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## Human resource professionals' perception of human resources' value to senior management

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HUMAN RESOURCE PROFESSIONALS' PERCEPTION  
OF HUMAN RESOURCES' VALUE  
TO SENIOR MANAGEMENT

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A Thesis  
Presented to the  
Faculty of  
California State University,  
San Bernardino

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In Partial Fulfillment  
of the Requirements for the Degree  
Masters of Arts  
in  
Interdisciplinary Studies

---

by  
Tamara Grullon Sehi  
June 1997

HUMAN RESOURCE PROFESSIONALS' PERCEPTION  
OF HUMAN RESOURCES' VALUE  
TO SENIOR MANAGEMENT

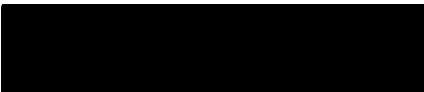
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by  
Tamara Grullon Sehi  
June 1997

Approved by:

  
Dr. Janet L. Kottke, Chair, Psychology

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## **ABSTRACT**

This study examines and describes the perceptions of human resource professionals about their contribution and that of their departments to strategic planning and management. Human resource leaders from organizations with five hundred or more employees in Southern California responded to this survey. The significance of this study is its potential to increase our understanding of the contribution of the human resource function to strategic planning.

Data on the respondents indicated that they have high levels of education, are relatively close to the company president or CEO, are not all participating in strategic management and planning, and are not reporting return on investment. Respondents also identified trust between their department and senior management and acceptance of their initiatives by other operating units to be important factors for participation in strategic management.

## **ACKNOWLEDGEMENTS**

To my parents, Geisha and Angel Gabriel “Lulu”, who instilled in me a desire to learn.

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## Introduction

In recent years, human resource management has become more important in providing organizations with a competitive advantage (Jackson and Randall, 1990). Competitive advantage has become a serious issue for organizations operating in a rapidly changing, fiercely competitive, global economic environment. Human resources will need to work cooperatively with other areas of management in order to respond to customer preferences more quickly, provide higher quality products and services, make faster decisions, and be more cost effective (Greer, Jackson and Fiorito, 1988). Human resource (HR) planning will have to play an integral role via the development and implementation of programs to improve employee performance and/or to increase employee satisfaction and involvement in order to boost organizational productivity, quality, or innovation (Mills, 1985). Thus, human resources has the ability to fundamentally influence the articulation of the strategic vision, as well as the implementation and development of organizational objectives.

The human resource function has gained importance in recent years due to major changes in economic, business, and social environments. These changes include higher labor costs, shifting demographics, and competitive pressures of the global economy (Meehan and Ahmed, 1990). These changes are driving organizations to integrate business planning with human resource planning (Jackson and Schuler, 1990). As a result, human resource value to the organization is intimately linked to its involvement with strategic planning and its ability to increase the organization's competitive advantage.

With the many potential contributions a human resources department is able to make, how do those within human resources view HR's contributions to



the organization? Is senior management recognizing and collaborating with the human resources department in developing a competitive advantage for the organization? This paper surveys the perceptions of human resource managers of their involvement with senior management in the strategic planning and implementation process, and their role in the development of a sustainable competitive advantage.

### Strategic Management and Planning

Organizational capabilities are the dynamic, nonfinite mechanisms that enable an organization to acquire, develop, and deploy its resources more effectively than its competitors (Dierickx and Cool, 1989). The capabilities of a company rely on that organization's ability to have its human resources generate, exchange, and utilize the information needed to achieve desired organizational outcomes (Amit and Schoemaker, 1993). Strategic human resources management, as defined by Schuler (1992), is mainly about integration and adaptation:

"Its concern is to ensure that: 1) human resources (HR) is fully integrated with the strategy and the strategic needs of the firm, 2) that HR policies cohere both across policy areas and across hierarchies, and 3) that HR practices are adjusted, accepted and used by line managers and employees as part of their everyday work."

The need for involvement of human resources in strategic planning and management is obvious. The premise that an organization's performance is enhanced by aligning human resource management practices with the competitive strategy has received considerable attention in recent years (Begin, 1991; Butler, Ferris and Napier, 1991; Capelli and Singh, 1992; Jackson and

Schuler, 1995) The leadership of the strategic HR role is reflected in the prominence it has taken in the literature and in the interdisciplinary interest it has generated (Becker and Gerhart, 1996).

Experts in organizational development had accurately predicted that there needed to be a focus on whole system changes, like strategic planning and forecasting, rather than on group or individual-level activities (Fagenson and Burke, 1990). In fact, more than eighty percent of human resources personnel surveyed in a study reported moderate to high involvement in planning, corporate culture, and impacting performance issues which relate to business strategy (King and Bishop, 1994).

Some organizations may indeed understand the value of human resources in relation to strategic planning. The human resources department, however, may be perceiving a more grandiose role in strategic development than management is actually willing to accord it. Human resources, both as a labor and as a business function, has traditionally been viewed as a cost to be minimized (Becker and Gerhart, 1996). In Burack's (1986) study of corporations from the United States and Canada on the development of human resources planning as part of the total business system, senior management did not express confidence in the abilities of the human resource function. Almost a third of the companies surveyed (thirty percent) failed to perceive that the responsibilities for planning and development should occur in the human resources department. Alternate approaches cited included seating the responsibility with top management or strategic business planning, major business units, or divisional management.

Additional support for a lack of confidence in HR is found in Burack's study where he found a lack of human resource plans in approximately forty

percent of the long-range business plans. One possible reason for shifting human resource planning to other departments may be the understanding, or rather the misunderstanding, of the value of the human resource function. HR managers need to realize that if they do not develop a strategic role for HR they will be forced to justify their efforts on a cost basis, and in may be outsourced (Brenner, 1996; Stewart, 1996; Corporate Leadership Council, 1995; Csoka, 1995). Becker and Gerhart (1996) state that although HR systems have substantial economic potential, there is little consensus on how to achieve that potential, except for organizing a firm's HR system from a strategic perspective.

#### Value: "Bottom Line" Contribution

Over the past fifteen years, the majority of the research on the overall effectiveness of the human resource function has focused on its potential importance in contributing to competitive success (Walker, 1988; Ulrich, 1987). It may be that the result of all this research has not being communicated to senior management in terms that they value. Business managers are not easily convinced of the value human resources contribute to the bottom line of the organization. In order to overcome the skepticism of senior managers toward human resources, it becomes necessary for human resources to translate results into the "language of senior management". Human resource professionals need to gain respect within the organization by demonstrating how their activities are contributing to the organization's total performance (Schuler and MacMillan, 1984). More effective utility analysis and cost assessment techniques have made it easier to provide evidence for an economic argument in support of human resources programs (Jackson and Schuler, 1990). Addressing "the bottom line" appears to facilitate discussions between human resources and senior management in terms that senior

management values. Fitz-enz (1984) summarized the perception held by many within the organization when he suggested that when the human resources department stops reporting feelings and begins to report efficiency and productivity data, it will be perceived as a mainline function and not as a “nice-to-do-activity”. Utility analysis, however, is not without its complications. Utility analysis has sought to quantify the dollar value of improvements in human resource activities (Boudreau, 1992; Cascio 1991), but these estimates typically have rather broad confidence intervals (Alexander and Barrick, 1987) and it is difficult to translate all of the variables to translate into dollar values. The fact that estimation procedures are quite complex and difficult to understand also means that managers are not always receptive to the dollar value attached to human resource activities (Latham and Whyte, 1994). Bies and Taylor (1993) caution that when an organization develops a “litigation mentality” the focus on reporting measurable outcomes may be at the cost of sacrificing trust and other interpersonal exchanges necessary for implementing procedures. It would appear that the best approach on how to report the value on the outcome of human resource activities is yet to be determined.

#### Value: Access to Senior Management

In 1975, Foulkes stated that by getting closer to the top of the hierarchy, human resources increases its strategic importance and develops higher expectations from management. The need for collaboration in strategic planning is bringing human resources and senior management closer than ever before. The growing professionalism in the field of human resources is evidenced by data indicating that HR professionals are more specialized in formal preparation than they have been in the past (King and Bishop, 1994). In a survey by the Bureau of National Affairs (1985), forty percent of survey

respondents from the private sector indicated that the highest ranking human resources position in their organization was given the title of vice-president. A look at the data further indicates that forty-nine percent of those in top human resources management positions reported directly to the chairperson, owner, chief executive officer, or vice-president of the organization. It may be that senior management is developing an awareness of how human resources policies and practices communicate formulation, origination, and implementation of strategies, to members of the organization (Beer, Spector, Lawrence, Mills and Walton, 1984).

### Summary

The early years of human resources (HR), or personnel management as it was originally called, indicate that it would operate its different functions (selection, training, and compensation) with little or no regard for how they were interrelated (Sherman and Bohlander, 1992). Today, human resources is not only developing internally consistent systems of operation, but enhancing its performance by matching its practices with the strategic mission of the organization (Cappelli and Sing, 1992; Jackson, Schuler, and Rivero, 1989). Human resource professionals' involvement with senior management for strategic management and planning are usually associated with an increase of HR's participation in the strategic planning/process, an aligning of HR's activities with the overall operating efforts of the organization, an expectation that HR efforts will significantly impact the productivity of the organization, and high support of the HR department from senior management.

The extent of the involvement between the human resource function and senior management is unknown. Much needs to be learned about the contribution being made by the human resources department's role in the

strategic planning and implementation process.

### Thesis Research

This paper provides research on the relationship between the human resource function and senior management as they work together on strategic management and planning for competitive advantage. In beginning to examine this relationship I hope to identify factors that influence the relationship between HR and senior management and how those factors may impact the outcome of their actions. Previous research suggests that human resource professionals have an interdisciplinary background, the benefit of higher education, and are closer to the top of the hierarchy. These differences may reflect the growing contribution and respect of the human resource function.

An additional premise of this research suggests that human resources directors perceive the human resources department as being involved with senior management and providing value to the organization in terms of strategic planning and management, and that this perceived involvement is associated with perceived recognition of the contribution from HR to the organization. The variables selected for this study are the ones most often reported in the literature as being present when HR is collaborating with senior management for strategic management and planning. Perceived involvement (involv) is a term that comprises the ability to impact productivity, alignment with the overall operating efforts of the organization, high participation in strategic planning, and support from senior management.

Perceived recognition is the idea that HR leaders define their views on the relationship between their department and senior management. The

literature does not propose variables with which to measure this perception. However, it is reasonable to start by evaluating how human resource leaders believe their department to be positioned within the organization. Recognition of the HR contribution in this study is measured by the impression human resources leaders have on the amount of visible support they receive from senior management, the climate of trust existing between the human resource staff and senior management, and the acceptance of human resource initiatives by other operating departments. Based on the literature we can expect to see an interrelationship among the variables that represent perceived involvement, as well as among the variables representing recognition of the HR contribution to the organization. King and Bishop (1994) reported results on a similar survey. Their study provided:

“information and perceptions about current affairs and changes in the following areas: HR Organization, Professional Development, Attitudes and Impressions about HR, and future HR issues”, p. 166.

The scope of King and Bishops' survey is broader than this research. Their study researched the perceived impact of HR's contribution to the mission of the organization and the future of HR's organizational role. In contrast, the focus of this study is to provide insight on the relationship between HR's involvement with senior management for strategic management and planning. The expanded involvement of the human resource function in strategic planning stems from an attempt to create competitive advantage. An understanding of how human resource managers perceive their relationship to senior management and issues of

strategic planning and management provides a forum for discussion on this important relationship. In addition to describing HR managers perceptions of their value to management, this paper also examines the following hypothesis:

#### First Hypothesis

When the human resource function is participating in strategic management and reports being supported by senior management, it will also report a greater impact on productivity and greater alignment with the mission of the organization.

#### Second Hypothesis

When human resource leaders perceive that that there is a recognition of their contribution by the organization they will report that senior management visibly promotes human resource efforts and initiatives, that there is a high degree of trust between senior management and its staff, and that there is a high degree of acceptance for their activities by other business units.

### Materials

#### Instrument

This instrument addressed how human resources leaders perceive their value to senior management and characteristics of their organization. The format consisted of closed-ended questions answered either on a Likert type scale, or "yes" or "no" responses, and open ended questions. The instrument was developed for this study (see Appendix A for a copy of the instrument).

All subjects were treated in accordance with the "Ethical Principles of Psychologists" (American Psychological Association, 1981). To



maintain the confidentiality and anonymity of human subjects, personal names were not collected on completed questionnaires. A document labeled "informed consent" constituted the front page of the survey (see Appendix B). It described the purpose, procedures and benefits of participation of the study and requested the signature of the respondent as evidence of consent to participate and understanding of the study. Upon receiving the completed questionnaires, the "informed consent" sheets were removed by the researcher. Subjects were given a debriefing statement with the telephone number of the faculty thesis advisor at California State University, San Bernardino. Through this contact, subjects could obtain information about the project or discuss the questionnaire. There were no anticipated risks as a result of completing this questionnaire.

## Method

### Procedure

The population for this study was the highest ranking staff member (director) of the human resources department from organizations with five hundred or more employees in the Southern California area. Labels were created by randomly selecting five hundred organizations from a database of U.S. organizations based on the following criteria: organizations with Southern California zip codes which employ five hundred or more employees. Organizations with five hundred or more employees were selected because of the increased probability that these organizations would have a formal human resources department. The resulting list of labels included the name of the highest ranking human resources staff member. This labels were purchased from Compilers Plus/Zeller List.

Data were collected using a one-time mail out survey to the five hundred organizations. The initial mailing was followed by a one-time reminder postcard. The duration for return of the surveys was limited to three weeks.

Accompanying the survey was the informed consent form which described the purpose and procedure of the study and requested that respondents sign the form as evidence of their consent to participate in the study. The informed consent also included a debriefing statement and the telephone number of the faculty project adviser at California State University, San Bernardino. The faculty advisor was listed as a contact from which they could obtain information about, or discuss the survey.

### Results

The focus of this study was to contribute to the understanding of the relationship between the human resource function and senior management in their combined effort to increase competitive advantage through strategic management and planning. This paper also proposed that human resources directors would both perceive their department as being involved with senior management in strategic management and as being recognized by the organization for its contributions. The analysis for this study was computed using the student version of the Statistical Package for Social Sciences (SPSS).

### Analysis

The analyses of these indicators were done using descriptive statistics, correlation coefficients, and reliability analyses. Correlations within and between the composite variables provided an indication of whether a relationship existed among variables.

## Report on Respondents

Tables 1 and 2 present both demographics and responses to survey questions by respondents. There was little diversity in the ethnicity of the sample; most respondents were Caucasian. Their educational levels reflect the interdisciplinary nature of human resources. Respondents were experienced human resources professionals (the mean number of years in HR is seventeen).

Respondents indicated that ninety-three percent of the organizations for which they work have formal human resource departments. Eighty-four of the organizations for which the respondents work are headquartered in the Southwestern United States, and while all of them employ five hundred or more employees, fifty-seven percent of these organizations employ between five hundred and five thousand employees. The average number of employees reporting to the human resource department leader was unclear, as responses ranged from one to nine hundred sixty-five employees. This question may have been more effective if it had differentiated between those who directly report and those who indirectly report to the HR leader.

HR leaders responding to this survey were clearly in the higher levels of their organizational hierarchy. Eighty-six percent of the respondents indicated that they were within two levels of the CEO or company president. Interestingly, forty-four percent of the respondents stated that they believed HR would be downsized less than other departments if their organizations were to be downsized. Forty percent believed that HR would be downsized about the same as other departments, and only nine percent believed that HR would be downsized more than other departments in their organization.

Table 1  
Demographics of Respondents

Surveys mailed 500

surveys completed 15% (N=77)  
blank surveys returned 4% (N=3)  
response rate 16% (N=80)

Gender

Male 44% (N=34) Female 51% (N=39) Declined to state 5% (N=4)

Ethnicity

Caucasians 77% (N=59) African-Americans 9% (N=7)  
Hispanics 7% (N=5) Asians 5% (N=4)  
Native Americans 1% (N=1) Other 1% (N=1)

Education

High School 4% (N=3) Associates 8% (N=6) Bachelors 43% (N=33)  
Masters 39% (N=30) Doctorate 6% (N=5)

Years in Human Resources

Mean = 17 years Minimum = 1 year  
Standard Deviation = 7.816 Maximum = 39 years

Type of Organization

Manufacturing 18% (N=14) Retail/Wholesale Trade 8% (N=6)  
Banking/Finance/Insurance/Real Estate 8% (N=6)  
Energy 0% (N=0) Services 14% (N=11)  
Medical/Health Care 18% (N=14) High Tech 4% (N=3)  
Other 27% (N=21) Missing Value 3% (N=2)

Years Working for Current Organization

1-10 years 66% (N=51) 11-20 years 20% (N=15)  
20+ years 13% (N=10) Missing Value 1% (N=1)

Organization Headquartered

Southwest 84% (N=65) Northwest 3% (N=2)  
Midwest 3% (N=2) Northeast 4% (N=3)  
Other 5% (N=4) Missing Value 1% (N=1)

Number of Employees in Organization

500 - 999 30% (N=23) 1,000 - 4,999 57% (N=44)  
5,000 - 9,999 1% (N=1) 10,000 - 24,999 4% (N=3)  
25,000 - 49,999 3% (N=2) 50,000+ 5% (N=4)

Table 1  
Demographics of Respondents

Academic Concentration of Respondents

Business	33
Psychology	6
Education	5
Human Resources	4
Law	4
English	3
High school diplomas	3
Sociology	3
Public Health	2
Political Science	1
Art	1
Aviation Management	1
Nursing	1

N=67 (missing: 10 cases)

Table 2  
Responses by HR to Survey Questions

Does your organization have a formal HR department?			
<u>code</u>	<u>frequency</u>	<u>percent</u>	
1 yes	72	93.5%	
2 no, but we are establishing one at this time.	5	6.5%	
total:	77	100%	
Whom do you report to?			
<u>title</u>	<u>frequency</u>		
vice president	21		
CEO	13		
departmental chief	13		
president	12		
director	8		
administrative manager	1		
deputy manager	1		
	77		
How many employees report to you?			
<u>summary of responses</u>	<u>frequency</u>	<u>summary of responses</u>	<u>frequency</u>
1 - 9	52	89	1
10-19	10	100	1
20-29	5	550	1
30-39	1	740	1
40-49	2	965	1
60	1		
How many levels are identified in your organizational chart (including the CEO (or company president)?			
<u>response</u>	<u>frequency</u>		
1	1		
3	5		
4	14		
5	18		
6	16		
7	5		
8	2		
9	1		
10	3		
12	2		
15	2		
N=69 (missing: 8 cases)			

Table 2  
Responses by HR to Survey Questions

How many levels from the CEO (or company president) is the head of human resources?

<u>responses</u>	<u>frequency</u>
1	43
2	23
3	6
4	1
5	2
9	1

N=76 (missing: 1 case)

If your organization were to undergo downsizing, do you believe HR would:

<u>coded</u>	<u>frequency</u>
1 - be downsized <u>more</u> than other departments	7
2 - be downsized <u>about the same</u> as other departments	31
3 - be downsized <u>less</u> than other departments	34

N=72 (missing: 5 cases)

What percent of the total corporate payroll is allocated to human resources?

<u>coded</u>	<u>frequency</u>
1 less than 1%	24
2 1% to 3%	28
3 4% to 6%	3

N=55 (\*missing: 22 cases)

\* Some respondents appeared to have difficulty with the question.

Is your human resources expected to report its return on investment?

<u>coded</u>	<u>frequency</u>	<u>percentage</u>
1 yes	19	24.7%
2 no	55	71.4%

N=74 (missing: 3 cases)

More than two thirds of the respondents noted that their organization allocates up to three percent of the total corporate payroll to HR. Almost one third of the respondents did not answer this question, indicating that either the question was unclear, or they may not know the percentage allocated specifically for the HR function. Seventy-one percent of the respondents also stated that HR is not expected to report its return on investment.

More than half of the HR leaders reported having high levels of support from senior management (see “sup”, Table 3). Most respondents (sixty-three percent) said their department is closely aligned with overall operating efforts of the organization (see “align”, Table 4). There was however, a division among the respondents concerning issues of impact of HR on productivity and the participation of HR in strategic planning and management. When asked to rate on a scale between one and five if the human resource department is seen as being able to provide significant impact on the productivity of the organization (Table 5, “impact”), just over half of the respondents (fifty-one percent) chose the lower half of the scale, and forty-eight percent chose the higher half of the scale. When asked about their level of participation in the strategic planning/process of their organization, HR leaders were also divided, forty-six percent chose levels under four (on a scale of five, five being highest level of participation), and fifty-three percent chose four and above (Table 6, “prtcpn”). In contrast, HR leaders were consistent, with an overwhelming majority reporting visible support of senior management for HR, a climate of trust between the HR staff and senior management, and HR initiatives generally being well accepted by other operating departments (see Table 7).



Table 3  
Perception of Involvement - Support (SUP)

<b>SUP</b>		
How would you rate the support that the human resources department has from top management?		
1	2	3
4		5
little support		high support
<u>scale</u>	<u>frequency of responses</u>	<u>valid percentages</u>
2	4	5%
3	16	21%
3.5	2	3%
4	32	42%
4.5	3	4%
5	20	25%

Table 4  
Perception of Involvement - Alignment (ALIGN)

**ALIGN**

How closely is your human resources department \*aligned with the overall operating efforts of the organization?

(\*Note: To be aligned is to have a formal integration of human resources management with the process and objectives of the organization's business units.)

1	2	3	4	5
not aligned				closely
aligned				

<u>scale</u>	<u>frequency of responses</u>	<u>valid</u>
<u>percentages</u>		
1	1	1%
2	8	10%
3	17	23%
3.5	1	1%
4	26	34%
4.5	3	4%
5	20	26%

N=76 (missing: 1 case)

Table 5  
Perception of Involvement - Impact

### IMPACT

The human resources department is seen as being able to provide a significant impact on the productivity of the organization.

1	2	3	4	5
no impact				significant
impact				
<u>scale</u>	<u>frequency of responses</u>	<u>valid percentages</u>		
2	9	12%		
3	28	36%		
3.5	3	4%		
4	30	39%		
4.5	1	1%		
5	6	8%		

Table 6  
Perception of Involvement - Participation (PRTCPN)

<b>PRTCPN</b>		
What best describes your level of participation in the strategic planning/process of your organization?		
1	2	3
4	5	
no participation		high participation
<u>scale</u>	<u>frequency of responses</u>	<u>valid percentages</u>
1	4	5%
2	13	17%
3	19	24%
4	23	30%
4.5	2	3%
5	16	21%

Table 7  
Perceived Recognition of HR's Contribution

### **VSBL**

Human resources has the \*visible support of senior management.

(\*visible support would mean that senior management verbalizes support for human resources efforts and provides either his/her physical presence and/or additional revenue to see that human resources efforts can be implemented or continued.)

	<u>frequency</u>
Coded: 1. yes	69
2. no	6

N=75 (missing: 2 cases)

### **TRUST**

There is a climate of trust between the human resources staff and senior management.

	<u>frequency</u>
Coded: 1. yes	74
2. no	2

### **ACCEPT**

Human resources initiatives are generally well accepted by other operating departments.

	<u>frequency</u>
Coded: 1. yes	67
2. no	7

N=74 (missing: 3 cases)

### Relationship of indicators

The first hypothesis proposed that when the human resource function is participating with and being supported by senior management, it would report a greater impact on productivity and alignment with the mission of the organization. The result of the analyses of the relationship between the variables that comprise perceived involvement supported this proposal (see Table 8). Table 9 shows the robust relationship among the variables and how the four items could safely be used as a scale.

The second hypothesis anticipated that when human resource leaders perceive that senior management visibly supports human resource efforts and initiatives, it would also perceive a high degree of trust between their staff and senior management, as well as a high degree of acceptance for their activities by other business units. The relationship between the variables supported this hypothesis (see Table 10). Table 11 shows the significant relationships among the variables, which allowed them to be used in a scale. The correlation between the scales of involvement and recognition was moderate, providing support that these two scales are not redundant (see Table 12).

When respondents reported that HR's efforts were being visibly endorsed by senior management, alignment with the overall operating efforts of the organization, impact on productivity, participation in strategic planning efforts, and support from senior management were also rated higher (see Table 13). Similar results were reported when HR indicated that their initiatives were accepted by other operating departments. Respondents reporting a acceptance of their initiatives by other operating units also reported higher alignment with the overall operating efforts of the

Table 8  
Correlations Among Indicators of Involvement

	sup	align	impact	prtcp
sup	-	.6114*	.5752*	.5136*
align	-	-	.5070*	.5452*
impact	-	-	-	.5094*

Note. Significance of correlation: \*p.<.001

Table 9  
Reliability Analysis For Indicators of Involvement

	<u>Corrected Item-Total Correlations</u>	<u>Square Multiple Correlations</u>
align	.6728	.4653
impact	.6134	.3899
prtcp	.6083	.3720
sup	.6744	.4757

Alpha=.8119

reliability coefficients: 4 items

Table 10  
Correlations Among Indicators of Recognition

	vsbl	trust	accept
vsbl	-	.2558*	.5795**
trust	-	-	.5156**

Note. Significance of correlation: \* p.<.05  
\*\*p.<.001

Table 11  
Reliability Analysis For Indicators of Recognition

	<u>Corrected Item-Total Correlatons</u>	<u>Square Multiple Correlations</u>
vsbl	.5259	.3385
trust	.4382	.2682
accept	.6882	.4802

Alpha=.7021

Reliability Coefficients: 3 items

Table 12  
Correlations Among Indicators of Value and Perception

	recogn
involv	.4914*

Note. Significance of Correlation: \*p.<.001



Table 13  
Comparison of Indicators of Involvement by Visibility

<u>variable</u>	<u>mean visibility-yes (s)</u>	<u>mean visibility-no (s)</u>	$\eta^2$
align*	3.928 (.929)	2.800 (.837)	.088
1impct**	3.6232 (.688)	2.000 (.000)	.311
prtcp**	3.5942 (1.086)	1.833 (.753)	.171
sup**	4.0870 (.732)	2.666 (.516)	.227
total cases	69	6	

Note. Significance of Correlation: \*p.<.05  
\*\*p.<.001

<sup>1</sup> Due to unequal variance, the t-test was conducted using a separate variance estimate; Lavene's test for equality of variance was used with a criterion of p.<.001

Table 14  
Comparison of Indicators Of Involvement By Acceptance

<u>variable</u>	<u>mean visibility-yes (s)</u>	<u>mean visibility-no (s)</u>	$\eta^2$
align*	3.8806 (1.008)	2.8333 (.753)	.080
impact*	3.5522 (.764)	2.5714 (.787)	.126
prtcp**	3.6269 (1.081)	1.8571 (.900)	.195
sup*	4.0522 (.817)	3.000 (.577)	.132
total cases	67	7	

Note. Significance of Correlations: \*p.<.05  
\*\*p.<.001

organization, impact on productivity, participation in strategic planning efforts, and support from management (see Table 14).

## Discussion

### Findings and Ties to Literature

As predicted by the literature, respondents were highly educated HR professionals with access to senior management. These highly educated HR professionals came from diverse academic backgrounds, explaining the interdisciplinary interest of the human resources field.

Impacting the productivity of their organization, and being involved with strategic management efforts are two of the factors HR leaders identified as responsibilities of their HR department. The increased involvement of human resources in issues of competitive advantage has also been discussed in the literature. This study showed that the human resource department is perceiving an involvement in this important function, although this appears to be true for only slightly over half of the respondents.

For the respondents involved with strategic management the increase in contribution from HR is intrinsically tied to involvement with senior management. The strong correlations among the following: alignment of HR with the overall operating efforts of the organization, participation in strategic planning, support from senior management, and the ability to impact productivity showed just how complex and intimate HR leaders view their relationship with senior management to be.

HR leaders reported two factors as being associated with the collaboration of their department with senior management. The first factor was the visible support that HR receives from senior management. The second factor was the acceptance of human resource initiatives by other

operating functions. Considering how few organizations report return on investment, we could speculate on whether visibility and acceptance provide HR with justification of its value to the organization.

Unless the HR function can provide senior management with compelling reasons for its existence, it could fall victim to outsourcing. Justifying its existence through utility analysis has not proven successful thus far. The perceptions reported by HR leaders in this study indicates that they believe that the organization is accepting their initiatives, and that senior management is visibly promoting their efforts. Will these subjective indicators make the need for measurable outcomes unnecessary? Will these indicators be compelling enough to ensure the survival of the corporate HR department? Or could the role of some HR departments in strategic management and planning be to provide evidence of new ways in which to justify and measure the contribution of the HR function? The climate of trust reported by HR leaders in association with the composite indicators of involvement may allow HR to temporarily delay the inevitable. Subjective justifications have historically not earned HR respect from either senior management or middle management.

#### Implications and Future Research

Human resource leaders perception of involvement with senior management suggests that visibility, acceptance and trust are significant factors in the collaboration between their department and senior management. Research on the contribution of HR to the organization, however, should extend beyond perception and subjective factors. What justification does senior management make for maintaining an in-house HR department? Does the strategic management alliance of HR with senior

management provide the key for its survival? If so, is senior management considering developing a solid and long-lasting relationship with an in-house HR division based on this relationship? Research should provide evidence on the factors, both objective and subjective, on which senior management justifies an in-house human resource department.

The need to develop and maximize competitive advantage has created an opportunity for the human resource function to increase its contribution to the productivity and efficiency of the organization. This study describes how not all human resource departments are participating in the strategic management and planning process. It may be that not all organizations have a formalized strategic management and planning process. It would be interesting to know if respondents not participating in the strategic management and planning process are not doing so because their organization does not have a formal process, or because the HR function has not been invited to take a leadership position in the process. Future research on senior management's perception of HRs' participation and contribution to strategic planning and management may provide valuable insight on their views of the human resource function.

The nature of the global economy and the need to create competitive advantage provide the human resource function with a unique opportunity. HR has the potential of making a vital contribution to the success of their organization, of increasing the professionalism of HR, and of providing a forum for integrating the interdisciplinary contributions of HR. The outcome of this opportunity for the HR function will depend on how clearly it articulates possible contributions and how effectively it conveys its value to senior management.

### Limitations of Study

The response rate for this study was low -- fifteen percent. There are many possible factors that may have contributed to the low return rate: incorrect name of the highest ranking human resource staff member, human resource leaders being very busy, and this study being conducted by an individual graduate student rather than by a known human resource professional organization (e.g. Society for Human Resource Management, SHRM). Another limitation is the self-report nature of this study used to collect both the indicators of perceived involvement and perceived recognition. This common method could have led to an inflated relationship between the variables. There is also the likelihood of a bias, or self-selection process, of lower responses from human resource managers who do not feel that they are participating in the strategic management, are not being supported by senior management, are not aligned with other business units and do not believe that their efforts are impacting the productivity of the organization.

This survey was also restricted to organizations in Southern California, although the size of the organizations surveyed (500 or more employees) makes it more likely that the responses would resemble that of mid-size and large organizations across the United States.

Responses to some questions on the survey suggests that several items should be revised for clarity or eliminated before a replication of this study is conducted. For example, the question "What percent of the total corporate payroll is allocated to human resources?" elicited twenty-two missing responses. This question was not clear, did not provide insight into the current state of the HR department, and could possibly be eliminated.

## Appendix A

### Questionnaire

#### Questionnaire

This survey is to be completed by the highest ranking  
staff member of the Human Resources Department

Directions: For each of the following items please circle only the number that best identifies your organization. Circle and or complete only one response per question. Please do not leave any unanswered questions. Please return this questionnaire no later than 18 April 1997.

#### Demographics:

- Gender:
1. Male
  2. Female

What is the highest degree you have completed?

1. High School
2. Associates
3. Baccalaureate
4. Masters
5. Doctorate

What is the title of your degree? \_\_\_\_\_

What is your ethnic group? (optional)

- |                                   |                              |
|-----------------------------------|------------------------------|
| 1. African American               | 2. Asian or Pacific Islander |
| 3. Caucasian                      | 4. Hispanic/Latino           |
| 5. Native American/Alaskan Native | 6. Other _____               |

How many total years have you been employed in human resources? \_\_\_\_\_

Which of the following describes your organization?

- |   |                           |
|---|---------------------------|
| 1. Manufacturing                            | 2. Retail/Wholesale Trade |
| 3. Banking, Finance, Insurance, Real Estate | 4. Energy                 |
| 5. Services                                 | 6. Medical/Health Care    |
| 7. High Tech                                | 8. Other _____            |

Number of years with this organization. \_\_\_\_\_

How many employees work for your organization?

- |                     |                     |                   |
|---------------------|---------------------|-------------------|
| 1. 500 to 999       | 2. 1,000 to 4,999   | 3. 5,000 to 9,999 |
| 4. 10,000 to 24,999 | 5. 25,000 to 49,000 | 6. 50,000 or more |

Where is your organization headquartered (United States)?

- |              |              |                |
|--------------|--------------|----------------|
| 1. Northwest | 2. Southwest | 3. Midwest     |
| 4. Southeast | 5. Northeast | 6. Other _____ |

Does your organization have a formal human resources department?

1. Yes
2. No, but we are establishing one at this time.
3. No, (if not, you will not need to answer any additional questions. Thank you for your assistance in this survey.)

Whom do you report to?

Please identify by title only. \_\_\_\_\_

How many employees report to you? \_\_\_\_\_

How many levels of employees are identified in your organizational chart  
(including the CEO or company president? \_\_\_\_\_

How many levels from the CEO (or company president) is the head of the  
human resources department? \_\_\_\_\_

How would you rate the support that the human resources department has  
from top management?

\_\_\_\_\_

1	2	3	4	5
(little support)				(high support)

How closely is your human resources department \*aligned with the overall  
operating efforts of the organization?

(\*Note: To be aligned is to have a formal integration of human resources  
management with the process and objectives of the organization's business  
units.)

\_\_\_\_\_

1	2	3	4	5
not aligned				closely aligned



If your organization were to undergo downsizing, do you believe that Human Resources would:

1. be downsized more than most other departments
2. be downsized about the same as most other departments
3. be downsized less than most other departments
4. don't know

What percent of the total corporation payroll is allocated to the human resources department?

1. less than 1%
2. 1% to 3%
3. 4% to 6%
4. 7% to 9%
5. 10% or more (if more than 10% please specify: \_\_\_\_\_%)
6. don't know

The human resources department is seen as being able to provide a significant impact on the productivity of the organization.

---

1	2	3	4	5
no impact				significant impact

What best describes your level of participation in the strategic planning/process of your organization?

---

1	2	3	4	5
no participation				high participation

### Is human resources expected to report its return on investment?

1. yes                      2. no

Human resources has the \*visible support of senior management.

(\*visible support would mean that senior management verbalizes support for human resources efforts and provides either his/her physical presence and/or additional revenue to see that human resources efforts can be implemented or continued.)

1. yes                      2. no

There is a climate of trust between the human resources staff and senior management.

1. yes                      2. no

Human resources initiatives are generally well accepted by other operating departments.

1. yes                      2. no

Thank you for your effort in completing this questionnaire.

Appendix B  
**Informed Consent**

Dear Human Resources Director:

Enclosed you will find a questionnaire that attempts to gather information on human resources relationship to senior management and the organization. The questionnaire has been mailed to human resources personnel of randomly selected organizations, that employ five hundred or more employees in the Southern California region. The present study is being conducted with the approval of the Graduate Studies Department of California State University, San Bernardino. This research effort is being conducted in partial fulfillment of the requirements of the Masters in Interdisciplinary Studies - Organizational Development degree by Tamara Grullon Sehi.

**Your participation is critical to the success of the study.** Because each unreturned questionnaire reduces the generalizability of the study, a high response rate is necessary to identify your views accurately and lend value to the study.

Please be assured your responses are completely anonymous. Please **do not** include your name on the questionnaire. The mailing list and completed surveys will be maintained separately. At the close of the data collection period the mailing list will be destroyed. There is no way for anyone to identify who returned a specific questionnaire. Also, there are no incorrect responses in this survey. As a participating human resources director your views are important.

You have the right not to participate in this study. Your participation in this study is completely voluntary. There will be no financial gain for the researcher.

If you have any questions regarding the nature and content of this study, please contact Jan Kottke, Ph.D., faculty adviser at California State University, San Bernardino, CA. She may be contacted by telephone at (909) 880-5585.

In the interest to contributing to the knowledge base of organizational development, would you kindly take a few minutes from your already busy schedule to complete the enclosed questionnaire and return it in the enclosed stamped self-addressed envelope.

If you are interested in the results of this study, please contact Dr. Kottke at the number indicated above after June 15, 1997.

Please return this questionnaire as soon as possible and no later than 18 April 1997. Please keep one copy of this letter for your files.

Tamara Grullon Sehi

My signature represents my informed consent to participate in the above described study.

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Participant's Name

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Signature

---

Date

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