, character, etc.).

“'Human Capital' of quality employees will play a key role as the human touch of quality service will still remain key in different hotel services. Our hospitality Industry needs people with a passion for people and for service quality who can achieve highest profits due to their ability to see coming changes and adapt strategies to them.” ²

In a world of work that is demanding so much more from people in an environment of increasing complexity, competition and uncertainty a well trained high performance workforce capable of rapid change provides the key to sustainable competitive advantage and future success.

Concluding on these business challenges, one can say that trends like globalization and technological innovation are changing the way firms are managed. The basic dimensions of these

¹ Cloché, Christian (from William M. Mercer), Conference at EHL “The Mercer’s Global HR Management Solution” and “How to evaluate Human Capital” (November 25, 1999)
² Fischer, Jürgen; President - Hilton International Europe, Middle East and Africa: Conference at EHL (1999) “The hotel industry - a view of the future"
changes are summarized in the appendix 6, where Tom Peters in his book “Thriving on Chaos” concludes:

“A series of forces - generic uncertainty, technology revolution, new competitors, and changing tastes - are changing outcomes that include uncertainty, more choices, and more complexity. The result is that the organizational winners of today and tomorrow will have to be responsive, smaller, flatter, and oriented toward adding value through people.”

2.4. HR’s New Role

The above stated critical business challenges that companies face today require organizations to build new capabilities and bring new responsibilities for the HR function. This chapter will describe the new role of the HR function and the forthcoming responsibilities and present ways for HR managers how to use the opportunity to play a leadership role in enabling organizations to meet these competitive challenges.

HR’s role is “shifting from protector and screener to planner and change agent. The metamorphosis of personnel into HRM reflects the fact that in today’s flattened, downsized, and responsive organizations, highly trained and committed employees (...) are of the firm’s best competitive key.”

There is an opportunity and challenge for the HR professional to become a full partner in directing the organization towards business success. The author therefore states a quotation of George C. Tokesky and Joanne F. Kornides from their article “Strategic HR management is vital”:

“In order to take advantage of that opportunity, the HR professional has to learn to deliver value to the organization on a more macro scale, using macro-focused techniques such as environmental analysis and environmental scanning, organizational analysis and design, internal HR analysis and SHRM planning. Then, the HR professional must come up with ways to integrate the information these techniques provided with the organization’s strategic business plan. (...) Faced with the new, rapidly changing, highly competitive international business environment, strategic thinkers are looking to the workforce for a much more significant contribution. Employees are increasingly being asked to be a source of competitive strength and vitality. In this context, HR practitioners potentially have a new role - a much more macro one - as partners of a strategic vision that will yield their company’s competitive advantage.”

According to Dave Ulrich in his article “A new Mandate for Human Resources”, there are four main HR imperatives concerning HR’s new role: becoming a partner in strategy execution, becoming an administrative expert, becoming an employee champion, and becoming a change agent. These imperatives will be summarized shortly on the following pages, as these tasks are important steps on the way to the new function of HR and many other authors did affirm that these points are the critical ones that need work to be done in the future of HR:

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3 Tokesky, George C; Kornides, Joanne F.: “Strategic HR management is vital” (Personal Journal, Dec. 1994)
2. 4. 1. HR as a Partner in Strategy Execution

Strategy is the responsibility of a company’s executive team - of which HR is a member. HR should be held responsible for defining an organizational architecture. Many HR processes can be done better, faster, and cheaper. Finding and fixing them is part of the new HR’s work. The system on how work, the execution of strategy, actually gets accomplished must be articulated explicitly. HR must also be made accountable for conducting an organizational audit in order to identify areas that require immediate improvement for facilitating strategy execution. To discuss the fit between the company’s current practice and best practice, a chart like the one in the appendix 7 (“From architecture to audit”) can be used in order to guide the organization through the auditing process.

HR managers should be assigned to propose, create, and debate best practices in culture change programs, for example, or in appraisal and reward systems. HR must take stock of its own work and set clear priorities. To be truly tied to business outcomes, HR needs to join forces with operating managers to assess the impact and importance of each initiative of HRM in its sights - such as pay-for-performance, global teamwork, and action-learning development experiences and to find out which ones are really aligned with strategy implementation? Because becoming a strategic partner means an entirely new role for HR, it may have to acquire new skills and capabilities. This new knowledge will allow HR to add value to the executive team with confidence and the concept of HR as a strategic partner will make business sense.

These new skills and capabilities will be discusses in chapter 2.7. (‘Changing expectations’).

2. 4. 2. Processes within the Strategic Dimension

In their new role, HR will need to shed their traditional image of only controlling rules and regulations, procedures and policies; while still making sure that all the required routine work in is done well. In order to move from their old role as administrators into their new role as a strategic business partner, HR staff will have to improve the efficiency of both their own function and the entire organization. Within the HR function are many processes that can be done better, faster, and cheaper. Finding and fixing those processes is part of the work of the new HR. Improving efficiency will build HR’s credibility, which, in turn, will open the door for it to become a partner in executing strategy.

2. 4. 3. Leadership

Employee satisfaction, motivation, and loyalty are of major importance when it comes to retain the most valuable employees and this is where a strong leadership becomes very important. There is a difference between management and leadership. Leadership means understanding the corporate mission, developing goals which support the mission, then using personal and management skills to help build a stable, skillful, productive and satisfied workforce. Leadership is seen as the power to inspire and motivate, the ability to imbue employees with the desire to change the organization to the best. A leader has all the qualities of a manager, but a manager doesn’t necessarily have all the
qualities of a Leader. Managers sustain and control organizations; leaders try to change them. Leadership, rather than management, has been identified as one of the keys to a high performance organization; leaders create the vision and present themselves, the vision and the strategy in such a way that employees feel enthusiastic and excited by it. Leaders clearly act as role models within the organization. The problem is that leaders may easily become sidetracked into operational matters, thus compromising their role and this is what too often happens to HR professionals.

Companies cannot thrive unless their employees are engaged fully, believing they are valued, sharing ideas, working harder than the necessary minimum, and relating better to customers. HR must ensure that employees are engaged, that they feel committed to the organization and contribute fully. HR must take responsibility for orienting and training line management about the importance of high employee morale and how to achieve it. HR should offer employees opportunities for personal and professional growth, and provide resources that help employees meet the demands put on them. HR can play a critical role in recommending ways to ameliorate moral problems, by suggesting that more teams be used on some projects or that employees be given more control over their own work schedules. It must be an advocate for employees and represent them to management and be their voice in management discussions in order to gain their confidence.

The author refers to Senga Briggs and William Keogh, who in their article “Integrating human resource strategy and strategic planning to achieve business excellence” state that harnessing intellectual capacity by truly involving all of an organization’s people in the strategy formulation is critical to successful implementation. But it can introduce difficult analysis and managers may adopt a defensive posture towards this. Often managers confuse involvement with interference and fail to recognize the leadership opportunities this presents. Some still find involvement of employees threatening and this leads to a defense of the status quo with no changes being made.

“The total quality approach calls into question all the traditional approaches to HR management and argues for a more proactive people-focused approach in which HR professionals adopt total quality to become strategic partners in improvement and business planning.”¹

Consider the figure in appendix 8, where the alignment of HR requirements with business results is shown.

Senga Briggs and William Keogh also state that in order to harness intellectual capacity and to get and keep the best people, far more innovative approaches than performance-related pay are necessary.

“Organizations have to create fluid structures of employment. This may mean that it is prudent to accommodate employees’ own business interests within the umbrella of the organization. To get value form their key assets, organizations need to build

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¹ Briggs, Senga; Keogh, William: “Integrating human resource strategy and strategic planning to achieve business excellence” (Total Quality Management, Abingdon; July 1999)
environments in which their people are prepared to share their ideas rather than leaving the company to develop them. Whilst many organizations are investing heavily in employee development to retain the best, the future suggests more fundamental rethinking of the employee relationship. Knowledge and intellectual capacity are likely to be the tradable commodities of the labor market. They will also be the competitive edge in organizations where they are the only tangible asset. Effective integration of HR planning and business planning offers a credible vehicle for achieving business excellence.”

According to Bruce R. Ellig in his article “Don’t write off the HR function” an organization’s workforce is the source of a major competitive advantage. The right person in the right place at the right time with the right skills is essential when making an organization the most competitive.

2. 4. 4. Leading Change

In the article “A new mandate for Human Resources”, Dave Ulrich states that the new HR has the responsibility of building the organization’s capacity to embrace and capitalize on change. HR should make sure that change initiatives, as creating high-performing teams, reducing cycle time for innovation, or implementing new technology, are defined, developed, and delivered in a timely way.

Winners will be able to adapt, learn, and act quickly. HR’s role is to replace resistance with resolve, planning with results, and fear of change with excitement about its possibilities. For this can be used the change model (see appendix 9 “Change begins by asking who, why, what, and how”) which serves as a managerial tool to guide a transformation process of a the company. HR professionals can introduce such a model to their organizations and guide executive teams through it. It helps an organization identify the key success factors for change and assess the organization’s strengths and weaknesses regarding each factor. As change agents, HR professionals do not themselves execute change - but they make sure that it is carried out. In order to profile the change initiative and to measure the quality of the process, one can use yet another change model (see appendix 10 “Profile of a change initiative in distress”). This tool can help HR in writing an action plan for moving the initiative forward and in leading the process to make the changes explicit throughout the company.

How to succeed in the future is clearly stated by Senga Briggs in her article “Integrating human resource strategy and strategic planning to achieve business excellence”:

“Organizations have now to respond to change faster and with greater risk whilst operating in an imperfect internal and external climate. The shift has been towards the knowledge economy, global trading, information management, and the employment of people for their creativity and knowledge. This has emphasized the importance of investment in employee development as the means of retention and reward, rather than crude pay, and a total realignment in mindset about HR management, motivation, reward and development strategies. These trends show us what will succeed in the future. A mixture of short- and long-term strategies that are supported and strengthened on the one hand by an alignment of aspirations of the business with, on

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1 Briggs, Senga; Keogh, William: “Integrating human resource strategy and strategic planning to achieve business excellence” (Total Quality Management, Abingdon; July 1999)
the other hand, the aspirations of the organization’s greatest asset, namely its people. (…)

The process of carrying out change is not just about strategies and plans for their delivery, it is also about relationships between people and the management of workforce diversity in the context of the changing business environment. The increased emphasis on excellence through recognition of the individual and the team gives a balanced approach to HR planning that is important for the success of the overall strategy achievement. (…)

People have to believe in a strategy and this requires that leaders create the right environment for the change to occur and for believing that it can. (…) Excellence is increasingly concerned with having the individual intellectual capacity and the collective business intelligence to predict today what will happen tomorrow.”¹

In order to form successful strategy in response to a changing environment it seems to be critical that the organization becomes a learning organization, which as defined by B. Garratt in his article “Creating a learning organization” is defined as “An organization which facilitates the learning of all its members and continuously transforms itself.”² Garratt argues that for an organization to survive, learning in the organization has got to be greater or at least equal to the degree of change. The behavioral characteristics of this include accepting to make mistakes, as long as we learn from them and being able to admit lack of knowledge or skill and to ask for help. A free flow of accurate information, decisions being taken at the lowest possible level and continuos self-development for all employees are very important issues as well. All these points can and should be controlled by the HR department.

When cross-reading the three visions of the different sources stated above, one can conclude that change definitely is one of the major challenges of the future and that the importance lies within the speed at which organizations are able to adapt to the several changes they have to face in their business. Dave Ulrich states that HR professionals do not themselves execute change, but that they make sure that it is carried out. Senga Briggs emphasizes that change is also about relationships between people and the management of workforce diversity. B. Garratt puts the focus on the ability of the organization to learn from each other and to continuously adapt to change. All three of the sources highlight the fact that it is the HR department that manages and controls the change which is influencing the future success of the business.

2.5. Critics & the Problem

Some have a completely different view on the future of HR, some say:

“I don’t have much optimism for the future of HR. The HR function, in my opinion, has been reduced to three things: headhunting to get executive talent; making sure we get our pay checks; and laying off redundant workers. I have seen the disillusionment of employees who had given twenty to thirty years of their lives to “their” company only to be told that they were no longer needed. I have seen the demotivation of the survivors.”

¹ Briggs, Senga; Keogh, William: “Integrating human resource strategy and strategic planning to achieve business excellence” (Total Quality Management, Abingdon; July 1999)
Yet I hear our HR people speak of trust, honesty, shared values, and a sense of community and purposes, and I wonder how they can keep a straight face..."

And it's true! If HR didn't change, it would be split among the accounting and legal departments, outside consultants, and line managers. As long as HR is failing to get involved in shaping top managements' view of the future strategic direction of the company and implement it in the people and organizational area, HR's end would be certain. HR needs to become connected to and knowledgeable about the business, and perceived as credible by line managers, as "The HR department is being presented with and opportunity to become a significant player on the management team."2

The problem is that HR has such many different roles to play. It is connecting the processes of other functions such as marketing, finance, R&D, and manufacturing. It is responsible for shaping the organization and its culture by determining required competencies, hiring, retaining and developing people with the necessary capabilities, skills and behavioral characteristics, and by getting rid of the non-performing. But HR should also play a role as a partner assisting the line managers, who have the primary responsibility, to make the right decisions. The recommendation is to reposition the HR departement with the formation of new roles, competencies, relationships, and ways of operating for both HR and line managers.

Furthermore, Bruce R. Ellig states in his article "Don't write off the HR function":

“A major problem with the attack on the HR function is that it typically consists of a narrowly defined perspective rather than a view of the whole function. Some critics attack HR for overemphasizing the importance of being a business partner at the expense of concern about employees. Others point to HR focusing exclusively on being employee advocates even when it runs counter to business needs. Still others focus on the inefficiencies of the administrative or bureaucratic portion of the function. To the extent that an HR function focuses on any one of these areas to the exclusion of the others, it should be criticized. The objective is balance. The function should be both a business partner and an employee advocate while also doing whatever it can to reengineer the attendant processes through effective use of technology, i.e., taking unneeded steps out of the workflow and thereby reducing cost and improving service."3

According to Bruce R. Ellig, there is a clear need for the HR function. Therefore, regardless of the role of the function in any organization, those with responsibility for the HR function should take the opportunity now to assess its effectiveness. Every HR professional has an opportunity to make certain his or her own HR function is making a meaningful contribution.

Another major problem is that the results and the success of HR's activities are mostly intangible and difficult to measure. Two themes have dominated debates among HR professionals in the last few years: what contribution can HRM make to productivity and performances, and how can the

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change be managed effectively? Bottom-line profit, doing better than competitors, maximum organizational effectiveness, and achieving objectives all translate into performance of the company. But resulting in higher performance are also commitment, empowerment, leadership, culture, flexibility and learning. Identifying, understanding, using, and measuring these factors that affect the performance can influence the result performance which will translate into a competitive advantage in the long term.

How to measure outcomes is discussed in the chapter 2.9. (‘Delivering measurable value’). Furthermore, several tools for evaluating the HR function are presented in appendix 11.

Another critical factor is that the human resource is but one of the resources of the firm. Strengths and weaknesses in other areas, such as marketing and finance, may obscure the best people management. The reality is that faced with a choice between profit and the well-being of employees most organizations will focus on profit. ‘Softer’ human resource issues continue to be secondary and subordinate to financial matters.

2. 6. Changing Expectations & Attitudes

The new role for HR requires dramatic changes in how HR professionals think and behave in order to enter the strategic dimension described earlier.

A focus on results does not only change HR responsibilities, practices, and departments, it also changes the competencies required of HR professionals. Dave Ulrich states in his book “Delivering results” five essential competencies that emerging HR professionals need to embody: Knowing the business, mastering HR practices, managing change processes, creating cultures and workplaces that build individual capability and organizational commitment, and finally they need to demonstrate personal credibility.

George C. Tokesky states in his article “Strategic HR management is vital” that, in order for HR professionals to be taken seriously by senior management and accepted as partners in the planning and execution of business strategy, both general business skills and HR management skills must be excellent. If line management does not have complete confidence in HR expertise, it will always doubt and check HR recommendations. Technical knowledge will be the basis of the kind of respect that can move HR form a passive-dependent role to full partnership with line management. To be taken seriously as a full partner in strategic thinking, HR professionals will have to sharpen their skills of achieving expertise in leading-edge HR technologies, learning about the business environment and the organization’s business strategies, embracing a customer-service ethic and being flexible. “Rhetoric and politics are no longer adequate to gain top management respect. HR professionals need to cast off their traditional roles as followers, helpers, and firefighters, and must be prepared to lead the way toward establishing HR as a competitive business advantage.”1

1 Tokesky, George C; Kornides, Joanne F.: “Strategic HR management is vital” (Personal Journal, Dec. Dissertation 2000 17 Sonja Bruss
To play the strategic partner role effectively, HR professionals must master the theory and practice of forming and implementing strategy. They must be able to engage managers in discussions of vision, values, purpose, and intent. They must help to define fit between organizational activities. They must understand who forms strategy, what form strategy statements should take, and how to turn strategy into action for both the organization and its employees.

Therefore, in order to offer value, HR professionals need to have a certain ‘attitude’ for challenging managers, making informed decisions about how to invest in HR practices to assure business results, and to act with confidence. Attitude combined with the needed competence makes an HR manager a full professional.

Cyndi Tebbel in her article “Selling the concept of Strategic HR” gives some practical hints to the HR managers that want to build a strategic partnership:

- Don’t wait for your CEO to extend the role of HR; make HR the agent of change
- Do find out what the CEO believes is important for the future of the organization's success and then build your strategy along those lines
- Don’t expect attitudes about HR’s role within the company to change can become a strategic partner and contribute to the entire team
- Do provide the CEO and senior management with concrete evidence of how the HR department contributes to the company
- Don’t be afraid to disagree with the CEO
- Do develop long-term strategic plans for HR in the same way that other managers do for their departments

The new role for HR also requires that senior executives change what they expect from HR and how they behave toward the HR staff, as their involvement in strategy is dependent on the level of regard for the personnel function.

HR professionals need from their CEO’s the opportunity to show what they could do, to show that they can think strategically, to provide strong and convincing evidence that HR could contribute to the company’s strategic goals on a long-term basis, and build respect for the HR department so that HR is considered a full strategic partner in the company’s upper management team, only then they will be included in bigger picture changes and more strategic issues.

2. 7. Reengineering HR?

Rethinking business processes started a wave of restructuring and outsourcing has become a solution for many companies to reengineer the organization and to cut costs. HR could outsource activities that are not strategic. Outsourcing of functions like payroll (compensation & benefits) and recruiting could be recommended to be outsourced. What is going to be left of the HR function is...
the strategic management of human capital, of which HR should be put in charge of today. The functions of staffing, selection, training and development, and reward systems will need to be repositioned depending on the organization's mission, objectives and business strategies and how the organization is managed, organized and what the priorities are in the marketplace.

The danger of downsizing is if HR departments contribute to 'quick-fix' solutions, without considering the critical people issues, as then the organization can end up with a demotivated and scared workforce. Also, managing a flat, downsized organization is difficult and creates many people and structural problems. It requires a different leadership focusing on finding different ways of organizing tasks and new motivational techniques.

Recently, critics have argued that the cutting process has gone too far. Delayering or downsizing have led to 'dumb sizing'. Organizations have slimmed down to the point where they are denuded of the skills needed to grasp new opportunities and remaining staff are demoralized and overworked.

Mr. Reyer A. Swaak commented in his article “Are we saying good-bye to HR?” on what the future will bring that a reduced and altered HR may be just one HR executive reporting to the CEO, who will be in charge of HR planning to ensure that people and organizational decisions are aligned with the business plan. This new HR executive should “act as the tough but fair-minded keeper of the corporate conscience and provide strong direction on all HR-related issues.” Mr. Swaak states that HR’s key activity should be participating in the formulation of a mission and the translation of that mission into realistic objectives and strategies. Finding, developing, measuring, and rewarding talent will become part of a line manager’s job with guidelines coming from HR. Most or all of HR administration, including compensation and benefits, will probably be outsourced. Compensation administration and delivery could become an activity performed by finance, and benefits could be taken over by the treasury function.

What will happen with the future of HRM depends on what stage of development the organization is in, on the maturity of its management, and on the ability and intelligence of those who are running the HR function. Some have a total disregard of the HR function, but some also see the strategic advantages of having a well-functioning HR Department.

2.8. Delivering Measurable Value

Coherent strategies and integrated practices sound fine in theory, but how are they to be translated into action? Tony Miller describes in his book "Redesigning HR for Strategic Advantage" how HR departments can deliver measurable value. He states that

“The concept of HR being a major business player really goes without saying. Either HR plays with the players or it needs to be outsourced to someone who can perform

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the task. (...) To be successful in the future, the most important change for the HR function to achieve is the move from its position as mainly a process manager to become a strategic player."¹

In order for HR to move from process provider to a true strategic player within the business, there are several steps to follow in order to succeed in the transition.

First, an audit of the HR department’s skills - what they are and how to measure them - needs to be done. Then HR has to assess what it has to offer to the business so that it can become a viable strategic partner of the company and also to get a strategic advantage for itself. Services provided need categorizing into processes and added value activities. When this is completed HR professionals can review how they spend their time and in which of the two areas most of their effort is focused. Last, the techniques to form a strategic long-term partnership need to be implemented. This is the main part of the transition, where the HR professional has to gain a much wider view of the business area. Working at the strategic level is a vital requirement for HR functions if they are truly going to be seen as adding value. The challenge is to gain enough credibility to get involved in the process at the early stages.

¹ Miller, Tony: “Redesigning HR for strategic Advantage” How HR departments can deliver measurable value, Financial Times Prentice Hall (2000)
2. 8. 1. From Vision to Action¹

According to Tony Miller, the whole process of having a vision and turning it into individual actions can be broken down into seven levels:

The first level concerns the vision, where we have to define the direction for the future.

The second level is formulation of the mission statement that should give every employee a clear understanding of values, targets and output expected. It should contain a formulation of the firm’s objectives that enables progress toward them to be measured.

The third level is the strategy which is the key element for what needs to be done, what the company needs to focus on (business growth, improved productivity, higher quality, etc.). This is where HR comes in. There needs to be a plan specifically for the HR function, a strategic plan on how to add value and how to measure HR’s success.

Level four concerns the business, operating, and budget plan including all that is needed to contribute to the strategic plan, the processes of HR, the function of training and the all day-to-day running costs.

¹ Miller, Tony: “Redesigning HR for Strategic Advantage” How HR departments can deliver measurable value, Financial Times Prentice Hall (2000)
Level five - creating departmental plans - is vital to ensure that the results you have predicted is produced by the strategy of the operating/business plan. There are always two strategic plans: the organizational plan and the plan for the HR department.

Level six and seven concern team and individual plans. If you want to achieve maximum results from employees the minimum they need to know is what’s required of them, to what quality standard, time frame, cost and end result. This also needs to be in context with the overall objectives so that people are not working in isolation.

To ensure success and the achievement of measurable results, monitoring and performance review systems need to be in place in order to help identifying problems at an early stage and to put plans or actions in place to keep expected results on target.

Knowledge is but one wing of the bird, action is the other. It takes both to fly! ¹

Getting the strategy ‘right’ is a key business function. The HR manager can only fully contribute to organizational strategy if he/she is a strategic player. According to Miller, the success of being a key strategic partner within the company relies heavily on three factors: the perceived value of HR, the ability to deliver promises made, and producing results without errors. Putting actions into manageable processes and standardizing the work is very important in order to produce consistent results. And never to forget is that everything we do can be measured!

2. 8. 2. Focus on Outcomes

According to Guest in his theory of HRM, there are four HR outcomes, which are political goals: strategic integration, commitment, flexibility and quality. These political goals are all related to HRM policies and need to be achieved to create expected organizational outcomes (see appendix 12).

Strategic integration can be reached by ensuring that HRM is fully integrated into strategic planning, that HRM policies are coherent, that line managers use HRM practices as part of their everyday work, as well as through policies of managing change.

Commitment is the goal to reach by ensuring that employees relate to the organization and are committed to high performance. This can be reached through recruitment, selection and policies.

Flexibility can be reached through ensuring an adaptable organizational structure, and functional flexibility based on multi-skilling. This adaptability of employees can be ensured through appraisals, reward systems, training and development.

The Final goal is to reach quality by ensuring a high quality of goods and services through high quality and flexible employees.

¹ Chinese Proverb
Dave Ulrich recommends in his article “A new mandate for Human Resources” four ways senior operating managers can create an era in which HR is focused on outcomes instead of activities.

The first step for senior managers is to demonstrate their belief and respect in HR and to communicate to the organization that the soft side of HR - like culture change and intellectual capital - is critical to business success.

The second step is to explicitly define the results expected from HR and to hold HR accountable for these by setting specific goals and then track, measure, and reward performance.

The third step should be to invest in innovative HR practices to signal to the organization that HR is worthy of the company’s money and attention. As these new practices are identified, line managers should expect HR to adapt to them by focusing on learning how a new practice should work in the company’s unique competitive situation.

Finally, what senior managers can do to drive forward the new mandate for HR is to improve the quality of the HR staff itself by, because when more is expected of HR, a higher quality of HR professionals that know the business, understand the theory and practice of HR, that can manage culture and make change happen, and have personal credibility must be found or the existing staff must be trained.

According to Dave Ulrich in his article “A new Mandate for Human Resources”, this is the most important point of all, as HR cannot expand its role in an organization without the necessary expertise. Becoming a strategic partner demands a degree of knowledge about strategy, markets, and the economy. Becoming an administrative expert demands some knowledge of reengineering, as well as the details of what the line actually does. If HR is to effect real change, it must be made up of people who have the skills they need to work from a base of confidence and earn respect. Senior executives who recognize the economic value and the benefit of intellectual capital and organizational capability need to demand more and invest in the HR function and permit it to show its full potential. To meet the increased expectations, HR professionals must focus more on the deliverables of their work and less on just getting their work done. They must see their role in terms of the value they create and find the mechanisms that create fast business results. “They must measure their effectiveness in terms of business competitiveness rather than employee comfort and lead cultural transformation rather than consolidate, reengineer, or downsize in order to turn a company around.”

2. 9. A View into the Future

According to Mr. James W. Down in his article “A strategic model emerges”, the HR function has increased its influence in the executive suite and this despite the trend toward smaller HR staffs. Most companies report that senior management is committed to having a strong HR function, that

top HR executives have regular CEO and boardroom access, and that senior line executives view HR as growing in importance relative to other staff specialties. Firms are using downsizing and reengineering not just to reduce the number of HR staff members, but to allow HR to focus on higher-value activities such as change management, organizational development, communications and information management and succession planning.

James Down states in his article “A strategic model emerges” that HR is shifting from a ‘micro’ to a ‘macro’ view of its managerial mission (refer to appendix 4) and that the function now focuses on company wide issues such as change management, leadership development and culture building, rather than on individual case management. Line managers and employees usually take responsibility for routine HR issues, while various administrative tasks are handled by a centralized service unit or outsourcing vendor.

The result is that HR functions are concentrating their intellectual and organizational strength on a few priorities. They want to enrich the depth of knowledge in HR, work in close relation to the corporate strategy and communicate their enhanced capability to top management. This approach is seen as the future for the HR function.

Les Pickett in the article “Human Resources: A Focus into the Future” presented extracts from a paper presented during the Annual National Conference of the Australian HR Institute held in Canberra in 1998:

“The successful companies of the twenty first century will have a clear vision and create a culture and organization structure that motivates and develops people and encourages them to achieve. They will possess values, behaviors and standards that put the words into action. They will identify and develop core competencies and work towards the creation of an environment which encourages their people to share knowledge and recognize learning as a personal responsibility and a lifelong process. They will value reciprocal relationships and recognize that by focusing on and learning from all those who contribute to the business, it will be best able to improve returns to shareholders. They will recognize that resistance to change has been identified as one of the leading causes of business failure over the past decade and that managers who do not embrace change within every level of their organization will not survive in the increasingly competitive global economy.”

This is why the tendency towards a strategic dimension of HR is so important and should be embraced by every company, especially in the hospitality industry, where people management - a key responsibility of HR - makes all the difference when delivering a high standard of service.

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1 Picket, Les, “Human Resources: A Focus on the Future”, Graduate School of Management, Swinburne
3. Data Presentation

In this second major part of this research study, the author first presents the Four Seasons hotel company and then describes and analyses the two practical application cases, namely the Four Seasons hotels in Milan and Berlin. The information was obtained by interviewing the HR managers of the two specific Four Seasons hotels in individual meetings. Furthermore the survey results will be analyzed and a comparison of the different hotel chains with the Four Seasons control sample will be presented. This section concludes presenting recommendations for future research, before introducing the general conclusion of this study.

3.1. The Four Seasons Hotel Chain

3.1.1. Company Profile

Founded in 1960 by Isadore Sharp, chairman and chief executive officer, Four Seasons Hotels and Resorts is a Toronto-based company engaged in the management and ownership of medium-sized, luxury urban hotels and resort properties. In August 1992, Four Seasons acquired 100% ownership of Regent International Hotels, including its management contracts, trade names and trademarks. This transaction made Four Seasons Hotels and Resorts together with Regent the world's largest operator of luxury hotels. In January 1997, Carlson acquired the rights to the Regent brand name from Four Seasons Hotels and Resorts, the world's leading operator of luxury properties. Four Seasons Hotels and Resorts is the world's leading operator of luxury hotels and currently manages 48 properties in 20 countries, primarily under the Four Seasons and Regent brand names, with 20 new properties under construction.

3.1.2. Mission Statement

“Four Seasons have chosen to specialize within the hospitality industry, by offering only experiences of exceptional quality. Our objective is to be recognized as the company that manages the finest hotels, resorts and resort clubs wherever we locate. We create properties of enduring value using superior design and finishes, and support them with a deeply instilled ethic of personal service. Doing so allows Four Seasons to satisfy the needs and tastes of our discriminating customers, and to maintain our position as the world’s premier luxury hospitality company.”

The beliefs of the company are that their greatest asset, and the key to our success, is their people. Four Seasons believes that

“Each of us needs a sense of dignity, pride and satisfaction in what we do. Because satisfying our guests depends on the united efforts of many, we are most effective when we work together cooperatively, respecting each other’s contribution and importance. We demonstrate our beliefs most meaningfully in the way we treat each other and by the example we set for one another. In all our interactions with our guests, customers, business associates and colleagues, we seek to deal with others as we would have them deal with us. We succeed when every decision is based on a

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1 Four Seasons Mission Statement “Our goals, our beliefs, our principles” (see also appendix 13)
clear understanding of and belief in what we do and when we couple this conviction with sound financial planning. We expect to achieve a fair and reasonable profit to ensure the prosperity of the company, and to offer long-term benefits to our hotel owners, our shareholders, our customers and our employees.”¹

The mission statement of the Four Seasons hotel chain can be viewed in appendix 13.

3.1.3. Management Organization & Resources

Each Four Seasons property is managed by a general manager and is supported by a regional vice president (who also is a general manager), and other corporate vice presidents. The size of each property's management team and its hourly staff varies, based on the size and business volume of the particular property. Property management monitors staffing levels on a daily basis to optimize labor productivity and minimize costs.

The general manager is responsible for supervising the day-to-day operations of a single property and is compensated in part based on the operational performance of that property. Four Seasons general managers report directly to one of 10 regional vice presidents or directly to a senior vice president, operations. A regional marketing director, an area controller and a regional human resource director complete the regional support team. The Corporation believes its regional management structure is a key component in Four Seasons' ability to deliver and maintain the highest and most consistent standards of product quality and service at each of its properties in a cost effective manner, especially as it expands globally.

From the corporate level, the Corporation provides each property with the benefits of management services that are delivered by a network of experienced executives, corporate personnel and area managers. The Corporation also provides or arranges assistance and training to each property's employees for administration, operations, rooms and guest service, reservations, maintenance and engineering, human resources and benefits.

3.1.4. Staff

Four Seasons directly employs and is responsible for approximately 315 people at the worldwide sales offices, the central reservations offices and the various corporate offices. In addition, there are approximately 25,000 employees located at the 47 hotels, resorts and Residence Clubs managed by Four Seasons. Management and corporate staff share responsibility for the selection and training of property based employees and for ensuring, through progressive career development, an adequate supply of mobile, qualified and experienced staff to match the growth of the Corporation's operations internationally. Maintenance of employee communication, motivation and morale at high levels is necessary to meet the expectations of Four Seasons' clientele. A significant effort has been devoted to developing customized hiring practices, training and career development programs and approaches in this context.

¹ Four Seasons Mission Statement “Our goals, our beliefs, our principles” (see also appendix 13)
3. 1. 5. Fortune Magazine's list of Best Companies to Work for

1999 Four Seasons Hotels and Resorts has been named to Fortune magazine’s list of 100 Best Companies to Work for in America, placing 48th on the list. This is the third year in a row that Four Seasons has ranked among the country’s leading employers.

“To be successful over the long term, companies have to begin by creating an environment that fosters dignity, pride and satisfaction. Achieving this goal is just as important to us as exceeding our guests’ expectations. Our place on Fortune’s prestigious list is a clear signal from our employees that we are succeeding in our efforts.”

The scoring of the Fortune 100 Best is employee-driven. Two-thirds of the scoring was based on employee responses to the Great Place to Work Index Trust, with the remaining third of the score based on feedback from corporate headquarters. This included the submission of newsletters, employee handbooks and videos, as well as responses to a human resources survey and Great Place to Work Culture Audit.

“...In a business where careers are built from entry-level positions, ultimately, our greatest asset is our people. We believe that having an environment which attracts and retains good people will become even more of a competitive advantage in the future, especially in serving those whose definition of good service is about personalization, intuition and flexibility.”

3. 2. Interviews

The outcome of the two interviews with Four Seasons Berlin and Milano differ, as the answers vary depending on the location and legal situation of the different countries. The author intends to present different main orientations followed by these properties and to make a synthesis of the answers received concerning the strategic dimension of HR and the perception by management regarding the role and responsibilities of the HR department. Key questions where if HR is seen as a strategic partner in strategy formulation and execution, if the department of HR is perceived as a key profit center finding and keeping the intellectual capital - people - the most important asset and key to success, and if HR is believed to create value for the company and providing it with a competitive advantage.

3. 2. 1. Four Seasons Hotel Berlin

The Author conducted an interview with the director of HR, Mrs. Barbara Jansen, on July, 11th 2000 at the Four Seasons Hotel Berlin, Germany. The discussion was taped on a Dictaphone and translated into a written style. For the complete interview outcome please refer to appendix 14.

The Four Seasons Hotel Berlin is very much in line with the global strategy and mission of the company. The HR department puts into practice what the top management of the company

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1 Sharp, Isadore, Chairman and CEO, Four Seasons Hotels and Resorts (Source: www.fourseasons.com)
2 Young, John, Executive Vice President, Human Resources, Four Seasons Hotels and Resorts (Source: www.fourseasons.com)
believes, but also HR is listened to by management and what will be decided is based on mutual ideas put together. Business management and the HRM work together to plan their future aims and goals of the organization. HR’s Strategic responsibility is to give input on how to improve continuously in everything it does. HR is a partner in strategy formulation and execution. HR works closely together with the General Manager of the hotel, the director of HR is part of the planning committee and the planning committee is the executive committee, so HR truly is part of the management team. The HR strategy of seeing people as an asset to success is integrated in the overall business strategy, proving the existence of a strategic fit between the two.

Mrs. Barbara Jansen states that Four Seasons has always been in the strategic dimension. HRM has always been more strategical thinking with the focus always on people. Four Seasons works with the model of the ‘three P’s’: People, Product, Profit. People are the most important asset and that’s why the HR department plays such a vital role within the company. Berlin does follow this principle with absolute conviction. The HR strategy is focused on career planning and recruitment for people. Developing their people is of major importance - planning the future WITH them, not FOR them in order to satisfy their needs and wants. They support their staff when they want to move into another property as they see them as an ambassador of the philosophy and the culture of Four Seasons throughout the world.

3.2.2. Four Seasons Hotel Milano

The Author conducted a personnel interview with the director of HR, Mrs. Alida Fonini (Responsabile del personale) on March 30th 2000 at the Four Seasons Hotel Milano, Italy. The discussion was taped on a Dictaphone and later translated into a written style. For the complete interview outcome please refer to appendix 15.

Summarized, one can conclude from the interview with Mrs. Alida Fonini, that the HR department is perceived as very important to the company. The communication between HR and GM, as well as with Head Quarters is very good. Training of employees is a major focus in the daily HR issues and people seen as the key to success.

The implication in the strategic decision making seems to be restricted to headquarters.

3.2.3. Comparison

The following comparative table is based on the interviews conducted with the HR professionals, as well as on their answers of the survey, which will be presented and analyzed in detail later in this study. The table includes only the main elements to compare the two properties.

For greater detail, the author refers to the comparative chart in appendix 16, where the two properties are compared more thoroughly.
Creating competitive advantage through their human capital (by finding and keeping talent)

More focused on activities versus outcomes
Use of measurement tools: setting measurable goals & objectives, as well as attitude surveys, Index of effectiveness, HR auditing data, and profit center approach

Mainly implementer of headquarters instructions

To a great extent included in the decision making processes with management
Feeling as being a business partner of the global company working hand in hand with top management and headquarters to plan future aims, goals and contributing to the strategic vision, mission, and core values in the organization.
highly focused on strategic HRM, baring strategic responsibilities

Measuring HR’s effectiveness

highly focused on outcomes versus activities

More focused on activities versus outcomes

only measurement through set goals & objectives

Creating competitive advantage through their human capital (by finding and keeping talent)

<table>
<thead>
<tr>
<th>Topics of comparison</th>
<th>Four Seasons Hotel Berlin, Germany</th>
<th>Four Seasons Hotel Milano, Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Importance of HR department</td>
<td>Perceived by management as very critical, value creating, as a key profit center, and business partner Management does invest in HR</td>
<td>Mainly implementer of headquarters instructions</td>
</tr>
<tr>
<td>Strategic dimension of HR</td>
<td>To a great extent included in the decision making processes with management Feeling as being a business partner of the global company working hand in hand with top management and headquarters to plan future aims, goals and contributing to the strategic vision, mission, and core values in the organization. highly focused on strategic HRM, baring strategic responsibilities</td>
<td></td>
</tr>
<tr>
<td>Measuring HR’s effectiveness</td>
<td>highly focused on outcomes versus activities Use of measurement tools: setting measurable goals &amp; objectives, as well as attitude surveys, Index of effectiveness, HR auditing data, and profit center approach</td>
<td>More focused on activities versus outcomes Only measurement through set goals &amp; objectives</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>Creating competitive advantage through their human capital (by finding and keeping talent)</td>
<td></td>
</tr>
</tbody>
</table>

Many issues are very alike between the two properties, such as both HR departments being perceived as highly important by management, and both focus on developing their people, perceived as key to success.

Nevertheless there are some differences that the author perceived during the interviews. Milano seems to be a very particular case, as in Italy there are harsh union restrictions to follow. They have less liberty in for example hiring trainees or part-time employees. Also they are very dependent on the company instructions from Headquarters in Canada, who formulate the strategy and Milano then ‘only’ implements it. Miss Alina Fonini mentioned that the philosophy and the policies are established only by the head office, meaning that the HR manager in Milano has hardly any influence and can not be seen as a partner in strategy formulation and execution. The author believes that this is not to be generalized on the other Four Season properties, but that Italy is a special case on the side.

3.2.4. Cross reading & Analysis

In order to compare the academic literature review with the outcome of the interviews with Four Seasons Berlin and Milano, the pertinent research question can be reviewed and a cross reading of the two properties with the purpose and hypothesis of this study follows.

The purpose of this study is to examine the move from an administrative and purely operational position to a more strategic human resources management function. Looking at the Four Seasons hotel chain, one can conclude that the HR department has always been a strategic player, as the vision of the chairman describes the belief of the company that people are their greatest asset, and the key to success, which makes the HR department crucial for business success.
The hypothesis of this research - The necessary tools for the human resources professional in order to be able to shift into a strategic dimension are not available or not used by the human resources professionals - can now be cross read with the two properties interviewed. At the Four Seasons Berlin, the necessary tools are available, as well as used by the HR manager. Management invests greatly in HR through training programs for HR managers, as well as current counseling via the home office. The HR manager uses mostly all measurement tools available of the departments effectiveness and success. The strategic dimension of the HR function seems to be a reality at the Four Seasons Berlin.

Furthermore, this study aims to discuss the impact of the way top management perceives the importance of HR management and its expectations regarding the HR function, as well as the responsibilities given to the that function, which are assumed to be not conducive to the shift of the HR function towards a strategic dimension. This is not the case for the Four Seasons control sample, as the management of the chain does put a focus on the HR department and perceives the role of HR as being a partner in strategy formulation and execution. HR is perceived as a key profit center finding and keeping the intellectual capital - people - the most important asset and key to success and therefore perceived as to create value for the company and providing it with a competitive advantage. Four Seasons definitely is a pilot company constantly trying to move ahead in the strategic dimension versus other companies and succeeding to do so.

The author will compare this issue with other companies in the chapter introducing the survey that has been conducted in order to see how the control sample compares with other major hotel companies and to assess if the later have reached the strategic dimension of HRM to the same degree.

The Four Seasons vision for the future? The author states Mr. Isadore Sharp, Chairman and Chief Executive Officer of the Four Seasons Hotels and Resorts:

“We are very optimistic about the future. As a leader in the luxury segment of the world’s fastest growing industry, we look forward to capitalizing on the opportunities available to extend the reach of the Four Seasons brand and experience. We believe that our strong cash flow position and our proven operational capabilities should help to ensure that Four Seasons is a candidate for all appropriate luxury management opportunities, thus allowing us to successfully expand our portfolio of hotel properties and residential products around the world. At the same time, we will remain committed to the values that have brought us where we are today, with the people who have contributed to this success. As we have said over the years, it is these people who share our core values and who are committed to sustaining them, and it is these same people who are in the best position to ensure the operational and financial success of Four Seasons as we continue our program of focused global growth in the years ahead.”

Both, Milano and Berlin proved the vision of the chairman of Four Seasons, Isadore Sharp, right. The future definitely lies within the growth of the company while still sticking to their core value -
their people. Miss Alina Fonini from Milano stated that globalization is a major issue of today, but that the growth won’t change their philosophy, they simply transfer employees carrying the Four Seasons philosophy to new properties, and it is the employees who will transmit their knowledge to the new ones. The company gives its employees many possibilities to grow, through being transferred to other hotels in order to develop their career. This is positive for the HR department, because it will be able to recruit new staff and to grow people into the company philosophy. According to Miss Fonini, the goal is that within 10 years Four Seasons thinks to double the actual number of hotels.

According to Mrs. Barbara Jansen, the Strategic dimension of HR is very important, but has always has been a major focus. In the future outsourcing HR activities is not an option at all for the company. Mrs. Jansen sees the need to focus more and more on what the company does for the employees and what makes it attractive for them to work for the company. It’s all about people management, career development, benefits and compensation - the company needs to think about what they can do for their employees. Mrs. Jansen states that compensation becomes more important now especially for young people - what do they get paid actually, not only what they can get internally, what development they get, but also what do they have on their paycheck, because the standard of living is getting higher, so the company has to compare with other service industries, not only in the hospitality sector. According to Mrs. Jansen, the move is towards every employee having more importance, more possibilities and more options. Finding and keeping the best is the great challenge of the future.

3.3. The Survey

The author sent out 36 surveys to 6 different companies (Four Seasons, Marriott, Hyatt, Hilton, Radisson and Sheraton) in 13 different countries within Europe. For the list of hotels and the detailed survey questions please refer to appendix 17 and 18.

The survey is divided into four major areas of interest asking questions according to the nature of the subject. The subjects regard the strategic function of the HR department, the perception of HR by top management, the employee-employer relationship, as well as change & future trends, all of which will shortly be presented in this section.

3.3.1. Strategic Function of the HR Department

The participants have been asked how HR Management creates a competitive advantage for the company, if a written HR policy does include the strategic dimension of HR Management and what the strategic responsibilities are. Furthermore they were asked how they would qualify the flow of communication between top management and HRM and how often HR management conducts meetings or exchanges with Head Quarters. Maybe the most important question was to what extent is HRM included in the decision-making processes with top management and if they feel as a
business partner of the global company working hand in hand with top management and headquarters to plan future aims and goals and contributing to the strategic vision, mission, and core values in the organization.

In order to be more direct the participants were asked if they were focused more on operational personnel management or more on a strategic dimension of HRM and to rank their focus on outcomes (delivery of measurable results) versus your focus on activities (bureaucracy) and concerning HR's efficiency, the participants were asked how they measure the departments success.

3. 3. 2. Perception of HR by Top Management
The survey participants were asked how critical Top Management perceives the role of the HR Manager in the success of business and if Management perceives HR as a key profit center and how Management invests in HR.

3. 3. 3. Employee-Employer Relationship
The first question was how the HR professionals perceive their Employees - as a cost or an investment for the company - and how they invest in employee motivation and productivity, commitment and optimum performance. The participants were asked to rank in order of importance the training activities they implement and if employees are involved in the strategic dimension of HRM, how often they conduct meetings between HR and staff and if the General Manager is present at these staff meetings.

3. 3. 4. Change & Future Trends
The participants have been asked to rank the future trends in HRM, if they feel that their employees as being resistant (status quo) or open to change, and if the HR professionals constantly keep up-to-date with new HR practices.

3. 4. Statistical Analysis
The statistical analysis has been realized with the help of the data editor program ‘SPSS for Windows Student Version, release 8.0.0’. The most representative findings will be illustrated in the next pages and the complete results can be examined in appendix 19. The individual replies of the different HR managers will not be stated, as the author chose not to reveal which property is concerned in order to keep the obtained information confidential.

The primary focus of the statistical analysis regards the frequencies of the replies concerning the four above mentioned main topics of survey questions. A secondary analysis will be conducted with the help of cross tabulations in order to compare the primary research instrument Four Seasons with its competitors.
3. 4. 1. Strategic Function of the HR Department

Regarding the strategic function of HR department, the participants have been asked how HRM creates a competitive advantage for the company. The results outline that the majority believes that the HR department creates a competitive advantage through its human capital: by finding and keeping people. This result shows that people are perceived as the greatest asset by most of the HR professionals.

<table>
<thead>
<tr>
<th>Does HR deliver competitive advantage through human capital?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>yes</strong></td>
</tr>
<tr>
<td>80.7%</td>
</tr>
</tbody>
</table>

Policies and procedures have been evaluated as a second tool for creating a competitive advantage, standards and audits have been perceived as a third priority. Only few replies concerned HR as generating profit, and 'hire and fire' has been perceived as least important. However, some survey participants think that their core activity is to hire and fire and therefore purely operational. This shows that not all HR departments of the properties analyzed believe in human capital, which holds them back from entering the strategic dimension.

A majority replied that there is a written HR policy including the strategic dimension of HR Management, which is a positive result. Nevertheless, asking what the HR managers' strategic responsibilities are, only very few replies have been given. Some of the replies included the following points:

- Recruiting planning, career planning, international transfers, etc.
- HR contributes to the balance scorecard with labor turnover.
- To coordinate and to support all functions of the departments.
- Supporting company change.
- Being a better business partner.
These answers show that some HR participants are aware of the possibility and the need to become a better business partner.

The results on how the HR professionals qualify the flow of communication between top management and HRM show that a big majority qualified it as ‘very good’ and the rest as ‘good’. There were no negative answers. However, HR management conducts meetings or exchanges with Head Quarters only once a year most of the times. This shows that the communication between HQ and HR is not the best, even though it should be, as the corporate strategy from HQ needs to be aligned with HR strategies and policies.

One very important question was to what extent is HRM included in the decision-making processes with Top Management. The results can be viewed in the chart below:

![Chart showing the extent of HRM inclusion in decision-making processes](chart.jpg)

Nearly 50% are included in the decision making processes to a very great extent, about 30% to a great extent and about 20% to a small extent. This is not the best score regarding the shift towards a more strategic role of HRM, as in order to be a strategic business partner, HR needs to be included in the decision making.

Regarding the question if the HR professionals feel as a business partner of the global company working hand in hand with Top Management and Head Quarters to plan future aims and goals and contributing to the strategic vision, mission, and core values in the organization, the replies were rather surprising, as over 80% replied ‘yes, very much so!’ (see chart below).
This stands in contradiction to the question before - how can the HR professionals think of themselves as a strategic partner if not being included in the decision making and if the communication with HQ is so rare? This question cannot be answered from the results obtained from the survey, it is therefore an interesting issue for future research.

The survey participants were asked if they are focused more on operational personnel management or more on a strategic dimension of HRM.

The graph above shows that most of the participants see their department as equally balanced between their operational and strategic role. Some still see themselves more operational, others rate themselves as being more strategic, but the later only represent 4 out of 15 HR professionals.
The survey replies showed that these HR professionals replied to the question concerning their perception as a business partner with ‘yes’.

When asking the participants to rank the focus on outcomes (delivery of measurable results) versus the focus on activities (bureaucracy), the results show that most of the participants see their department as equally balanced between their focus on outcomes and activities (see chart below).

As in the previous question some still see themselves as being more focused on activities, others more on outcomes, but the later account for only 4 participants out of 15.

The next question concerns HR’s efficiency. The survey participants were asked how they measure the departments success, meaning its outcomes. Most of the participants measure outcomes through the setting of measurable goals and objectives, as well as by conducting staff attitude surveys. Some use the index of efficiency and conduct HR auditing to measure performance, very few use the Profit center approach or do HR accounting or the Cost Benefit Analysis, and not a single HR professional analyzes its process efficiency. This shows that the general focus on outcomes is rather weak, the existing tools are not all explored at all times. The questions arises if the participants did answer to be equally balanced, because of not being aware of their low focus on outcomes? This question, again, cannot be answered by the survey outcomes alone and would demand further research.

3. 4. 2. Perception of HR by Top Management

The section regarding the perception of HR by top management asks in the first place how critical top Management perceives the role of the HR Manager in the success of business. Nearly all of the participants replied to be perceived as very critical and value creating and as a business partner, or
Only in one case a HR professional replied to be perceived as not critical or value creating at all and being only an operational department, but which is certainly not to be neglected in the analysis of the survey results. 1 HR manager out of 15 is not perceived as value creating at all. This result shows there are top managements, that do not believe the HR function to be critical at all! This case is a contra example of the underlying assumption of this research study: not always the tendency towards a more strategic function of the HRM is a reality in the hospitality business.

The questions if management perceives HR as a key profit center and how management invests in HR are closely linked. As for the perception as a key profit center, just over 30% of the participants answered to be ‘not sure’. Just above 30% replied with ‘yes’. The remaining replied with ‘no’ or ‘not at all’ (see chart below:)

**Does management perceive HR as a key profit centre?**
Looking at the investments made by top management, the author found that investments are being undertaken for training programs for HR managers, which shows that the overall importance of HR has been realized, but a minority of management invests in innovative HR practices, or in the latest information technology. This does not support the HR function in order to focus more on outcomes, and results in a situation, where the HR professional can not prove his/her worth to top management, which in turn will hold the function back from moving into the strategic dimension.

One can also compare the question if HR is perceived as a key profit center with the question if the HR professional believes to create a competitive advantage through being a profit generating department. If the HR manager doesn’t see him-/herself as a profit generating department, how can he/she ever expect to be perceived as a key profit center by management and how can he/she then expect management to invest in the department? This relates to the chapter ‘Changing Expectations’ where the need of new perceptions and expectations by top management regarding the HR function is emphasized.

3. 4. 3. Employee-Employer Relationship

Concerning the relationship between the employer and its staff, the author’s first question was how the HR professionals perceive their employees. 93,3% replied ‘as an investment for the company’, nevertheless one HR professional perceives its staff ‘as a cost for the company’, which is a proof for the fact that not all HR managers have the right perception about how their department creates values. In general, one can say that the hospitality industry definitely has recognized that people are the greatest asset and key to success. Therefore it is interesting to see how HR invests in employee motivation and productivity, commitment and optimum performance:

The number of participants and how they invest can be summarized as follows:

- 91% do conduct training programs,
- 64% do offer benefits and conduct employee satisfaction surveys,
- 55% do conduct staff meetings and implement empowerment, and
- 27% pay for performance.

Nobody has self-managing teams.

This score confirms again the fact that the hospitality industry has recognized that their people are the greatest asset and key to success. However, not all of the possibilities how to boost employee motivation and productivity, commitment and optimum performance are explored at all times by the HR managers, leaving room for improvement.

The question if employees are involved in the strategic decision making of HRM, the results show that 40% replied ‘always’, 53,3% replied ‘sometimes’, and 9,1% replied ‘never’. The reply ‘sometimes’ might as well mean ‘not really’ and shows that half of the HR managers do not or can not include their staff to a higher degree in the decision making, which could be seen as another
unexplored tool to boost employee motivation and productivity, commitment and optimum performance.

How often do HR managers conduct meetings with their staff? a majority replied ‘once every 6 months’, which is rather rare. Most of the participants however have an ‘open door policy’, however, the author would like to mention that most of the employees - if they have a real problem - will not necessarily go to the HR manager to discuss the matter on their own will. An open-door policy can only be effective if managed properly, otherwise it is as ineffective as not to meet with staff at all.

The General Manager is present most of the times at the staff meetings, which is appreciated. However 14.3% of the participants replied ‘rarely’. This again might lead to the conclusion that the HR department and its issues are not perceived as highly important by all top managers.

3. 4. 4. Change and Future Trends

Concerning Change & Future trends, the participants have been asked to rank the future trends in HRM according to their opinion. Summarized, the first priority is the need to create value for employees (benefits, training, career development, coaching, etc.). This has also been reflected in the previous answers. The second important trend according to the results is the shift from operational personnel management towards a more strategic dimension of HRM. This is a very interesting result, as it shows how aware HR managers are about the fact that this development is already happening, or that it should happen in their own HR department. The third priority was set on teamwork becoming more and more important, which might stand in contradiction to the low reply on having self-managing teams. The reason for this might be that the HR practice of self-managing teams is not very well known or applied yet in the hospitality industry. But teams are another subject which shall not be explored further in this study.

The last question of the survey was if the HR managers feel that their employees as being resistant or open to change. The results show that over 50% recognize their employees as being open to change, but still nearly 30% say that they have a situation of status quo in their company. 20% did not answer at all. As an assumption, this result might be caused by not much change being implemented in the company, so that the HR manager does not perceive if the staff is open or resistant to change.

60% of the HR professionals say they always constantly keep up-to-date with new HR practices, 40% stated ‘sometimes’, which might not mean much, as there is no detail known concerning how the HR managers actually keep up to date. If top management does not invest in innovative HR practices, the HR manager - only by informing himself - can not keep up to date as effectively as with implemented training programs and information sessions.
3. 4. 5. Crosstabs: Four Seasons’ score against its competitors

As Four Seasons is the control sample of this research study, the author compares the most relevant survey results of Four Seasons hotel chain to its competitors.

The chart below demonstrates the degree of focus towards outcomes versus activities. One can say that the replies of the Four Seasons hotels that participated in this survey vary widely:

Two properties even score themselves as rather focused on activities than on outcomes. However, two properties ranked themselves as focused very much on outcomes.

The author believes that this issue is very dependent on the initiatives of the individual HR manager him/herself, as the company does not influence the focus on outcomes or activities that the HR managers apply.

This score can be analyzed in terms of the competencies of the individual HR managers, as a focus on outcomes demonstrates their awareness of the need to measure the added value created by the department.
The following chart below rates the HR companies’ degree of focus towards the strategic dimension versus operational personnel management practices:

The results very clearly demonstrate how important the strategic responsibilities and involvement of the HR departments is in the Four Seasons hotel chains. They are the only HR managers that rated their departments up to a highly strategic focus, and none scored towards the more operational side of the HR business.

Furthermore, all of the five Four Seasons’ HR managers replied to the following question “do you feel HR as a business partner of the global company working hand in hand with top management and headquarters to plan future aims and goals and contributing to the strategic vision, mission, and core values in the organization?” with ‘yes, very much so.’

This is a very positive result for the research instrument, which confirms that the HR departments of the Four Seasons hotel chain are moving ahead in the strategic dimension of HRM against its competitors.
3. 5. Recommendations for Future Research

For future research it might be interesting to see how a company can achieve ONE strategic view throughout all properties of the company when perceptions within the hotels are so different. This question adds a new dimension to this dissertation, namely the problematic of the corporate HR culture versus the national cultures of the different hotels worldwide. How can one corporate culture be reached within a company and also throughout the different countries? One culture - one strategic HR? How does the corporate culture exist within the national cultures? The national differences in cultures and mentalities are unavoidable if a company is present internationally. HR is one of the media's of the corporate culture and communicates it down the line. The interesting part would be to study how to handle this problematic and how to define and successfully implement a HR strategy that works globally, not only nationally. In this case, the corporate culture from headquarters has to be made compatible with the environment of each hotel setting. It would also be interesting to see how the international hotel chains differ in their approach to HRM from smaller national hotel chains. This issue has not been discussed in detail in this work and therefore leaves a zone of reflection for future research.

In order to look at the difference in perception of the HR department’s role that exists in the different analyzed properties, the author found that this might depend on the country the properties are located. Milano, for example, is definitely a special case within the Four Seasons hotel chain.

Furthermore it would be interesting to find out more about the different perceptions regarding the role of HR by top management from the point of view of the top management of the hotels, or even in the perception of headquarters. Therefore interviews with hotel managers and Headquarters would need to be conducted. The author leaves this issue as a possibility for future research.

As the subject of Human Resources has so many different and interconnected implications, most of the issues discusses in this study could not be developed in greatest detail. More research based on further data collection from the ‘real world’ could give a representative proof for shift towards the strategic dimension of the HR function to be a reality and the extent of this tendency could be measured.

The author is determined to continue to work on this research study throughout her future career.
4. Conclusion

The HR department can no longer be left in the background with no links to the organizational strategy. Hotels have now realized the importance of their employees, the need to link the human resources strategy with the overall strategy of the organization, and to move from a position without integration between HR strategy and organizational strategy to a position where the business management and the HRM work together to plan their future aims and goals of the organization.

Now that this study has looked at some of the roles of both personnel and HRM, the author can safely say that there have been dramatic changes. The role of the HR manager has had to adapt to the changes in the environment and prove itself economically viable. This has been achieved by giving the HR professional a new role of being a strategic business partner in order to add value to the company and being recognized as a critical function to business success in the long term.

Not only has there been a need for the HR manager to show his/her worth, but there has been an increase in competition. As a result organizations realized the importance to gain a competitive advantage by using their human resources as a way to differentiate themselves from competition.

The role of the HRM will move to a prime position within the hotel, and will be seen as the key to a competitive advantage building on the strengths of the staff when developing the company’s strategic direction for the future.

The role of the operational personnel manager has most definitely changed to become a more strategic business partner, expressing the importance of people within the hotel industry. They no longer only look at the short-term priorities of the organization but focus on the long term strategies that will improve the companies performance. The organization and the human resource function have become integrated, working as a team to plan their future goals.

Wondering why so much education and training, management consultation, organizational research and so many books and articles produce so few changes in actual management practice, the author noticed a gap between knowledge and action. Every year, companies spend billions of dollars on training programs and management consultants, searching for ways to improve processes and outcomes. But it’s mostly all talk and no action. This is one of the great mysteries in organizational management: turning knowledge into action. Why does knowledge of what needs to be done frequently fails to result in action or behavior consistent with that knowledge? The most common obstacles to action might be fear and inertia. But this is another subject and shall not be discussed in detail.

It is important to notice that in order to reach the strategic dimension of HRM, it takes the right attitude towards the function from both the HR professional himself, as well as from top management. If the HR manager does not believe in the strategic role of his department, how will he ever be able to shift towards being a more strategic player and business partner? If top management does not perceive it’s HR department as critical for business success and able to add
value to the company, if top management doesn’t provide the necessary tools needed in order to reach the strategic platform, then there is not much the HR manager can do about its more operational role. It is a question of having the same idea about where the business is going and how it can best reach its goals.

The interview with Mrs. Barbara Jansen from the Four Seasons Hotel Berlin and survey conducted by the author, underline these facts and show that the awareness of HR managers and top management regarding the new role of the HR function is developing. However, not all companies have succeeded to entirely turn this ideology into action and make the shift towards a strategic HR a reality.

Still, the HR professional can undertake actions in order to convince top management of his value adding function and his ability and the importance for HR to be an important strategic player. These actions have been described earlier. On the other hand, if top management wants a more strategically involved HR department, they have to think about the profile that such a HR professional needs to have in order to succeed in adding value on the strategic dimension of doing business.

In order to control the objectives attainment of this research study, the author refers to the initial purpose of this research study, which is

To examine the move from an administrative and purely operational personnel function to a more strategic human resources management function.

The underlying assumption of the research study states:

The shift towards a more strategic role of the HR function implies the need to develop a different awareness of the HR manager’s role both by top management and the HR professional, as well as different perceptions and expectations from top management concerning the importance and responsibilities of the HR department.

The author can now say that there definitely is a shift towards a more strategic role of the Human Resources Management function in the hospitality sector in general. The underlying assumption can be confirmed by the literature review, as well as by the interview and the survey conducted.

The second purpose of this study is to affirm the following hypothesis:

The necessary tools for the human resources professional in order to be able to shift into a strategic dimension are not available or not used by the human resources professionals.
The research shows that this hypothesis can only partially be confirmed. The tools for such a shift are not always available to the HR professionals who - in order to receive more responsibilities - are depending on the perception and expectations that top management has concerning the HR department. The intentions of most HR managers seems to be there, but more can be done for HR in order to gain a strategic position. The awareness amongst HR managers and top management still needs to change in order to make the strategic dimension of HRM a reality.

Looking at the primary research instrument in particular, the Four Seasons Hotel chain confirms the assumption that there is a shift towards a more strategic role of the Human Resources Management function. Four Seasons take the assumption even a step further, as they have ALWAYS seen the HR department as a strategic business partner and belonging to top management. Concerning the hypothesis, the company does allow the HR professionals to enter the strategic dimension of HRM and provides the necessary tools. Most of the HR managers of the Four Seasons hotel chain seem to take advantage of this opportunity and therefore can be considered as truly HR professionals and as business partner to the success of the company.

HR has traditionally been seen as the soft side of business, but the author submits that attracting and retaining the right people for the organization is the hard side of the business because that is the foundation upon which everything is based. The author’s opinion is that HR should be repositioning itself as a key profit center within the fight for talent.

The author believes that HR should see itself as the implementer of the vision, mission and core values of the organization - an immense responsibility.

Furthermore, the author sees HRM as the linking of HRM with strategic goals and objectives in order to improve the overall business performance and develop organizational cultures that foster innovation and flexibility. HR should be seen as a strategic business partner working hand in hand together with top management to formulate the company's strategy as well as to execute it, if it is to add value to the company and deliver a truly sustainable competitive advantage for the company in the long term.
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2. Four Seasons Hotel Milano, Italy
3. Four Seasons Hotel George V, Paris, France
4. Four Seasons Hotel Istanbul, Turkey
5. Four Seasons Hotel The Ritz, Lisbon, Portugal
6. Radisson SAS Hotel Berlin, Germany
7. Hyatt Regency Birmingham, England
9. Paris Marriott Hotel Champs-Elysées, Paris, France
10. Marriott Marbella Beach Resort, Spain
11. Courtyard Berlin/Koepenick, Germany
12. Athens Ledra Marriott Hotel, Greece
13. Amsterdam Marriott Hotel, The Netherlands
14. The Westin Palace, Madrid, Spain
15. Hotel Kamp (Sheraton), Helsinki, Finland


4. “Macro HR considerations” Extract from Tokesky, George C; Kornides Joanne F.: “Strategic HR management is vital” (Personal Journal, Dec. 1994 v 73 n12 p115; Source: Infotrac Article)


14. Interview with Mrs. Barbara Jansen, HR director Four Seasons Berlin, Germany

15. Interview with Miss Alida Fonini, HR director Four Seasons Milano, Italy

16. Comparative table Four Seasons Milano - Four Seasons Berlin

17. List of hotels in Europe chosen for survey

18. Survey sample with cover letter

19. Statistical Analysis of survey results (SPSS 8.0 Windows Student Version)