

# The influence of the CFO in HR management through three roles case study

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### Tiivistelmä

Tutkimuksen tavoitteena on selvittää, miten talusjohtaja osallistuu henkilöstöjohtamiseen case-yrityksissä, ja millaisia rooleja häneen voidaan heijastaa. Kontrollerin rooli on muuttunut vuosien saatossa, ja nykyään se on niin moninainen, että stereotyyppinen viittaus kirjanpitäjään ei pidä enää lainkaan paikkaansa. Samoin henkilöstöjohtaminen on muuttunut vuosien myötä ja nykyinen trendi on hajauttaa se linjajohtajille ja pitää HR osastot pieninä. Tutkimuksessa tarkastellaan näiden kahden ilmiön yhteentörmäyksen vaikutusta talusjohtajan rooleihin, joita hänellä on henkilöstöjohtamiseen liittyen.

Tutkimus on luonteeltaan laadullinen case-tutkimus. Empiirinen aineisto on kerätty neljästä case-yrityksestä yhteensä kymmenellä puolistrukturoidulla haastattelulla syksyn 2014 aikana. Case-yrityksillä on yhteistä koko liikevaihdon (€100M) ja henkilöstön (yli 100) mukaan, sekä pääliiketoimintaympäristö (Suomi). Haastateltavina olivat yritysten talous- ja henkilöstöjohtajat, sekä kaksi toimitusjohtajaa.

Tulosten perusteella talusjohtajalla on kolme erilaista roolia henkilöstöjohtamisessa. Kullakin roolilla on yksilölliset piirteensä sekä omat tukevat roolinsa, joista roolit koostuvat. Koska roolit ovat samanaikaisesti aktiivisina, talusjohtajan vaikutus henkilöstöjohtamiseen on hyvin moninaista. Roolien kautta talusjohtajalla on merkittävä vaikutus niin henkilöstöjohtamisen jalkauttamiseen, suunnitteluun, kuin käytäntöjen luomiseen.

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**Avainsanat** Talusjohtaja, Rooli, Henkilöstöjohtaminen, Henkilöstöjohtaja

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### Abstract

This study examines how the CFO influences HR management and what kind of roles can be reflected in him in the case companies. The controller's role has been observed to change over time and currently it is quite extensive and has almost nothing same with the stereotypical bookkeeper image. HR management has also changed over time and the current trend is to decentralize it to the line managers and shrink HR departments. This study will explore the collision of these two phenomena in the roles of the CFO in the field of HR management.

The study method used is qualitative case study. The empirical evidence is obtained from total 10 semi-structured interviews in total 4 case companies during the fall of 2014. The case companies share the size measured by revenue (about €100M) and staff (over 100) and the main business environment (Finland). The CFOs, the CHROs and two CEOs were interviewed for the study.

The results suggest the CFO has three different roles in HR management. Each role has its unique characteristics and supporting roles, which create three roles. Whilst all the roles are active simultaneously, the CFO's influence on HR management occurs in multiple ways. Through the roles, the CFO has significant influence on the HR management implementation, planning, and definition of policy.

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**Keywords** CFO, CHRO, HR management, HRM, Role

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# 1. Introduction

## 1.1 Motivation

The human resource (HR) is considered the company's most significant asset but also a strategic resource that gives competitive advantage to the company and thus has potential to promote the sales. In order to capture the full potential the human resource has, and so realize all the benefits, it needs to be managed comprehensively. This doesn't mean a HR strategy that is aligned with the business strategy would be enough. Also HR management practices have to fit that strategy and the company's environment. (E.g. Becker et al. 2001, 12, Cappelli & Singh 1992, Huselid 1995, Porter 2008.)

Since the trend is to shrink HR departments to the minimum, its natural cause is that HR departments' role in HR management practices is shifting from executive department, to supportive department. As a consequence, HR management has shifted from centralized function to decentralized. This means that line managers have more responsibilities implementing HR management practices. The HR department then instead of executing HR practices, supports the line managers to execute them. A manager can't no longer go to the office of the HR department and ask them to get him a new employee. The hiring manager executes the recruiting process by himself with the assistance of the HR department if necessary. (E.g. Caldwell 2003, Keenoy 1990, Kirkpatrick et al. 1992.)

The role of the controller has been studied a lot within past decades. Researchers have observed how over time the role has expanded from a stereotypical introvert bookkeeper to a social member of a top management team. The most advanced role expects a controller to obtain wide perspective about the current and future business but also diverse responsibilities. This requires active communication skills and high status in the organization so the controller can sense what is going on (e.g. Granlund & Lukka 1998, Vaivio & Kokko 2006).

These two phenomena discussed above create the motivation to my study. I want to explore how they collide and are reflected in the roles of the CFO. Since the CFO and the CHRO, the agents of finance and employees, are bound together just like the subjects they represent are,

the goal of this study is to find out how they cooperate, how the CFO influences HR management, and what kind of roles the CFO has in the field of HR management, and what kind of matters explain them. The topic has so far been neglected in the literature. Thus the findings of this study will extend the understanding about the diversity of the CFO's roles and how does he actually influence the field of expertise that is not fundamentally his own, like the field of finance is.

I approached the topic by conducting a qualitative case study with semi-structured theme interviews. The method has its pros and cons but it's suitable for study this kind of phenomenon that is shaped by its context (Gadamer et al. 2004). In total four case companies, which share size and geographical location, were studied. In those companies, I interviewed the CFOs and the CHROs and some of the CEOs in order to get a rich and diverse perspective to the topic.

## 1.2 Research questions

The definition of research questions is essential in qualitative studies in order to get rich and detailed perspective to the phenomenon researched. I have defined a total of three research questions I will pursue to find answers in my study. By finding an answer to each of them, the study will be capable of achieving its goal and contribute to the existing theories. The research questions are:

1. How does the CFO influence on HR management?
2. What kind of roles can be reflected in him when he impacts to HR management?
3. How can the roles be explained?

The first research question molds the ground for the second one by asking how the CFO influences HR management. Once I have found out how he influences, I can interpret those findings and form metaphors for roles that will illustrate the influence and describe the context of where the CFO has those roles. Since the way of influence doesn't comprehensively explain why the CFO influences on HR management, the third research question is needed. With that question, I can attempt to find a link to the literature and that way explain why the CFO has roles in the field of HR management.

### 1.3 Structure

This qualitative case study is divided into seven chapters. A literature review is the second chapter and there I will present the most relevant theories for my research questions. I will start with the role of the CFO, which I will follow by with the role of the CHRO. I will illustrate what kind of role HR management has in the companies and how it is profitable to have an effective HR management system. Since I study what kind of roles the CFO has in HR management, it is essential to introduce the main HR practices in order to understand what practices the CFO may participate with. Then I will describe what has led to the decentralization of HR management and how that influences the efficiency of HR management. I will end the chapter by pondering what the most relevant matters are influencing to the cooperation between the CFO and the CHRO.

After I have guided the reader to the topic by introducing relevant literature for the study, I will move on and then justify the methodology used. That will be followed by introducing the case companies. Once the reader understands what kind of companies I have studied and what kind of positions the interviewees have, I can move on to the interviews. Relevant is to keep in mind all the background information I have offered at that point when reading the most relevant quotes of the interviews. That will make it easier to follow the discussion that will be the second last chapter. Once I have introduced the findings and considered possible further research topics and limitations of my study, I will conclude my study.



## 2. Literature review

### 2.1 Role of the Chief Financial Officer

In order to understand the roles the CFO has in HR management, it is relevant to first acquire knowledge of what kind of roles are usually associated with the CFO in the literature. By understanding them, it is possible to reflect those roles in the roles CFO has in HR management and they might even explain, if not comprehensively, at least partially, why the CFO has such roles in HR management.

Most of the studies I am referring to have studied either the role of management accounting/accountant or the role of the controller, so not particularly the role of the CFO. However, I don't consider equating these roles to be problematic. Like Ten Rouwelaar (2006) said, controller title is often used as a synonym for the top-financial representative among researchers. Because CFO is the top-financial representative of the company, also the role of management accounting reflects in him since he is in charge of implementation of its implications.

What it comes to the technical structure of this chapter, I first introduce how the role has changed over time and explain the most characteristic roles. After that, I will continue with the so called role metaphors, which give a slightly different approach to the different roles of the CFO. I don't think that going into details with explaining what the CFO does in practice is relevant since his influence on HR management is under examination in this study, not the management accounting practices they use as such.

#### 2.1.1 From beancounter towards member of the top management team

In the past, a controller didn't differ much from stereotypical bookkeeper's image. Like a bookkeeper, a controller took care of financial reports and company's transaction related functions. After technology developed and computers came more widely adopted, also the controller's role developed. Accounting departments were usually the first ones to adopt the computers and thus controllers often managed the management information system of the company. Now the requirement for them was to be more creative in renewing existing practices

and willing to adopt new technologies to develop the management. After the efficiency trend came, controllers were the ones to find and seek inefficiencies. This trend continued and quarterly news conferences became a norm, which made controllers business partners to chief executive officers because the controllers took part in the news conferences alongside the CEOs. (Roehl-Anderson & Bragg 2004, 1-6.)

Because of the past, controllers are often referred to quite negatively and stereotypically as beancounters (e.g. Bougen 1994, Friedman & Lyne 1997, Granlund & Lukka 1998). Beancounter describes the stereotypical image of a controller quite well. Controllers are seen as antisocial and quite awkward people who however are very careful and love to work with formal reports that express the historical performance of the firm (e.g. Friedman & Lyne 1997, Vaivio & Kokko 2006). Friedman and Lyne (2001) claim that beancounters are not only associated with negative adjectives and they are usually seen as honest and trustworthy people who follow the rules. Even so, they agree that the negative descriptions such as unimaginative and dull are the dominant ones.

Despite the beancounter image, several researchers have observed the image no longer matches the actual role (e.g. Kaplan 1995, Matthews 1998, Russell et al. 1999, Vaivio & Kokko 2006). Vaivio and Kokko (2006), as a matter of fact, concluded that at least in Finnish companies adjectives used to describe beancounters can be discarded. They describe controllers to be business oriented who have to be social and conceive totalities because they rely their actions on, not just internal financial information, but also on social-networks and market trends. Malmi et al. (2001) perceived the similar role change trend especially among CFOs.

Granlund and Lukka (1998) made a distinction between the traditional beancounter role and the more current role they call a controller. The distinction illustrates how the controller is expected to obtain wider perspective about the current and future business. The controller also obtains more responsibilities, which makes active communication and achieving high appreciation in the organization to be essential in order to become considered as a member of the top management team (see Table 1).

Table 1. Differences between beancounters and controller (Granlund & Lukka 1998)

Character	'Bean-counter'	Controller
Temporal orientation	Emphasis on the past	Emphasis on the present and the future
Knowledge of the business in which the firm operates	Not expected	Expected
The primary aim of communication	Fulfilling of formal information requirements	Active attention attraction in order to get the message through
Felt scope of responsibility	Narrow; covers the production of correct accounting reports in time	Wide; covers both the production of relevant accounting figures and their application in business decisions
Cross-functional appreciation	Limited; based often on fear	High for an active and capable person
General operating style	Information collector and processor	A member of the management team and a change agent

Even the role of the controller has changed, it doesn't mean all the tasks and characteristics associated with beancounters have entirely vanished (e.g. Granlund & Lukka 1998, Malmi et al. 2001, Vaivio & Kokko 2006). Vaivio and Kokko (2006) found that careful cross-checking and managing the numbers were still essential parts of the job, but most of the negative associations have fallen away. Granlund and Lukka (1998) illustrated the transition in the role with a role expansion. A more expanded role still includes managing the entities associated to the less expanded role (see Figure 1). The least expanded role of the business "historian" expands to company's "watchdog", which both have quite negative echo, are associated with beancounters. These are followed with the roles associated with a controller: an "advisor" role whom the management team can rely on and finally the role where the controller is truly a member of the management team.

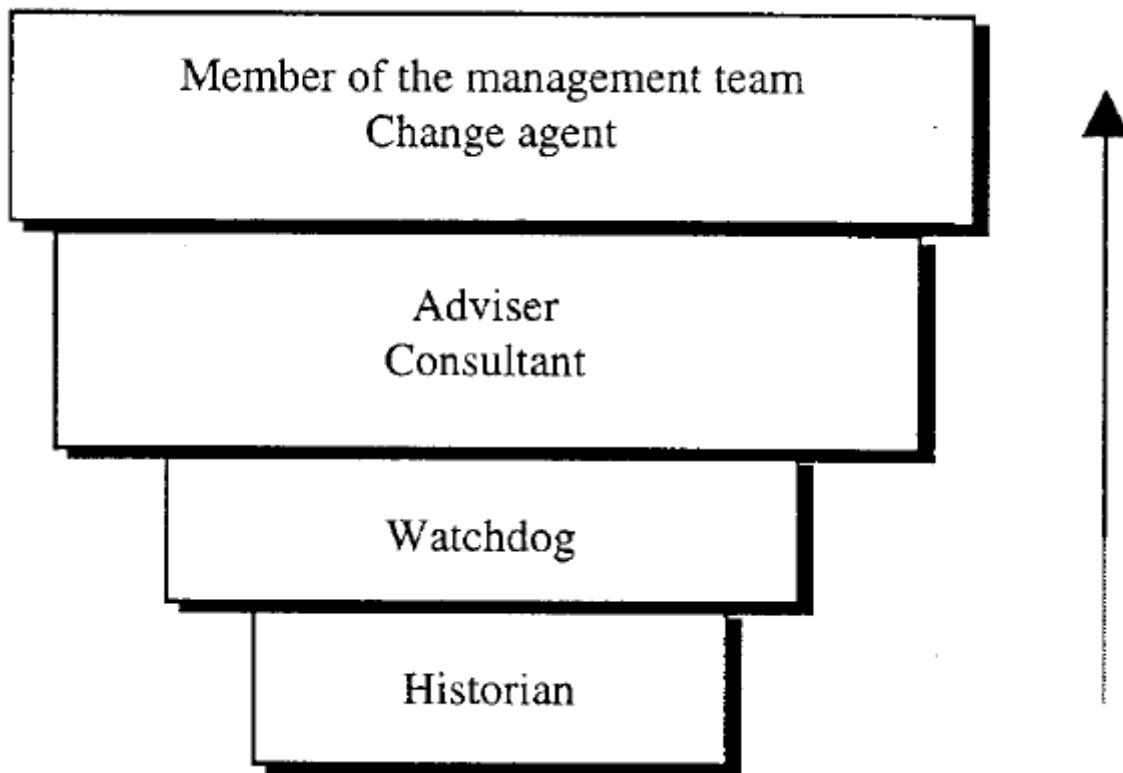


Figure 1. How CFO's role has expanded over time (Granlund & Lukka 1998)

Wider consensus about the development introduced above, however, doesn't exist. It seems that the role expansion is not as common or unproblematic as thought, but it's more bound to the context and organizations (e.g. Byrne & Pierce 2007, Järvenpää 2001). Versteegen et al. (2006) found out that scorekeeping is still notable part of controller's daily activities. As a matter of fact, in their study as notable share as 45% of the respondent controllers were watchdogs. Even though some of controllers' activities didn't match up with beancounters' (such as consulting), Versteegen et al. didn't find any controller who would have been the real member of the management team. Also Lambert and Sponem (2012) found in their study, which examined previous case studies and interviews, that this type of "business partner" role is not as commonplace as have been thought. Also in some cases controller's involvement into decision-making (and so being part of the management team) has been seen problematic, because it's been feared that controllers can't focus on their other functions if they are too closely incorporating with decision-making (Indjejikian and Matejka 2006).

### 2.1.2 Metaphors to explain the CFOs' roles

Metaphors as the figures of speech are helpful when attempting to describe or explain complex affairs, such as roles. Illustrative metaphors create connotations in a reader's mind and therefore ease one's process of understanding. For example, metaphors as "watchdog" and "historian", the ones used by Granlund and Lukka (1998), are quite illustrative. Thus, the reader gets a hunch of what they are all about without any further explanation.

Partanen (2001) approaches in his field study the roles of a controller through 11 metaphors. Partanen's roles do not differ dramatically from Granlund and Lukka's (1998) but they attempt to reflect more to the individuals. Just like in Granlund and Lukka's (1998) model, where a role expansion chart illustrates the development process (see Figure 1), Partanen's (2001) 11 roles can be seen as a continuum of learning where a controller can move from one role to another. The roles are divided into three categories: information and surveillance roles, interactive and management roles, and a future oriented role. By learning and developing a controller can move from the information and surveillance roles into the interactive and management roles, and then into the future oriented role. Next, I will go through these 3 categories and 11 metaphors respectively to Partanen's (2001) order. Figure 2 illustrates the connections between different roles.

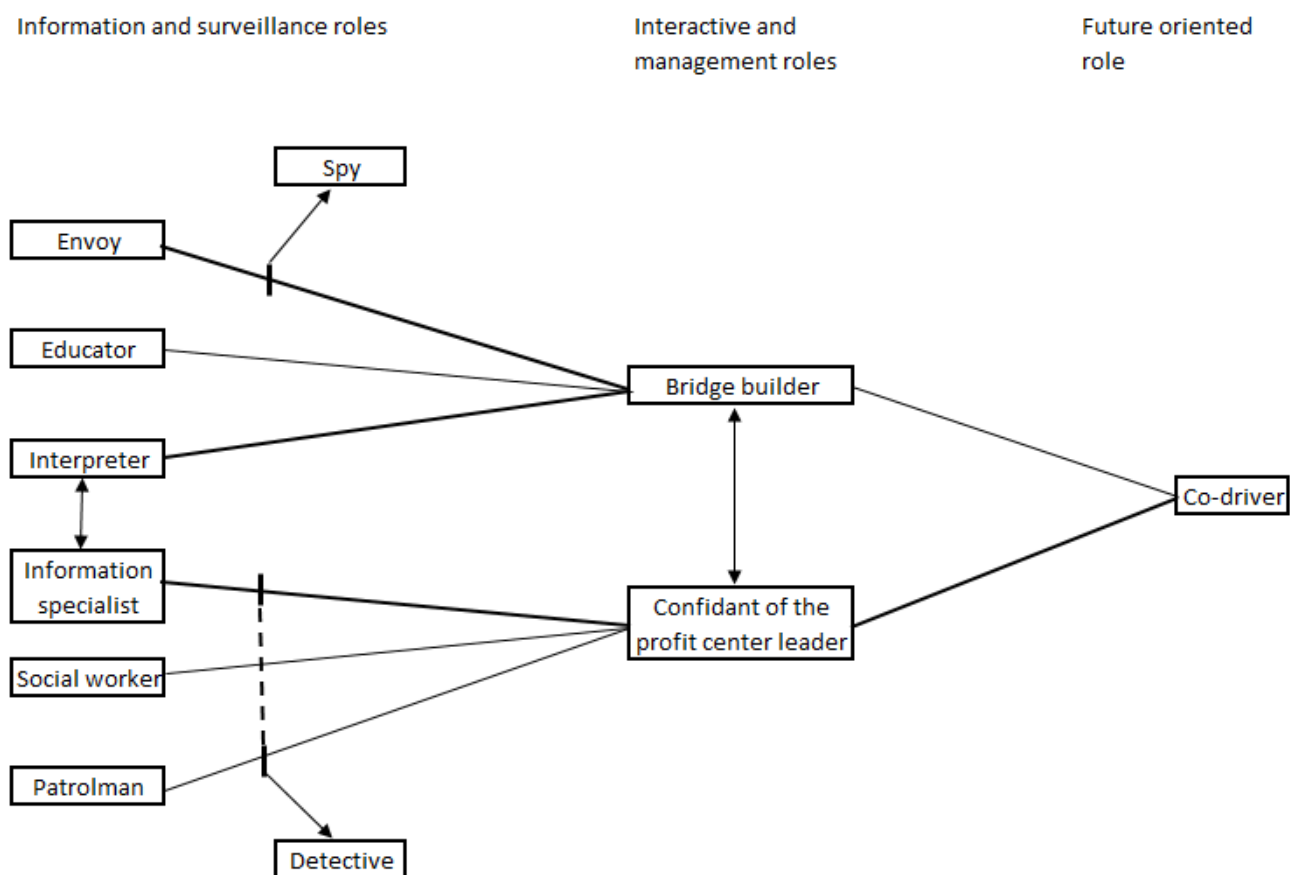


Figure 2. The connections between the metaphors (Partanen 2001, 176)

### *Information and surveillance roles*

Information and surveillance roles are the ones closest to the traditional beancounter role. The main tasks are processing the company’s historical financial information into formal reports with a modest or no future orientation, and keeping tabs on company’s funds.

### *Information specialist*

A controller’s basic function as an information specialist is to generate, process, and distribute basic internal and external reports. This normally routine work gets strategic aspects and challenges controller’s expertise when the company is going through an organizational change. Distributing all the relevant information to the key conductors of change supports them and enables their time for the duties that are their expertise.

### *Interpreter*

This role is closely related to the information specialist but the emphasis is on translating the information financial department generates into a format that non-financial specialists can understand and use. A controller has to know the operations the company run comprehensively and form a common language that everyone can understand throughout the organization. The most challenging dimension of this role is in multinational organizations where a controller has to also understand different cultures and their symbols, and interpret them throughout the organization.

### *Educator*

As an educator, a controller has to give financial education to those employees and managers who work closely with financial department and/ or use the financial information. A controller also produces manuals containing guidelines for diverse situations, and supports others in ad hoc cases. Especially in merger and acquisition cases, where the company is adopting new cultures and routines, the educator's role is crucial.

### *Envoy*

This role exists in international corporations. An envoy needs to interpret the parent company's values and culture to the subsidiaries abroad. Especially when the group is under a change, an envoy's mission is to reduce change resistance in the foreign subsidiaries and highlight the benefits for them.

### *Social worker*

A social worker is an organization's problem solver in a case of a conflict or a problem, which a controller either detects himself or someone else brings it to his knowledge. The key abilities are detecting the problem, defining and solving it with the assistance of the financial department. Essential is to interpret complex issues into an understandable format that can be communicated throughout the organization so that also others understand what the problem is.

### *Patrolman*

In this surveillance role, a controller needs to monitor reporting and detect deviations. The role also contains intervening actions where a controller can increase the level of financial mindset and cost awareness. The emphasis has moved from post-auditing into real time interventions so a controller can prevent the occurrence of problems. When a patrolman is comparing performance among different units and companies, the role gets business developing aspects. However, this role may also have negative applications if a controller gives too much emphasis on how processes should be running instead of how they can be developed.

### *Spy*

A spy is a failure form of an envoy's role (see Figure 2), where the controller is trying to implement the practices of the parent company as such to its subsidiaries instead of reshaping those practices in a way that conflicts wouldn't occur with the subsidiaries' already existing practices and culture. In other words, the subsidiaries may associate a controller with a spy if his actions are conflicting the existing values and cultures.

### *Detective*

A detective is another example of a failed role (see Figure 2). If a patrolman's surveillance is overwhelming and the cuts he is running are experienced to be too extensive, a patrolman transforms into a detective. Line managers may feel they are not equal with a detective if he is pushing the parent company's will and not trying to reconcile them into the subsidiaries' culture.

### *Interactive and management roles*

Essential in interactive and management roles is that a controller is learning the lesson from the interventions. These roles require several skills of a controller such as problem-solving, communication and interaction, analyzing, and a capability to see the big picture. By having these abilities, a controller is one step closer to its broadest role, a member of the top management team.



### *Bridge-builder*

A bridge-builder relies highly on an interpreter's and an envoy's roles. Its base is on communication skills because essential for a bridge-builder is to create an honest interaction relationship with the others. Also, the creation of operational preconditions for an effective team work is essential and requires active communication. The role differs from an envoy in its reciprocal communication between, not just the different companies in the group, but also the other organization's mostly internal relationships. If the hierarchy barriers are too overwhelming, this role might not exist at a subsidiary level, because controllers are afraid of reciprocal communication with the parent company since it may lead to a conflict. This, however, might cause unfortunate consequences if some of the strategic and essential information for the parent remains obscure because a subsidiary doesn't dare to bring it up.

### *Confidant of the profit center leader*

In this role, a controller is a sparring partner and a challenger of the profit center leader. Since a controller usually in this role is a member of the management group of a profit center, he has power to channel the focus of the profit center in issues he considers relevant to running and developing the profit center. The role of a controller won't ever expand to this role if the other managers won't learn to exploit the contribution of a controller for running the profit center. Therefore a controller not only needs to master financial functions, but also have deep knowledge about the core functions of the business and the field of operation. In addition, a controller has to obtain strategic mindset and have good argumentation skills.

### *Future oriented role*

The basis for capability to transit into this role is that a controller is a confidant of the profit center leader (see Figure 2). This role is the most challenging of all the controller's roles but it's also the most strategic and vital for the company.

### *Co-driver*

Like said, essential for a controller is that he has been a successful confidant of the profit center leader. That way he has evidence also for the rest of the organization of his (strategic) skills and

so the other members of the organization can rely on him. It's important that a co-driver knows comprehensively not just the corporation but also the field of operation so he can detect even minor alternations in domestic and global trends. Thereby he can prepare a future oriented forecasts, estimates, and scenarios that will support the corporation, but also help to adjust the strategy. So, a co-driver needs to learn to prepare reports based on beliefs and expectations instead of already assured information. Therefore a co-driver may even need visionary skills and he has to free himself from routines so he has time to sense and study future and the organization.

### *Conclusion*

Partanen (2001) approached each role through organizational learning. He illustrated in his study how a controller can learn different roles and how they can be in effect simultaneously. He explained how different roles support each other (see Figure 2) and so they basically won't vanish when a controller learns a more developed role. So the roles that once existed still remains like in Granlund and Lukka's (1998) model (see Figure 1). However, Partanen doesn't ponder who is taking care of the information and surveillance roles in practice when a controller has adopted the interactive and management roles or even the future oriented role. If a controller is a co-driver, does he really go back to, for example, an information specialist or an interpreter role to generate financial information and to translate that for the organization? I would say no because he surely has subordinates who take care of the implementation of those roles. I would say that if a salesman needs some financial information about his client, a controller is not the one who is there to give that information and explaining what the information means in practice. One of his subordinates is.

To conclude I would say that the main responsibility of at least some of the information and surveillance roles are passed down to the controller's subordinates in the financial department. The financial department is the instance that executes most of the implications of those roles because some of the roles just doesn't fit a controller who has the future oriented role. Some of the information and surveillance roles contain routine work, which of the future oriented controller pursues to discard. On the other hand, even some roles are passed down to the financial department, that doesn't mean a controller wouldn't have any of those passed down roles ever again or any role in them. As a manager the controller is naturally responsible for his

subordinates' actions and will give them guidance when needed. As a manager he hereby still has a role in the information and surveillance roles, but it's indirect if a role is passed down to the financial department. This is something Partanen (2001) doesn't extensively consider in his study.

When it comes to HR management, my personal hunch is that most of these metaphors will at least partially explain the role CFO has in HR management. However, following four roles I consider *the most insignificant*:

- 1) Patrolman
- 2) Spy
- 3) Detective, and
- 4) Confidant of the profit center leader

Since a patrolman is focusing mainly on cost awareness and comparing different cost units etc., even it surely influences HR management, I consider it to be too indirect in order to be assured. A spy and a detective on the other hand are failures of two roles so if a controller fails to be an envoy, it is unlikely any of those HR management linkages will exist in the role of a spy. A detective, as a failure of a patrolman, retains the problem of unreliable linkage to HR management. The last role that unlikely has a detectable and persuasive link to HR management is a confidant of the profit center leader. Cooperation between other leaders and influence on HR management in that way comes from the other roles (e.g. co-driver) and the meaningfulness of this role between the CFO and CHRO is insignificant because neither of them is a profit center leader in a way Partanen (2001) intended.

## 2.2 Role of the Chief Human Resource Officer

Relying on the studies of the field, in this chapter I pursue to clarify the role of the chief human resource officer (CHRO) in private sector companies. I have to admit that most of the studies I use have adopted more abstract way to consider the role and therefore they do not specifically focus on the role of the CHRO. The majority of the studies study the role of the human resource management (HRM), human resource managers (HR managers) or just HR professionals. To avoid confusion, I will only talk about HRM unless the studies I will refer to, have specifically studied CHRO. Even I review studies about HRM, I would say there is no problem of relating

these findings and examinations into CHRO. Like Kanter (2003) predicted, since HR departments are getting smaller and smaller it is likely that in the future there is only a CHRO left in the company. Therefore the role of the CHRO will represent the role of HRM and they won't radically differ from each other. I will discuss later in Chapter 2.5 the reasons why the HR departments tend to shrink.

### 2.2.1 Storey's perspective to HRM

The role of HRM has traditionally been measured on scale interventionary to non-interventionary. Storey (1992, 166-170), however, found this scale to be deficient to fully describe the diversity of the role. Therefore he added one axis, tactical to strategic, to the scale to describe how strategic the intervention of the HRM is. Each of four quartile now represents a different role of HRM (see Figure 3). Storey named these roles advisors, handmaidens, regulators and changemakers. In this part, we should pay attention on the fact that Storey doesn't consider these four different roles to overlap with each other. Thus HRM has only one role in a time.

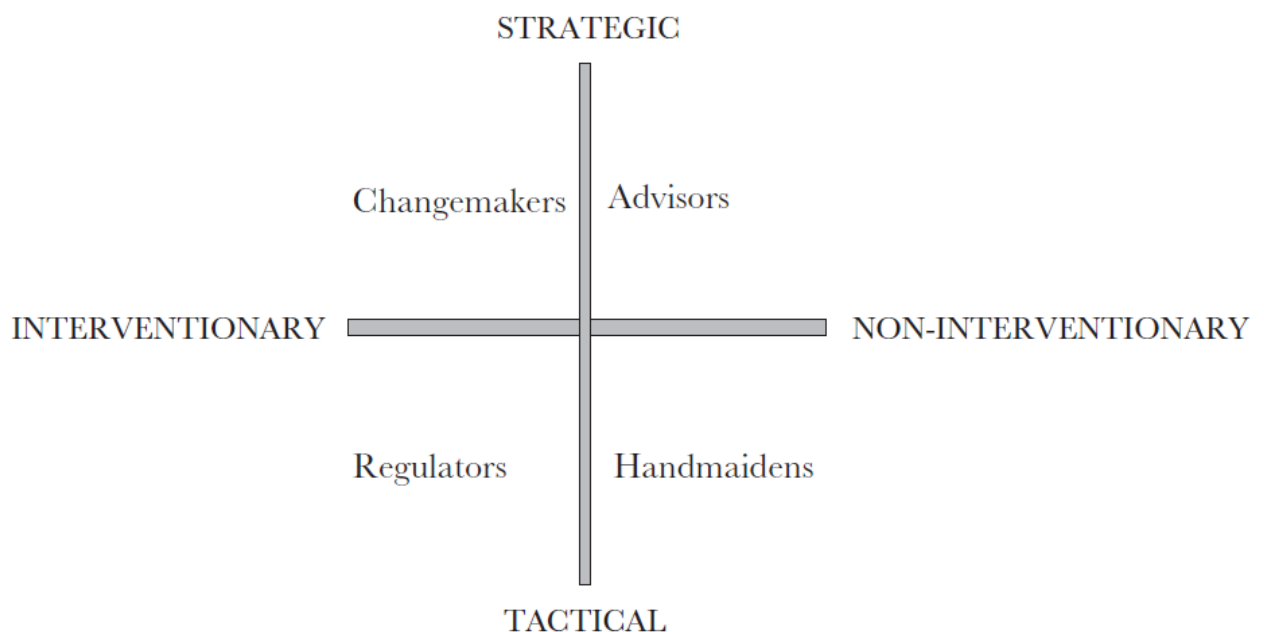


Figure 3. Four roles of the HRM (Storey 1992, 168)

The notable portion of the HR managers Storey (1992, 170-172) interviewed were worried the change they were witnessing in their roles. Their roles in the organizations were now more advising whilst previously they were more supervising and regulative. The advisor's role was experienced to be less powerful since the HR managers were now just, well, advising. This development is however quite natural if we take a look of how the business management model has changed especially in industrial companies. The business management model trend encourages line managers to manage their business units like small companies and that leads to situation where the HR manager's role is to only strategically support the line managers but not implement anything. (Storey 1992, 170-172.)

The handmaiden's role is another role that hardly intervenes in company's business (Storey 1992, 172-175). The handmaidens are basically service providers for the line managers while their other role is to support the staff. They, for example, keep tabs on how many days employees have been on sick leave and holiday, and negotiate with the organized staff members and the corporation. Although almost completely without power to change current practices. Usually, HR manager is ordered to this kind of role, which typically exists on prolonged organizational, cultural, or organizational focus change, but also when there are budget cuts or comparable threats towards the HR manager's role.

The regulators usually intervene in companies' business but their input lacks strategic aspect. Storey (1992, 175-180) compare them with traditional industrial relations managers, who are responsible for planning and negotiating the effective employment regulations and practices, and defend them in conflicts. They are sometimes responsible for substantial decisions like a union recognition and deciding the faith of membership to an employers' organization, but like Storey states, management team seldom consider these actions to be strategic even though they sure are significant for the company. Regulators deem themselves to be more extent than just negotiators. In Storey's study, they describe the true role to consist of such modern functions as training, development, communication, selection and management instead of negotiation.

The last role, a changemaker, represents HR managers' natural position, according to Storey (1992, 180-185). The changemakers' contribution to company's business is anticipating,

intervening, and strategic by nature. For example, they do resourcing, planning, evaluation, rewarding, and development, and they are all in line with the business plan. The changemakers' role is the most extent of all four roles and they are part of the management team and line managers consider them as business partners. However, Storey considers this role too good to be true and he has found the genuine changemakers from only a few companies, and even in those cases they have developed the technical functions of their profession at expense of their true target group. The actions that concern employees are implemented in almost each of these cases by some other than the HR manager.

As a conclusion to Storey's (1992) study, HR manager's role seems to be dependable of the case company, and as companies can differ heavily from another, so can HR manager's role. In some companies, HRM values, conception and methods are trusted by both the line managers and the management group, and as a consequence the staff works effectively. In other companies, however, personnel management is fully executed by the line managers and HR managers can hardly intervene in what is going on. The matrix Storey presented clarifies the different roles of HR manager, but since they are as stiff as they are, it is likely the reality might differ significantly. So to say, as the harsh segmentation of roles may be rhetorically an effective way to foster discussion, it leaves room for criticism and further development.

Caldwell (2003) studied how current Storey's HR managers' role differentiation still is. One of the most material finding is the incapability of Storey's matrix to comprehensively describe the role of the HR manager. Like I mentioned earlier, Storey assumes HR manager won't have several roles, or at least only one role is clearly dominating over the others. According to Caldwell's study, however, 40 percent of the participants in the study couldn't name for themselves only one role from Storey's four option. The finding explains how diverse HR managers' role is in reality and how difficult it is to be categorized in a manner that it will be equivalent with reality (Caldwell 2003).

In addition, Caldwell (2003) found changes in what roles are the most common and how HR managers experienced them. The portion of Advisors were still the most significant but the portion of Changemakers were increased as well, especially in companies, which value HRM

high. The distinction, however, between Advisors and Changemakers were in Caldwell's study more artificial than it was in Storey's (1992) study. Storey could obviously make the distinction but Caldwell couldn't because HR managers considered them to be difficult to separate from each other. Apparently, those who could consider themselves as Advisors have gain slightly more power to intervene in company's business so neither of those roles exists as pure as they were when Storey conducted his study.

As Storey (1992) experienced Regulators to be related to old school industrial relations managers, a natural outcome is, according to Caldwell (2003), since labor unions have lost their importance in the UK and USA, also Regulators have extinct almost entirely. In Caldwell's study Regulators represented arch HR manager, which are however now from most of the parts' history. Regulators are not the only endangered role of HR managers. Also Handmaidens have lost their importance since an outsourcing of supportive functions is more and more common contemporary practice in corporations (Caldwell 2003). Caldwell saw the core role of Handmaiden to be a constant developing of administrative infrastructure to more efficient in order to avoid the outsourcing of these functions that essentially support line managers.

### 2.2.2 Ulrich's Outcome Centric Role

Whilst Storey (1992) focused on HR activities HR managers execute in their daily work to define the roles of HRM, Ulrich (1997) has refined this idea and basis for his is to study deliverables and outcomes HR managers have in their different roles in order to define them. As a consequence Ulrich claims, HR managers should have multiple roles in company, not just one. He claims that, in contrast to what Storey proposed, the realistic role of the HR manager is way more complex and it consist of a combination of strategic and operational but also both qualitative and quantitative goals in long and short term (Caldwell 2003).



Figure 4. Focus of HR roles (Ulrich 2013, 24)

Like I already stated Ulrich (1997, 45-75) has defined roles for the HR managers based on outcomes, which will guarantee status of business partner to the HR manager if fulfilled. The four most important roles for the business partner are:

- 1) Managing strategic human resources,
- 2) Managing firm infrastructure,
- 3) Managing employee contribution, and
- 4) Managing transformation and change.

All these roles are active simultaneously and their focus is both short and long term and they target on either processes or people (see Figure 4). Ulrich has given metaphor for each of these roles and he calls them as Strategic Partner, Administrative Expert, Employee Champion, and Change Agent (see Table 2). Table 2 offers more information about the roles.



Table 2. Definition of HR roles (Ulrich 2013, 25)

<b>Role/Cell</b>	<b>Deliverable/ Outcome</b>	<b>Metaphor</b>	<b>Activity</b>
Management of Strategic Human Resources	Executing strategy	Strategic Partner	Aligning HR and business strategy: "Organizational diagnosis"
Management of Firm Infrastructure	Building an efficient infrastructure	Administrative Expert	Reengineering Organization Processes: "Shared services"
Management of Employee Contribution	Increasing employee commitment and capability	Employee Champion	Listening and responding to Employees: "Providing resources to employees"
Management of Transformation and Change	Creating a renewed organization	Change Agent	Managing transformation and change: "Ensuring capacity for change"

These Ulrich's (1997) four roles are more or less in amity among HR researchers (Caldwell 2003). Ulrich (1997, 67-70) himself considers these roles to be shared with other corporation agents like personnel, line managers and technology. In other words, these outcomes can't be reached if HR manager has to play alone, the responsibility is shared.

Caldwell (2003) didn't review only Storey's (1992) study but also Ulrich's (1997). By using outcomes to define the roles for HR manager, Ulrich became free to discard the stiff categorizations of roles Storey used. To become a genuine business partner, HR manager will exercise all these four roles simultaneously (Caldwell 2003). Ulrich believes that HR management is the key for companies in value creation, and HR professionals, personnel, managers and consultants cooperate in order to achieve this goal. Caldwell, however, considers this to be unrealistic and he criticizes Ulrich to lean on too much HR manager's role as a business partner. Ulrich also believes HR managers have more power than they actually do and other managers are not as motivated to make a fuss of HR management as Ulrich thinks (Caldwell 2003). So to say, the roles Ulrich described might be too optimistic and so unrealistic (Caldwell 2003). Wright, Dyer and Takla (1999, see Lawler & Mohrman 2003, 5) partially

adopt Caldwell view and they state that the support towards Ulrich's model has increased but still HR managers have had complications in implementing that.

## 2.3 Human Resource Management and Profitability

### 2.3.1 Profitability of HR management

A system, which consists of a selection of High Performance Work Practices (HPWPs), such as diverse recruiting and selection process, an incentive system, work performance management, and comprehensive involvement and training of employees, is called High Performance Work System (HPWS). It has capacity to increase current and potential employees' knowhow, motivation, commitment, and decrease an evasion of tasks, if HPWS is personalized to satisfy organization's needs (Becker et al. 2001, 13-20, Boxall & Macky 2007, Huselid 1995). By linking a human resource management system like this into the company's strategy, the company can obtain substantial competitive advantage to its competitors (Becker et al. 2001, 12, Cappelli & Singh 1992, 185-186, Huselid 1995, Porter 2008, 42-43).

Mark Huselid (1995) studied the link between HPWPs and firm performance. Based on nearly one thousand firms, he concluded that HPWPs have "an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short- and long-term measures of corporate financial performance". That means if a firm is investing in these practices, it will decrease employee turnover and increase their engagement to the firm and so productivity, which has naturally a positive impact on the firm's financial performance.

Combs et al. (2006), however, suggest adopting an entire HPWS is more profitable than adopting just a few HPWPs. They went through total 92 studies about High Performance Work Practices' influence on an organization's ability to generate profits. They used meta-analysis to test the correlation between the organization's profitability and High Performance Work Practices. They found that if the organization has adopted the whole High Performance Work System instead just some practices, the positive correlation is significant. On the other hand, this finding is on align with Huselid's (1995) study since he also suggested that High

Performance Work Practices have different levels of adoption and higher level adoption correlates with higher corporation profitability.

Wright et al. (2003) found that organizational commitment and HR practices materially related to the higher operational performance and profits. Interesting is that Guest et al. (2003) also found the correlation between HR practices and performance, but not with productivity when they used objective performance measures. By using subjective performance measures they found significant association between productivity and HR practices. One possible reason why they couldn't confirm increased productivity when using objective measurements, is that they didn't connect the HR practices to the company's strategy. If they would have studied the strategy instead of the practices, the assumptions around the practices would have shown more obvious link to the outcomes.

Guest et al. (2003) are not alone to criticize the link between HR practices and productivity actually is. Bennett et al. (1998) studied how integrating human resource departments with strategic decision making processes will influence on the performance. They found that it is related to the turnover but not to the perceived profitability or sales per employee. Reason for this is that since HR practices are more closely tied with the strategy, they become more accountable for outcomes over which it has only a little control.

Paauwe and Boselie (2005) conclude that using financial measures is not as forthright as many studies assume. Financial indicators are under the influence of many variables which some of them have nothing to do with employees and so HR practices. Therefore the relationship between HR practices such as High Performance Work Practices and company's performance is often "statistically weak and the results ambiguous". However, once again, at least subjective measures support the link between HR practices and productivity (Guest et al. 2003)

### 2.3.2 Measuring the Profitability of Human Resource Management

Even Huselid (1995) already two decades ago proved the connection between HR management systems and company's profitability, has the valuation of personnel turned out to be much more problematic in practice than other company assets (see Figure 5). The fact that 90 percent of

European and North American companies use only three simple metrics' to measure their HR management points out quite effectively how difficult it is for companies to measure it out. These scales are personnel turnover and sales, company's morale and personnel satisfaction, and the portion of personnel expenses out of the whole operative expenses (Bates 2003). Currently coherent and comprehensive practice to measure the staff's value doesn't exist, but researchers are attempting to find one so the fairer estimates of the value of the corporations would be available to the markets (Mello 2014, 6).

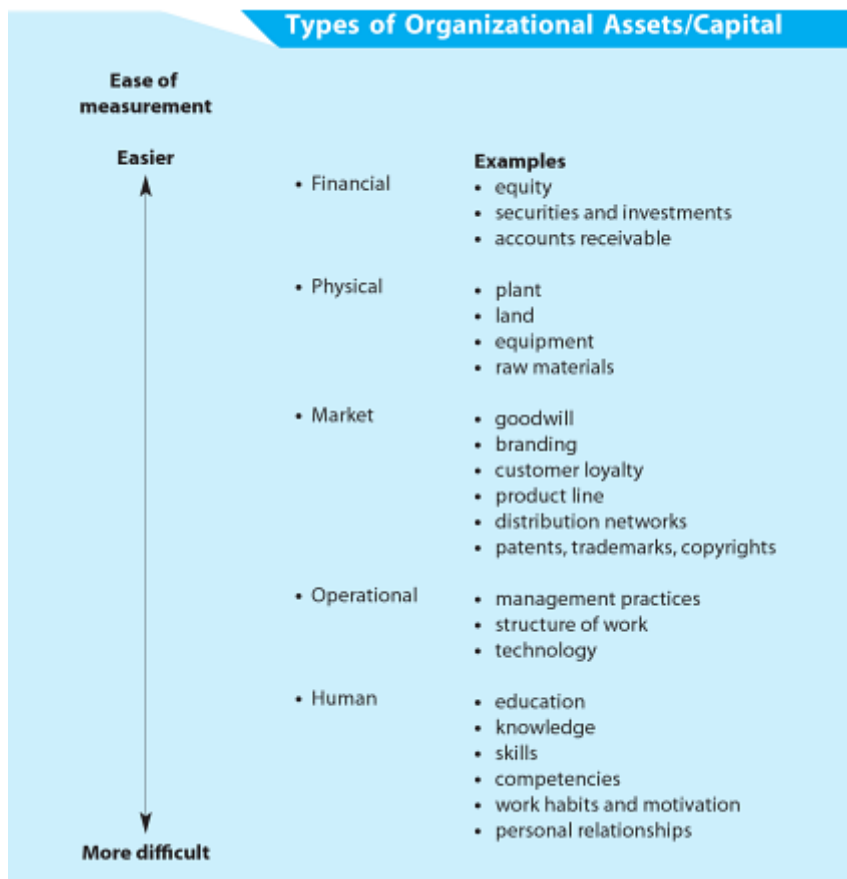


Figure 5. Organizational assets and their ease of measurement (Mello 2014)

Becker et al. (2001) have responded to Ulrich's (1997, 82-84) strategic partner's challenge to show the productivity by creating a balanced scorecard to measure the outcomes of HR management. They have created HR scorecard to measure the outcomes of HR practices in four different categories: financial, customer, operations and strategic. The HR scorecard is a tool for linking the strategy and HR management. Typically for balanced scorecards, however, non-financial measures (excluding the financial category) dominate the scorecard and so not only financial outcomes are measured (Becker et al. 2001, 70-75). So to say, the scorecard allows

companies to measure what possible and Becker et al. have provided a tool for measuring HR outcomes alongside to more traditional financial measures (Järnlström et al. 2010).

Companies usually struggle to measure the value of their intangible assets and human capital is not an exception (Becker et al. 2001, 10-12). As a consequence, companies don't precisely know how to measure the results of HR management or the value of their employees (Mello 2014). Even researchers seem to have diverse views of how to indicate exactly the subjectively experienced profitability of the HR practices (Paauwe & Boselie 2005), it is clear that the results of HR management seem to be vague.

However, even executives and researchers have problems to measure the exact profitability of HR management, it has demonstrated to correlate with the profitability of the company. By adopting HPWPs or entire HPWS, companies get their employees more motivated to do their best for the firm. Therefore companies clearly have a motivation to execute their HR management practices as efficiently as possible, because it is profitable for the company, even it is difficult to exactly say how profitable.

HPWS and the decentralization of HR management are both considered to be "the best practices" to implement HR management efficiently. Since HPWS' vary in every company, it is not worthwhile to attempt to explain them comprehensively. Instead, focusing on some of the most common practices that are likely to be found in every company because of their widely acknowledged importance, serves the purpose of my study. Next I go them through and follow that with explaining the backgrounds of the decentralization of HR management, because they are both contributing to the explanation of why the CFO has a role in HR management.

## 2.4 Practices of the Human Resource Management

The elements that construct High Performance Work System, are called High Performance Work Practices. Since I study CFO's role on HR management, I consider introduction to some HPWPs to be relevant because they might be very close to CFO's work and they are the

elements which influence the possible profitability of HR management. So to say, the practices introduced below are often considered the most valuable HR practices for the corporations (Becker et al. 2001, Boxall & Macky 2007, Combs et al. 2006, Huselid 1995, Pfeffer 1998).

Because the most important thing when choosing the set of HR practices is the internal consistency within them (Huselid 1995), rather than explaining all the possible HR practices, I will combine Pfeffer's (1998) seven practices with Boxall and Macky's (2007) list (see Table 3). Pfeffer's (1998) practices are:

- 1) Employment security,
- 2) Selective hiring,
- 3) Self-managed teams and decentralization of decision making,
- 4) Comparative contingent compensation,
- 5) Extensive training,
- 6) Reduced status distinctions and barriers, and
- 7) Extensive sharing of information

Boxall and Macky studied HPWS and how direct and indirect drivers influence workplace performance. Both, Pfeffer's (1998) and Boxall and Macky's (2007), studies consist of elements that also other researchers consider HPWPs (e.g. Huselid 1995), but however I will narrow them down into 5 practices that are all likely to exist in slightly bigger companies and which are practices that require active actions. These functions are:

- 1) Recruiting
- 2) Developing and training
- 3) Incentives
- 4) Work performance management
- 5) Designing the job

Table 3. Direct and indirect drivers of workplace performance (Boxall & Macky 2007)

HIWSs: direct drivers of workplace performance	<ol style="list-style-type: none"> <li>1. <i>Technology</i> – Greater adoption of new technology in those industries or work processes where it is a significant performance enabler, including better IT</li> <li>2. <i>Work reorganisation</i> – More empowering styles of working in those jobs where job enrichment or greater worker involvement in problem solving and decision-making will make better use of human potential and thus improve work quality or customer satisfaction</li> <li>3. <i>Employee selection and skill</i> – Careful selection of employees for job-match and for learning potential plus enhanced skill development to take advantage of new technology and/or work in a more empowered way</li> <li>4. <i>Performance and commitment incentives</i> – Enhanced incentives to work smarter and to reduce employee turnover (e.g. financial incentives, stronger vocational or career development, family-friendly employment practices)</li> </ol>
HIWSs: indirect drivers of workplace performance	<ol style="list-style-type: none"> <li>5. <i>Management planning and measurement</i> – Improved systems to plan and measure workplace performance, including data gathering on employee attitudes, and ensuring the accounting system properly recognises the investments in human resources that drive performance improvements</li> <li>6. <i>Management capability and support</i> – Improved investments in management development at all levels and in support for the enabling role of front-line managers</li> <li>7. <i>More cooperative labour relations</i> – A more consultative ‘partnership’ style of labour relations with unions and/or with employee representatives chosen by the workforce</li> </ol>

Recruiting and selective hiring can be considered as a base for effective HPWS because it forms the material company has. If the organization attempt to obtain their personnel, it will need selective hiring to ensure they recruit the right people for the company. However, not just suitable skills and knowledge are enough but also organizational fit is extremely essential. If the people fit into the organization, they would perform better and consider organization’s best, not just their own best, and that doesn’t only benefit the company but also the employees. (Boxall & Macky 2007, Pfeffer 1998.)

Developing and training is an essential part of HPWS because the system requires not only motivated but skilled workforce, and so it's crucial HPWP. This practice is practice motivates employees because it indicates that the company is ready for long-term careers because of these developing and training investments on them. In addition it makes sense to employer to develop its existing workforce, which is already part of the organization, than trying to acquire those skills externally. That would be more expensive, but on the other hand, sometimes that is inevitable to get skills outside the organization (Pfeffer 1998.)

An incentive system has several benefits for the company and so it's one of the most valuable HPWP. First of all, if employees are paid well compared with the other companies, they are not likely to leave the company when the opportunity comes along, and so the company is capable to maintain the qualified workforce. In addition, if the company pays contingent compensation such as share ownership or profit sharing, it's not just fair and so motivational but it also motivates employees to work harder because they know that they will share the benefits of their profitability. In order to avoid free-riding, compensation can be bound to the teams and so peer pressure will foster hard work. (Boxall & Macky 2007, Pfeffer 1998.)

Work performance management can be managed by managers or self-managed teams, where instead of a hierarchy, performance management is based on peer control. Even normal top-down performance management is still popular and can be an efficient way to manage self-managed teams are one of the most recognizable HPWP and like Batt (1996) said, "workers in self-managed teams enjoy greater autonomy and discretion, and this effect translates into intrinsic rewards and job satisfaction". In addition to this peer control tend to be more effective than hierarchical supervising because employees avoid more of letting their co-workers in the team down and thus also decrease the costs because now companies need less people to assure their employees do their job. They are also the more effective way to come up with more creative solutions because teams pool their ideas similar to brainstorming. (Pfeffer 1998.)

A formal job design procedure is a way to ensure that right skill finds the right position. In other words, job design makes sure that all the benefits of the careful recruitment procedure are adopted (Huselid 1995). It is also important that employees can take part to job design practice



because it will motivate them to work better. Also, when reorganizing an existing job, employee who is currently working on that position knows the best how design it better so all the human potential can be used (Boxall & Macky 2007).

Meyer and Smith (2000) tested a connection between the employees' engagement to the organization and HR practices. They found the connection between the HR practices and organizational engagement, but the link is not direct and fully unconditional. Kinicki et al. (1992) findings support them even though they don't consider the link to be as problematic. Meyer and Smith (2000) propose employees will engage in the organization more strongly if they experience that HR practices are expressing the organization's engagement to them like HPWPs generally do.

Vlachos (2008) examined how certain HR practices influence the profitability of the company. He tested all the same practices as Pfeffer (1998) studied excluding reduced status distinctions and barriers. Vlachos found out that even all the practices correlate significantly with an organizational performance, selective hiring and comparative contingent compensation were the predictors for all the performance variables. In other words, they are the most influential to the company's profitability. Employment security was an exception of the practices because Vlachos didn't find and one reason might be its reciprocity nature. Employees and the company should exchange the signals of confidence and once the company concludes the beneficially of it and start to invest in it, they usually struggle to see the connection between the invested actions and outcomes.

Becker and Huselid (1999) also studied how HR practice can add value to the company and they found the following practices to be the most essential in order to acquire and maintain competent staff: employee development, targeted selection, performance management, emphasis to becoming the employer of choice and a strong pay-performance relationship. Those practices are relatively aligned with Pfeffer's (1998) but in addition to them, Becker and Huselid (1999) highlight the importance of corporate strategy and HR manager's role. Corporate strategy and culture should support the view that employees are truly the value

adding component in the firm and the firm is willing to go for an extra mile for them. Also HR manager and line managers should be considered as business partners so that HR function can be built in manner it supports the smooth run of the company's business units in their operations.

Wright et al. (2001) studied more subjective experiences and attitudes toward the link between HR practices and profitability. They interviewed HR managers and top executive line managers and concluded that HR managers perceived the effectiveness of HR contributions to be higher than line executives. The top managers though recognize the importance of HR and they consider some of the HR practices to be essential for company's competitive advantage. They weigh the HR practices promoting employees' selection, retention, motivation and attraction to the company to be the most valuable for the company's future.

## **2.5 Execution of Human Resource Management**

Next I would like to focus on the execution of HR management and who is actually practicing those HR practices valuable to the firm's performance. In practice companies have two methods to execute their human resource management. They can either outsource or internally manage it. The outsourcing has naturally several levels and usually just the most technical functions, like payrolls, recruiting, and training, are outsourced (e.g. Delmotte & Sels 2008, Greer et al. 1999, Strauss 2001). Instead of considering what HR functions are outsourced or which ones should be, in this chapter I focus on who is executing human resource practices in companies and what kind of role HR manager or department has on it.

### **2.5.1 Decentralization of Human Resource Management**

The allocation of human resource management responsibilities between HR professionals and line managers has been studied for a while (e.g. Northcott 1950) and current consensus between theory and practice has recognized an increasing role of line managers (e.g. Larsen & Brewster 2003, Perry & Kulik 2008). Even this development is an increasing trend and already a standard in several companies, researchers have been divided into supporters (e.g. Cunningham & Hyman 1995, Guest 1987, Lowe et al. 1992, MacNeil 2003) and criticizers (e.g. Kirkpatrick et al. 1992, Larsen & Brewster 2003, McGovern et al. 1997, Renwick 2003, Storey 1992,

Whittaker & Marchington 2003) who argue whether or not a decentralization of HR management is reasonable (Perry & Kulik 2008).

The participation of line managers into HR management is an ordinary practice and almost every manager's role contains some HR functions (Kulik & Perry 2004). McGovern et al. (1997) have noticed the narrowest role in HR management consist of communication of termination of employment, an evaluation of work performance, and a determination or suggestion of promotions. Larsen and Brewster (2003), on the other hand, found that decentralization of HR management practices to line managers is a common and wide spread practice in many organizations. In addition, it contains several traditional HR department's functions like the recruitment, career planning, and maintenance and development of organizational culture (Larsen & Brewster 2003).

What circumstances have led into the decentralization of HR management and how it has reshaped the role of HR managers? Hall and Torrington (1998) have found evidence that the requirement of HR managers to be more strategic and decreasing HR departments have resulted in the decentralization of HR management into line managers. Larsen and Brewster (2003) supported them and found HR departments' a more managerial role has been occurred on a cost of practicality and therefore an execution of HR management has been delegated into line managers. In addition, they found three more structural reasons for the decentralization of HR management:

- 1) Influence of the size of the HR department,
- 2) Influence of the role and shape of the HR department, and
- 3) Influence of the structure of the organization.

The decentralization of HR management has reduced the operative tasks of HR departments and therefore they act more as consultants and advisors (e.g. Caldwell 2003, Keenoy 1990, Kirkpatrick et al. 1992).

Purcell and Hutchinson (2007) highlight the importance of the symbiosis between frontline manager and HR practices in order to execute successful HR management. The flourishing HR practices require the reciprocity of employees and frontline managers' role in supporting this

reciprocity is remarkable. Respectively, line managers need right HR practices if they desire to be efficient managers. Purcell and Hutchinson proceed that right people in managing positions and the example of line managers' mutual management work are the keys to the successful decentralization of HR management to the line managers.

MacNeil (2003) continue in align with Purcell and Hutchinson that the successful decentralization of HR management to the line managers requires strong support to them. He considers decentralization to be paramount to the distribution and creation of organization's tacit knowledge. MacNeil also experiences line managers as a link between top managers, who create the company's strategy, and employees, who execute that strategy. Therefore their HR management is essential when it comes to the implementation of the strategy. Taking these factors into account, it is natural line managers can do faster and more personalized solutions if the decisions of HR management are carried out on lower levels of organization (Whittaker & Marchington 2003).

Perry and Kulik (2008) compared how the implementation of HR functions is experienced in companies who have decentralized their HR management to line managers and in companies that haven't decentralized HR management. Their results indicate the performance of HR function tends to be more efficient if the companies' HR department took less part into direct HR management. Perry and Kulik, however, emphasize that decentralization of HR management is the most successful if line managers receive enough support and training to the execution of the HR functions from the HR department.

### 2.5.2 Challenges of Decentralization

Kirkpatrick et al. (1992) are worried about the endurance of human resource management and its ability to achieve all the goals under constant decentralization. Even decentralization allows, or fosters, HR department to renew its role, it is still risky for the company's survival. According to the analysis by Kirkpatrick et al. line managers' short term goals lead to a situation where a company is driven to implement myopic HR management solutions at a cost of long term endurance. Whittaker and Marchington (2003) even observed that due to decentralization companies have shrank their HR departments and as a consequence lower level line managers

struggled to manage HR management because HR department didn't have enough resources to give their support to them.

Larsen and Brewster (2003) found problems in the implementation of the decentralization itself. Line managers were hard to get engaged to HR management. For instance, they didn't want to take responsibility of that and they didn't have time or expertise to run it in a sustainable way. Sparrow and Hiltrop (1997) observed differences between companies' level of willingness to decentralize their HR management to the line managers. As a consequence Larsen and Brewster (2003) state the scope of the decentralization has different levels, as outsourcing does. In general, line managers are responsible for their departments' but HR department is accountable to the whole organization's HR management. Larsen and Brewster find the balancing of these responsibilities to be essential. They claim line managers and HR department should cooperate closely and they should have stable partnership so the decentralization has chance to succeed.

Whittaker and Marchington (2003) studied a food industry company where line managers were executing HR management. So a lot of success of HR management is depending on the collaboration and the formation of partnership between HR department and line managers. However, especially lower level line managers were worried how little they are reserving support from the HR department. Whittaker and Marchington discovered the link between a rank in the organization and support from HR department. The higher you are in organization the more likely you are to receive support to HR management from the HR department.

The appearance of support in a higher level of the organization is not necessary surprise. Kanter (2003) described the development of HR management in corporations and gave it four different levels:

- 1) the automation of HR functions,
- 2) the outsourcing of HR functions,
- 3) the decentralization of HR functions to line managers, and
- 4) the integration of HR functions into shared service centers.

Therefore Kanter is predicting HR management is not going to disappear from the companies but we will experience the decrease of HR departments, probably to the point there is only HR

manager left. So the natural outcome is only higher level line managers will receive support to their HR management since HR department no longer has resources to comprehensively and equally support all the managers of the company. As a consequence higher level line managers will support lower level line managers, who are their subordinates, in their HR management problems.

Hall and Torrington (1998) asked shouldn't HR department specifically support lower level line managers since they usually have more subordinates to manage? They answer that when implementing a change, an example the leaders of the managers are showing will highly influence to how the lower levels of the organization concern the change and so how satisfyingly the change will succeed. And as Storey (1995, 7) claims, the glory of the human resource management culminates in how managers are being managed. In other words, company's HR management can be sufficient even HR department is mainly offering their support to the highest line managers.

Becker et al. (2001) represent HR Scorecard in their book as a way to implement strategic human resource management (SHR management) and link the strategy and HR management together. HR Scorecard is presenting one of the tools developed to assist companies to implement HR management. A successful adaptation of HR Scorecard, like other changes, requires the support of line managers, but the management team is the key in a motivation of line managers (Becker et al. 2001). Becker et al. see the management team as a catalyst for implementing tools and in that task they need the assistance of HR manager so the implementation is as desired also at the lowest level of organization.

In the matter of fact, a top management team has been seen as the most important client for HR management (Wright et al. 2001). Wright et al. claim a top management team is playing on both sides of HR management. They are the targets to HR practices but also carrying them out as managers who use management tools. In addition, the top management team is in position where they have a chance to balance the execution of HR practices. Some practices are luring to the personnel but from the corporate perspective, they are financially untenable. So to say, it

is relevant to approach the successfulness of HR management from the top management team perspective, who are both the executors and subjects for it. (Wright et al. 2001.)

Also, building the HR practices around the top management may improve the proficiency of the firm (Collins & Clark 2003). Keegan (1974) studied corporation's information networks and found top executives have the best access to both organization's internal and external information. Collins and Clark (2003) found that supporting HR practices that enhance these networks, company can facilitate the use of information and then increase its profitability. Therefore I would like to study in the next chapter the cooperation between the top management team and practices that support it.

## 2.6 CFO and Human Resource Management

One possible implication how CFO can support CHRO is through his expertise in measuring and translating those results. Wright et al. (2001) claim that other top management team doesn't always see the results of the HR management because it has been as a "soft" function that is difficult to measure. So, in addition to soft measures, HR manager should be able to show some "hard" numbers in order to translate the benefits of HR management to the top executive team (Feather 2007). However, measures should be chosen carefully, so the message won't be confusing because of the large variety of measures (Feather 2007) although this hasn't been so far a practical problem because of the difficulty of measuring HR management (Bates 2003).

Because CFO's and CHRO's cooperation hasn't been studied yet, in this chapter I will approach CFO's role in human resource management by examining how the top management team works together instead of explaining how CFO can support HR management as such. This chapter attempts to explain some main factors that facilitate the understanding about cooperation so when I study it, it can be understood why CFO and CHRO work together and what kind of role CFO has in HR management.

### 2.6.1 Co-operation of the top managers

Wright et al. (2001) studied how line executives perceive human resource management. They studied their experiences in four different categories and compared them with HR executives' responses. The categories were: importance of HR service delivery areas, effectiveness of HR service delivery areas, effectiveness of HR roles, and effectiveness of HR contributions. What is interesting is that HR executives evaluated the majority of the proportions of each category better than their colleagues, except importance of HR service delivery areas. What makes this interesting is that line executives themselves are supposed to be the ones practicing HR (e.g. Cunningham & Hyman 1995, Guest 1987, Lowe et al. 1992, MacNeil 2003), and so they can themselves influence on the effectiveness of HR contributions and define what kind of roles and meanings HR gets to the organization.

Huselid et al. (1997) made the similar finding when they studied strategic and technical HR implications influence the firm's performance. Once again measures of technical HR management are not aligned with the company's performance but strategic is. Looks like line executives are not familiar with how they and HR executives are supposed to implement HR management and therefore they can't relate its more practical associations (such as practices and roles) into efficiency or they can't see the link between HR practices and performance, even they recognize the importance of HR management in general. On the other hand, they may be facing the normal dilemma of strategic decision making, where conflicts, when creating a strategy, improve the quality of the decision but weaken the consensus and so making the implementation of the strategy difficult (Amason 1996). So to say, it seems co-operation among line executives, or at least other line executives and HR executives, doesn't appear to be as coherent as it seems to be to an outsider at the first sight and therefore I would like to study the co-operation of top management teams in general because since CFO and CHRO are part of them, this field of research gives relevant insight to my study.

I would like to begin my examination of top management team's internal relations with considering different dimensions of top management's power because these power relations will influence on their interaction (Finkelstein 1992). Finkelstein (1992) divided the power dimensions into four category: structural power, ownership power, expert power, and prestige power. In my opinion, this division illustrates quite comprehensively how top managers can



have power to each other although the social-psychological resources of power, the occasional fluidity of power, and personality of a manager are excluded (Finkelstein 1992). These four power relations, however, are bind to a context and when, for example, CEO has power over CFO in one decision making case, CFO might have power over CEO in the other.

Structural power is “based on formal organizational structure and hierarchical authority” (Finkelstein 1992). So those who have legislative power over others can influence more to their actions. Although CEO is maintaining the highest rank in the company and that is clear, the relations between other top managers may occasionally lead to a situation where own authority is justified with higher rank. (Finkelstein 1992.)

Ownership power wells not only from the ownership of the firm but also from the personal relationship to the founder(s) of the firm. A manager with significant ownership from the firm will gain implicit power over those managers who don't have such ownership status. Also a manager who is a founder of the firm, related to them, or has known them for long time, usually enjoy the special status on the eyes of the board members and though will get support from them. (Finkelstein 1992.)

Expert power is based on manager's relevant expertise in a certain topic and especially if their expertise is essential (Hickson et al. 1971), they may have significant power over decision-making (Yetton & Bottger 1982), and the other top managers often look for advises from them (Tushman & Scanlan 1981).

Prestige power is gain externally from gaining a reputation as a top manager in the society and it also suggests a manager has powerful friends. For example, if a manager is also a board member of another company, the manager can get not only a reputation from that position but also useful information the company couldn't have otherwise acquired. (Finkelstein 1992.)

Despite power relations define the basis of the cooperation relations, the cooperation itself is based on trust (Korsgaard et al. 1995) and communication on conflicts (Simons & Peterson

2000), which are defined by information-processing structure (Thomas & McDaniel 1990). These matters are often even more influential matters than power relations in decision making, which is probably the most common motive for top managers' teamwork (Mintzberg 1973).

Trust can be distinguished into conditional and unconditional trust, and naturally distrust, which is a state where trust doesn't exist. Like Jones and George (1998) claimed, conditional trust is probably the most common form of trust in organizations because it's based on knowledge and positive expectations of others. Under conditional trust, the team is willing to work together for a common goal as far everyone behaves appropriately and so lack of conflicts are not disrupting the consensus of the team (Jones & George 1998). However, conflicts are inevitable in decision making and therefore focusing in unconditional trust is more rewarding because conflicts are often present in top management teams.

Unconditional trust has ability to fundamentally change the nature of teamwork. When shared goals are discarded, shared values now structure the trust (Jones & George 1998). Even shared values foster the teamwork, they lead to several kinds of social processes (see Figure 6) that also promote cooperation (e.g. Anderson & Williams 1996, Jones & George 1998, Morrison 1994). Next I will briefly introduce how these seven processes are influencing the teamwork.

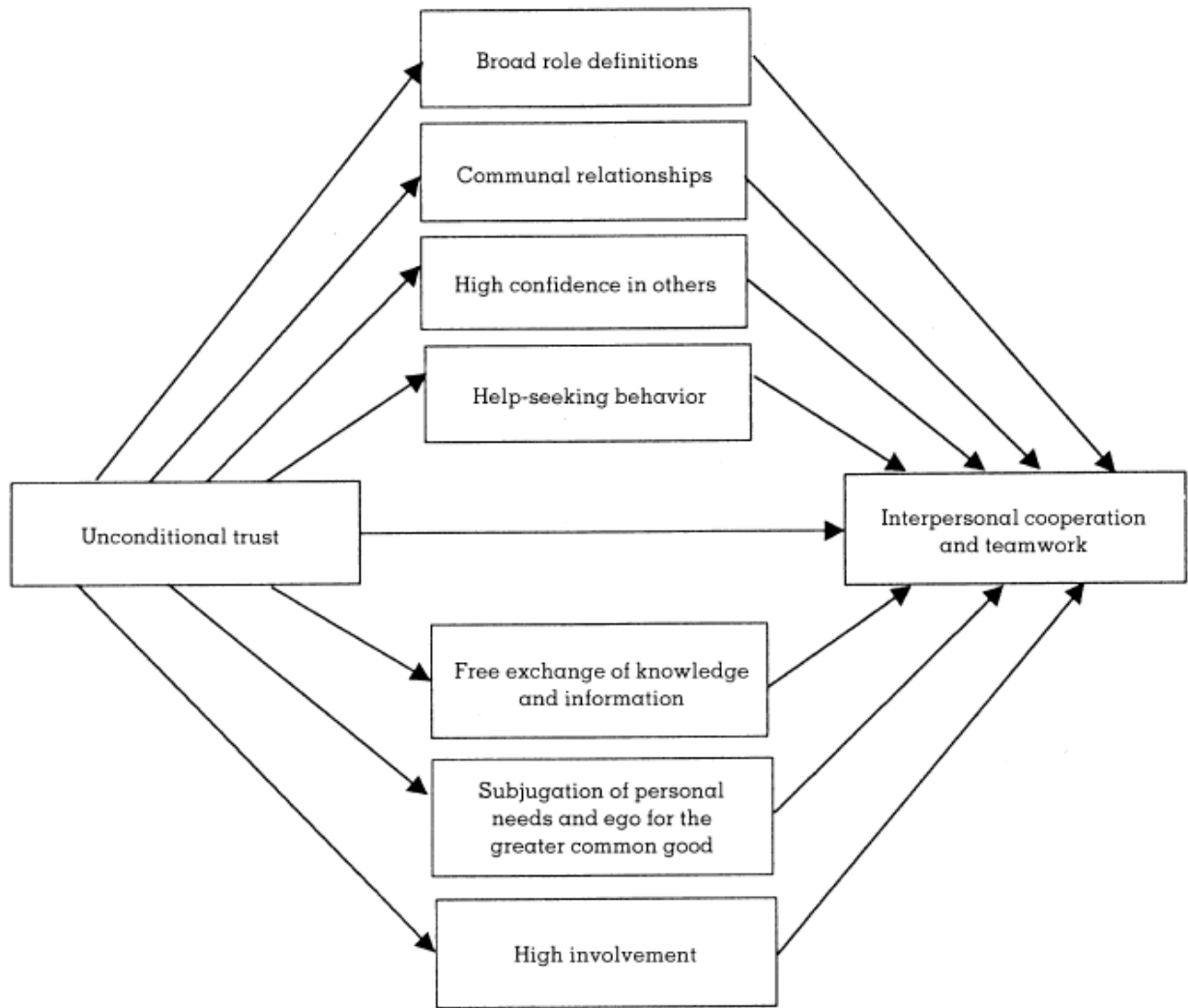


Figure 6. How unconditional trust influences to cooperation (Jones & George 1998).

When conditional trust is in effect roles are defined in accordance with expected job description and assigned duties. However, unconditional trust is based on values, moods, and emotions, and therefore the top managers are likely to define their roles more broadly, because they are willing to define their role based on all their capabilities to contribute for common good and competitive advantage. Also, whilst in conditional trust helping is more calculative and usually based in the past so individuals feel they owe a favor, unconditional trust builds communal relationships and people want to maintain that by helpfulness and responsibilities. (Jones & George 1998.)

In conditional trust, individuals may have some confidence to each other but it's usually cautious because they don't know each other's real intentions and motivation (Dasgupta 2000). Unconditional trust, on the other hand, promotes high confidence in others through shared values. If the actual intentions of the individuals are clear, there is no room for doubt (Jones & George 1998). One of the fundamental reasons why teamwork exists in the first place, is that people realize the opportunity in other people around them and so they lean on themselves and seek help. If trust is conditional, it may restrain help-seeking because individuals don't want to appear weak in front of the others nor be dependent upon another (Nadler et al. 2003). Unconditional trust removes such fears because interdependence is not seen in negative light. Reciprocations and shared values make people want to cooperate and negative thoughts are not restraining it (Jones & George 1998).

When people don't really know what the intention of the others is, they are likely to limit their information sharing only to the necessary for accomplishing an assignment. However, the free exchange of knowledge and information is essential for teamwork because it helps to develop the ideas. If trust is unconditional, team members trust that the information they share is used for greater common good because they share the same values. The same reason is behind why conditional trust won't subjugate personal needs and an ego for the common good: group members can't be assured that the others will do the same and so they don't know if someone is just free-riding. Unconditional trust, however, assures people that others are subjugating their needs and egos as well, and that leads cooperation towards the greater common good. (Jones & George 1998.)

Even all the social processes are important for cooperation and in optimal situation all of them are affecting simultaneously, I consider that high involvement is probably the most crucial process and unconditional trust assures it happens. Even conditional trust and shared goals may in some situations lead to situation where other social processes are effective enough for efficient cooperation, it is unlikely to make people too involved for the team work because of the uncertainty of the others intentions. In order to become highly involved in the activities of the others and so make the team take most of the teamwork, unconditional trust is needed so the others are willing to work for the common end and expose themselves to the others.

Conflicts at a cooperation level can be divided into task conflicts and relationship conflicts. Task conflicts are associated with a better decision making process because, for example, the decision chosen has been criticized and so well refined and formed, whereas relationship conflicts with poor decisions because it leads people only argue with each other. However, there is always a risk that task conflict will unintentionally lead to relationship conflict. Trust is the key to gain benefits from task conflicts but not suffering the disadvantages from relationship conflicts in top management teams. The study shows that if executives argument their task conflict stimulation interventions with trust generating interventions it moderates the risks to head into relationship conflict. (Simons & Peterson 2000.)

Decision comprehensiveness in top management can be increased if the team is professionally diversified (Simons et al. 1999). This is a way to get diversified arguments on conflicts that will enhance the decision and so make the cooperation more efficient at top management level. Diversified team, however, doesn't need just shared values and unconditional trust to work efficiently together (Jones & George 1998) but also efficient communication so the diverse argument can be communicated in a way that there is no room for misunderstandings, and so communication skills are essential (Simons et al. 1999).

As a summary, in order to increase comprehensive successful of HR management in the company, efficient cooperation among the top management team is a necessity. Power relations define the relationships in the executive team (Finkelstein 1992) but unconditional trust refine it with its ability to enhance the teamwork by shared values (Jones & George 1998), and moderate the risk of relationship conflicts (Simons & Peterson 2000). Actions that support all the above (except power relations) can be called network-building HR practices (Collins & Clark 2003) and so I conclude that these actions will lead to the situation where cooperation is effective, because the top managers gain support for their execution of HR management practices from the HR executive in a constructive way and so also his work will become more meaningful.

### 2.6.2 Employee resourcing

Employee resourcing is something that has been a hot topic for a while now and it seems to be something at least CFO and CHRO should take part because it's related to cost savings and HR strategy. Therefore I find this to be an interesting topic to study as possible cooperation issue between CFO and CHRO.

Employee resourcing is often associated with team deployment, outsourcing, and insourcing. Even all of them may contain political aspects and can be argued against and for from different perspectives, for example employee and employer, I attempt to just briefly introduce some benefits of all these three that seem to be quite widely recognized. Perspective will often be just employer. In other words, I attempt to demonstrate the importance of these three employee resourcing "practices".

Organizations that highly rely on different projects are reliant on efficient teams in order to be successful (Druker et al. 1996). Therefore team deployment is crucial so companies can combine right skills and qualities with right leadership to enhance team interaction and to make it efficient on its purpose. It is natural that different projects need different teams with specific abilities. This employee resourcing activity, however, contains a little if none contribution from CHRO, much less CFO, and usually the team leader seeks only a little help from those instances in selecting the employees with the best fit for the team (Raiden et al. 2008).

Insourcing and outsourcing, on the other hand, have more to do with CHRO and CFO because of their financial significance. Outsourcing means that contractor takes over some in-house function, for example book-keeping, and manages it as the client company wish. Insourcing term is used when a company uses staffing agencies to get temps to do some temporary work. These both provide significant cost savings for the company since it increases its flexibility; company can more easily end a temp contract or change what (services) it's ordering from a sub-contractor than lay-off its own employees, although the initial action when moving to these two types of sourcing quite likely will contain some lay-offs. (Purcell & Purcell 1998.)

Mergers and acquisitions are another case where employee resourcing decisions take place, when at least two different staff pools are integrated into one. Only rarely these integrations don't contain any lay-offs (Birkinshaw et al. 2000). HRM issues play a major role in how successful M&A turn out to be and since M&As are executed in order to achieve financial benefits, CFO has his role in them (Larsson & Finkelstein 1999) and I find it to be one promising case with other employee resourcing situations where CFO is influencing HRM.

## 2.7 Summary

The role of the CFO introduces the topic to a reader and further the metaphors Partanen (2001) used. The chapter explains why the CFO may have a role in HR management. Human resource management and profitability escort the reader to the world of HR management and enrich the knowledge about why HR management is meaningful to the companies and what current problems companies are facing when attempting to measure its profitability. HR practices illustrate what the most relevant practices for my study are and so explain in what practices the CFO may have a role. The execution of HR management, on the other hand, attempts to demonstrate and further explain why the CFO has such a role in HR practices discussed before, but also in general in HR management. Finally, the co-operation between the top management team members explains how trust enables the cooperation between the CHRO and the CFO, and employee resourcing offers a possible field of cooperation between those two executives.

### 3. Methodology

Since different phenomena can be studied in several ways and even the “same” phenomenon can be studied with various methodologies, which all will give slightly different “result”. Therefore I consider it to be essential to introduce and justify the methodology chosen because it has substantial influence on not just the results, but to the whole study. I will dedicate this chapter to that purpose, and naturally also to the criticism towards the methodology since it has its fundamental and practical limitations, just like the other methodologies do.

#### 3.1 Why case study

The purpose of my study is to explore and extend the current conceptions about the role of the hierarchically highest financial representative of the company (usually CFO) in a context of human resource management. Therefore my study is contextual (aka descriptive), so I attempt to describe the nature of the role. However, my study will contain some exploratory aspects since the field I am studying is not yet studied comprehensively among researchers. The role itself appears to me to be something everyone experiences differently. I consider one person’s role, such as CFO of a company, can be perceived in various ways, depending on the object describing the role. The question of what is the truth is not a simple one and only rarely issues studied are black and white. Different shades of gray exist and language is used to explain the one of the many truths writer perceives (Gadamer et al. 2004).

Since in social sciences the research methodology can be and is usually divided into qualitative and quantitative (Neuman 2005) I began the process of choosing the methodology from there. Like I explained, I consider a role be something abstract that is very subjective by nature. It’s very delicate because it’s something that provoke different feelings on everyone and so, sensitive because it’s hard to predict how everyone perceives it. Even it may be argued, I consider qualitative study methodology to be suitable for my study because I aim to describe what kind of role(s) CFO may have in HR management by finding the answers to my research questions. As a matter of fact quantitative research, based on Ritchie et al. (2013) study, may not be suitable for this research paper at all because of the nature I am studying; it’s not



understood well, it's deeply rooted, complex, delicate, sensitive, and based on specialists' views.

I attempt to explore the role of the CFO and in order to get an in-depth image what it is, in my opinion, it can't be observed by observing the CFO or analyzing his discourse, because a role as such is so subjective by nature. Therefore I can't rely on naturally occurring data but I have to generate it by re-telling how CFOs and others perceive it. Since I am re-telling the stories of others, it's impossible to me to be objective and conclude everything. As a matter of fact, the stories I re-tell, are as such subjective by nature, and therefore my "data" is not objective. In addition to that, it's too time consuming and complex to objectively write about those stories I hear and so, if I am subjective, I am capable of going the data through and write something that makes sense. However, I will be objective in a sense that I will include several opinions and so won't exclude criticism even though I can't include everything. On the other hand, my study is contextual and that is something that doesn't even have to be objective in order to achieve its fundamental goal, describe the phenomena in a specific context (Gadamer et al. 2004, Ritchie et al. 2013).

Case study as a research method is nowadays one of the most widely used among social science research that is focused on examination of accounting phenomena (Koskinen et al. 2005, Scapens 1990). It is used to examine how a certain phenomenon is exercised in practice (Eskola & Suoranta 1998) and it gives an opportunity to understand the phenomenon thoroughly, including background assumptions, possible conflicts etc. (Scapens 1990, Ahrens & Dent 1998). Because I am re-telling the stories of the others and attempting to describe certain phenomena in specific context, case study as a method is quite suitable for my study since I am generating data. Vaivio (2008) supports my view that case study is suitable for the purpose of my study: expand the existing images of the CFO in a specific context. Actually, because the topic is so ambiguous and it's constructed from several sources, case study is the best fit for my study (Otley & Berry 1994).

Case studies can be conducted using several different methods such as observations and questionnaires (Eisenhardt 1989). However, like I stated, I am generating data so such methods

as discourse analysis or observations I have to shut out. Questionnaires and surveys, on the other hand, are said to scratch only the surface of the phenomenon (Scapens 1990). Therefore possible conflicts that make the case interesting and unique can't be revealed and so the full potential of case study is not exploited (Ahrens & Dent 1998). Interviews, and especially theme interviews where an interviewer and an interviewee are discussing around certain topics, on the other hand, are a natural way to get the insight of the phenomenon in the case company because if the interview is successful, interviewee really opens up and don't hesitate to reveal feelings and thoughts about the phenomenon, especially if anonymity is guaranteed, and so assure the good quality of the interview (Ahrens & Dent 1998).

### 3.2 Limitations

Even I justified the method I am using (case study) in my study, it's natural that it has some limitations, just like every method has. By keeping these limitations in mind while conducting and reading the study, I and reader can avoid making rash conclusions and generalizations (Ahrens & Dent 1998).

When conducting a case study, it is important to keep in mind that often so desired objectivity is impossible to achieve because the writer's own beliefs and background knowledge influence on what is being studied and what things writer chooses to write down (Scapens 1990). The writer is always an individual who can't be separated from his philosophical and political views (McKinnon 1988). However, by keeping this in mind and attempting to approach a topic from different perspectives it's possible to increase the reliability of the study. This can be done by interviewing several people in one company about the same topic and trying not to lead the interviewees by gestures and comments (McKinnon 1988).

Interviewing different people about the same topic is a way to increase reliability by getting several perspectives to the topic. It, however, is a root of another problem: vast amount of data. More people you interview the more data you collect and that can be very problematic. Vast amount of data is probably one of the most common problems in case studies and sometimes it can be overwhelming because something has to be left out (Vaivio 2008). The writer has to decide how to process that data and use all the relevant data in order to give a fair image about

the phenomenon in the case company (Eisenhardt 1989). Well organized research problems help me in the process of choosing all the relevant data for the study and though increase the validity of the study. Since everything can't be written down, I have to choose which arguments and which counter arguments I will include in the study and if I as a writer acknowledge my biases and try to identify them when processing and generating data I believe I am possible to write a fair study that is not overly biased and so retain its scientific grasp. On the other hand, I am a genuine outsider in the case companies so I don't have any biases towards their current procedures and culture, and that will increase the reliability of the study (Eisenhardt 1989).

Even the amount of data is enormous, the sample of the population is limited into only one or few case companies. Therefore it's difficult to make any statistical generalizations based on the case study because each case is so unique that it's impossible to generalize it to occur as such also in totally different cases (Scapens 1990). However, the fundamental purpose of qualitative management accounting is not to generate conclusions that are statistically generalizable (Vaivio 2008). Regarding to case studies we can talk about somewhat different generalization, theoretical generalization. Theoretical generalization attempts to test certain theory and how it works in a small sample of population. Because in case studies the researcher can go really deep into the topic and learn to know the case organization quite well, these studies give relevant and thorough information about how well the theory explains the phenomenon and so can refine the theory (Scapens 1990).

## 4 Case companies

I have chosen total 4 case companies to be studied. All the companies share their operating area and size: their main business is in Finland and their revenue is approximately 100,000,000 € and staff about 100. This is interesting size to study because the companies are small enough so managers need to be generalists but big enough they can be relieved from the most insignificant routine work (Lemmergaard 2009). Two of the companies, however, share more than that. They are both pharmaceutical companies and they are subsidiaries of a multinational parent company.

I have chosen this at the first sight a randomly seeming sample of companies for two reasons. First, because I study how CHRO and CFO cooperate and what kind of roles CFO has in HR management, I consider that those two quarters are the ones who can best illustrate the practices around my research questions. I think it might be hard for the others to have rich understanding about how CFO and CHRO cooperate and what kind of roles CFO has in HR management because most of the interaction and influence is quite likely to occur behind the scenes, where the amount of observers is limited in the most of the cases only to CFO and CHRO. However, I also tried to interview CEO of the company because CEO, as a manager of both of them, would probably have to offer the best “outsider” view to CFO’s and CHRO’s interaction. Therefore the amount of interviews in one case company is relatively limited and I want to increase the reliability of the study by interviewing more people. Second, I attempt to find a pattern between all the case companies. On the other, I have two case companies, which share the same industry and they have quite a lot in common as I will later prove. Thus I have a possibility to do comparison between not just these two but also these two and the two other case companies, and I find it interesting to seek whether I find similarities there or not and on what extent. However, I don’t attempt to conduct comparative study, but this way I retain an option to do so. Also, I believe that by introducing small amount of different cases in one study, I can possibly increase the theoretical generalization value of my study with certain conditions.

Although some may argue that I will lose focus if I take too many case companies, I would say that because my research problems are well refined, the limited number of interviews will give

me deep enough answers to my research problems. On the other hand, if I fail to do so, my study will address useful information about the obstacles conducting this wide case study and possibly future researchers will be able to tackle these obstacles and enable them to conduct wider case studies. Might also be that my research problems are not as well refined as I estimated and so I can't get a deep enough image of the phenomenon in the companies, the future researchers willing to approach the phenomenon under research, known to be less ambitious and conduct their study in only one or two case companies. In that sense, my study is also exploratory.

Next I will introduce the case companies one by one and give a little background information about CFOs and CHROs. Even in some companies I also interviewed CEOs, I don't consider knowledge about their background enrich the understanding about the reasons behind the roles of CFOs or why CFO and CHRO cooperate as they do. However, keeping in mind their history in the company and history about the company itself, might help to understand why they give such answers as they do later when I go through the interviews. See Table 4 for the summary of the companies' size and length of the interviews.

*Table 4. Summary of the case companies*

Company	In 2014		Interviews		
	Revenue (million €)	Staff	CFO	CHRO	CEO
B	128	215	45 min/BF	45 min/BH	N/A
G	103	110	45 min/GF	55 min/GH	45 min/GE
P	125	140	85 min/PF	60 min/PH	N/A
S	123	350	45 min/SF	60 min/SH	45 min/SE

### Company B

The company B is over 90-year-old Finnish company. The company first imported chemicals especially for the needs of Finnish paper and pulp industry. The company's field of business expanded slowly until it merged in 1993 with a 1966 established chemical agency and got its current form. They cut back their field of business and focused in distributing raw materials and supplements to different industries. The company saw the potential in the former Soviet Union and they focused their business there. Nowadays the company has business in Finland, Russia, Estonia, Latvia, Lithuania, Ukraine, Kazakhstan, and Belarus. Whilst the head quarter remained

in Helsinki approximately 75 % of the revenue comes outside the Finland and about 50 % from Russia, which makes it their main business area.

The company claims that the division of their business units based on industry areas, local sales teams, a diverse product portfolio, efficient logistics and close development activity with its suppliers and customers are the key to their success. After expanding the business to the countries mentioned above, since the merger, the company has managed to stabilize their revenue and number of employees, which has remained pretty much the same last ten years. In 2014, the company's revenue was €128 million and it employed total 215 and staff in Finland is somewhat less than 50 and approximately 25 % of the revenue is generated in Finland.

I had an opportunity to interview the CFO and the CHRO of the company in the fall of 2014 and I would like to offer some background information about them because I consider their history in the company might help to understand their current role and how they cooperate with each other. I interviewed CFO of the company (later BF) in October 20<sup>th</sup> 2014 for 45 minutes at the head quarter of the company. He is born in Russia but moved to Finland to study in 1999. He has worked for the company about ten years now. He started his career in the company as an assistant controller, which evolved into a controller and then the group controller. Then he moved to Russia and was the CFO of the Russian subsidiary and finally CEO. Then he came back to Finland and worked for a while as a director of the Finnish financial department before he moved to Ukraine where he worked as a CEO for Ukraine, Belarus, and Kazakhstan. He is still officially CEO for those countries but local managers run all the practice there because he is in Helsinki now again and has worked for a year now as a group CFO. The group CFO is also director for IT and logistic department and for all the administrative functions that support the business. The company has divided its executive group into a core and a broad group. He is a member of the core group and so also the broad group.

I interviewed the CHRO (later BH) in October 20<sup>th</sup> for 45 minutes at the head quarter of the company. She started working in the company in the financial department of Finland but after that she has worked now for over ten years in human resource management, first as a manager for Finland and later for the whole group. Since most of the staff is in Russia and she doesn't

speak Russian, there is HR manager in Russia but she is a subordinate to BH. So she is responsible for the whole group's HR management. She is member of the broad executive group, which has official meetings twice a year.

## Company G

The parent company G has significant history in pharmaceuticals and total 4 of the company's workers have received Nobel Prize in Medicine. During the history there have been several mergers but the latest one that gave the company its current name occurred in 2000 when two significant players in the industry merged into one. The company is publicly listed in London and New York Stock Exchanges and the head quarter is located in London, which makes it a British company. In 2014, the revenue of the company was about £23 billion and staff over 96 thousand.

I, however, study the company's Finnish subsidiary, the company G, which is limited company and started its operations in 1970. In 2014, the company's revenue was about €103 million and it employed 110. Certain supportive functions are centralized into service centers so not all the administrative routine work is performed in Finland. Even G runs some clinical trials in Finland, it's basically focused on retail and it doesn't have any production.

I interviewed CFO and CHRO on October 17<sup>th</sup> 2014 at their office in Espoo. The interview with the CFO (later GF) lasted for 45 minutes. She has worked in the company now for a year and a half, and her official title is the senior finance partner but since she is hierarchically the highest financial director, refer to her as CFO. I also interviewed CEO (later GE) for 45 minutes.

The interview with the CHRO (later GH) lasted for 55 minutes. She has worked total 6 years for the company now. She started as HR manager and she also made one project in Scandinavia where they harmonized their processes. After that, she got her CHRO position in Finland and she has worked in that position since 2011 although she was for 15 months in maternal leave and she came back recently.

## Company P

The parent company P is another multinational pharmaceutical case company I interviewed. It was founded in New York City in 1849, where the company's head quarter is still located. The company is listed in New York Stock Exchange and in 2014 the group revenue was total over US\$49 billion with about 78,000 employees.

Once again I am focused on Finnish subsidiary, the company P, which is limited company and found in 1959. In 2014, the company's revenue was about €125 million and the company employed about 140. P has a total of five business units and so called Oy level in Finland, which combines all the business units. That means they have six entities that generate their own reports. Certain supportive functions are centralized to service centers and so administrative teams are not too expanded. The company in Finland mostly marketing and retail company and if some other actions like product development occurs, it's outsourced.

I interviewed the CFO of the company (later PF) on October 28th 2014 at the company's head quarter in Helsinki for an hour and 25 minutes. She started as business controller and she has supported several business areas in Finland and Scandinavia. Eventually, she became the finance business partner, then the head of finance and now she has been the CFO for two years. She has worked for the company now total for 11 years.

I interviewed the CHRO of the company (later PH) on November 6th 2014 at the company's head quarter for an hour. She has worked for P now eight years.

## Company S

The company S offers various human resource services and its roots can be tracked to the 1970s but the company has existed in a current form since 2012 when it merged with another HR company. Smaller entities are still being merged and the company is still on an integration phase. However, three bigger "main" companies are under S and the entity is constructed based on this division: a company, which the field of business is recruiting and HR services, another company, which the field of business is training services, and the third company, which



provides HR software solutions. The company has several offices in Finland but also action in Estonia and Spain. However, their portion of the revenue and staff can be considered as insignificant. The company employs total about 350 and their revenue was €123 million in 2014. Those 350 employees work directly in the group and they are not leased or recruited to other companies. Since temp service is one of their business fields and they are leasing about 15,000 workers annually, they are not considered belonging to the head count.

I interviewed the CFO of the company (later SF) on October 23<sup>rd</sup> 2014 at the company's head quarter in Helsinki for 45 minutes. SF has worked for the company for about 2 years now and all that time as a group CFO. However, she has worked together with the CEO (later SE), who I also interviewed for 45 minutes, about 15 years and she has a long history in finance functions.

I also interviewed the CHRO (later SH) on October 23<sup>rd</sup> 2014 for 60 minutes. She has worked for the company now since 2012 first as the CHRO of one of the three subsidiaries and then the group CHRO. She has long history also in HR management and processes because she has worked with HR IT solutions.

## 5 Interviews

In this chapter, I will first introduce the structure of the interviews. After that, I will go into details of the interviews and introduce the main findings that give me answers to my research questions.

### 5.1 Structure of the interviews

Like I stated earlier, I conducted semi-structured theme interviews. This means I had two theme on my interviews and there were questions to give some structure to the interview and to ensure I get at least answers to those. However, if the interviewee wanted to discuss around those questions under those themes, I encouraged that to happen. Two themes were structured so I would get rich and detailed answers to my research questions: how does the CFO influence to HR management, and what kind of roles the CFO has in the field of HR management. The themes were cooperation between CFO and CHRO and involvement in HR practices.

Because I interviewed CFOs, CHROs and I pursued also to interview CEOs, the structure of the interview was somewhat different for all of them. CFOs and CHROs interview structure was almost the same and there were no major differences but in CEOs' interviews, the structure was significantly different. Since I assume that CFO and CHRO might have quite noteworthy freedom to design how they execute their job/role because of their high position in the organization, I assumed that CEO might not have too much detailed knowledge about how CFO takes part to HR management in practice. However, since all of them are members of the top management team and CEO is their manager, CEO probably can give interesting insight about top management team's interaction and finally narrow it down to CFO and CHRO and offer his sight to that cooperation as an outsider. So, when I interviewed CEO there was only one theme: cooperation between CFO and CHRO. See Appendix 3 for the questions that gave the structure for the interview.

So the most valuable interviews for my research were those I conducted with CFOs and CHROs and their themes and questions were pretty much the same (see Appendix 1-2). The questions under the theme of "cooperation between CFO and CHRO" were structured so that I first approached the topic from the broader scope and when the interview moved on, the scope

narrowed down. I started by asking about the interviewee's role in the company and how that has formed. This was a good way to understand the starting points of the interviewees that will influence on the communication between them. Then I moved on to ask about the interaction among the top management team in general and with whom they interacted the most. This way I got a view of what kind of interaction procedures they have in the company and how low barriers they have to communicate with each other. Then I moved to ask about the cooperation between CFO and CHRO in order to finalize my understanding about the theme and gain rich answers to my research question: how the CFO cooperates with the CHRO. Appendix 1-2 questions 1.-9. and 18. are the questions under the theme.

Essential for the second research question was to ask how CFO takes part into certain HR practices. This second theme "involvement to HR practices" was structured with that type of questions that would give me an answer to my second research question: what kind of roles CFO has in the field of HR management. Though, like I will later state, also the discussion under the first theme was extremely essential in order to get a rich and detailed answer to my second research question. However, the problem was to narrow down the practices I would ask because there is a vast amount of different ones. Also, since I wasn't going to study on what level HR management is in the case companies but how CFO take part to that, it was useful to choose practices that would quite likely exist in the case companies so I could do some comparison between the roles of CFOs among different case companies if necessary.

Since High Performance Work System's usefulness has been proved in literature, I decided to approach the limitation of practices from there. However, since the number of practices in that system is also quite broad, I considered I would need some external help to narrow them down. I used Boxall and Macky's (2007), and Pfeffer's (1998) studies to choose relevant HR practices (see Chapter 2.4). Based on mostly those studies but also to my own subjective experience, I narrowed the number of HPWPs down to five. These functions are likely exists in every same size company as my case companies are. The practices I asked were: recruiting, developing and training, incentives, work performance management, and designing the job (see Appendix 1-2 questions 10.-17. in order to see what I asked under this theme).

Although two of the case companies are multinational corporations, CHROs operate internationally only in a sense that their managers are abroad, because the lines of the matrix organizations they have extend to abroad. So the most significant relevance in order to execute their roles is in national actions. On the other hand, I don't seek to find an answer what kind of roles CFO has in HR management internationally. Therefore I don't think it's necessary to have different kind of interview structures for those two companies just because they are subsidiaries of multinational corporations, and retrospectively, it wasn't a problem.

Based on these questions I assumed I would be capable to structure the theme interviews in a way I would get rich and detailed answers to my research questions. Naturally more questions would have proved even more detailed discussions but on the other hand, I wanted that interviewees have time to talk also around the questions. Most of them had only less than an hour to discuss. Also longer interviews and bigger number of questions would have increased the amount of data and harden even more the process of going through all the discussions. I assume that interviews with the structure I used would give detailed enough image about the phenomenon.

## 5.2 Role as a manager

One quite natural link to the HR management comes from there that the CFO is a manager and therefore has subordinates to manage so he executes HR practices on them. Like Kulik and Perry (2004) suggested, every manager's role contains some HR management elements because the decentralization of HR management is efficient practice in companies which have relatively small HR departments. This is also the case in the case companies, where HR departments consist of less than 4 people, and HR department basically just supports the line managers when they are carrying out HR practices.

*“Our current CEO made some changes in the organization and that influenced also to my role. Our business units are like small entities which can quite independently decide how they implement the decision made in the top management team. Before that change they were not as independent and our HR management was more centralized. So now, if I crystallize, I have more kinda supportive role to our line managers who make the decisions by themselves but they are not as used to all these HR practices so they seek support from me.” - BH*

This naturally also influences CFOs and they are no exception to the other managers. Thus they are also executing many HR practices by themselves in their own department. The role as a manager is, however, significant when it comes to the HR strategy of the company. The CFO is executing HR strategy in the company and without his, and other managers', contribution, the strategy would fail. Jones and Geroge (1998) highlighted that unconditional trust to other managers is essential so they have high confidence to the others and they can share information freely. If the CHRO didn't trust the CFO, he would take a more extensive role in the execution of HR practices and they wouldn't share information on different HR management cases in order to improve it.

*“She is responsible of her own department. HR’s task is to create the guidelines and the budget and kinda point out what things require a strategic emphasis. For example this year we need to improve our personnel’s digital skills and multi-channel skills and so we in the HR department organize trainings, which will help to improve these skills. HR also arrange all the manager trainings. We are responsible of that managers are good managers and that they know how to do their managerial work. But just like in the case of recruiting, managers are in responsible of developing and training of their own subordinates. For example GF as the CFO arrange performance reviews with her subordinates and there consider how they could develop. Here in our company we have this development model, like a mindset, 10% of developing comes from training, 20% comes from coaching or something similar mentor-mentee like relationship, and then 70% comes from doing the right things. So the job is designed in the way that an employee does right things that support his development. There GF has a significant role that she designs the jobs with her subordinates so they will fit and support their development. She can and also does dialogue with me how to develop her department. So I coach GF so she can be a good manager to her subordinates and that wouldn’t work without mutual trust to each other’s skills.” –GH*

So it looks like managers are responsible for executing HR practices, at least the HR practices I studied (recruiting, developing and training, incentives, work performance management and designing the job), only in their own teams. Other comments interviewees made are aligned with the ones presented above and so suggest that conclusion. Once again, the CFO doesn't seem to be an exception to this and basically he takes part to these HR practices only in his own team. So the role as a manager is limited to the CFO's own team. For example, one of the interviewees commented on recruitments as follow:

*“My contribution to recruitments... is 95% just my own team recruitments...so I am not taking part to them otherwise. I may be like sparring someone if a recruit is*

*going to work with the finance department, then I might take part to recruitments outside my team. The last time was when we were looking for a compliance manager and our legal executive was recruiting to that position, well there I was interviewing the candidates, but otherwise I only take part to my own team's recruitments.” –PF*

However, like PF hinted above, the role in HR practices may extend to other teams than CFO's own if there is a clear link to finance. In these cases, the CFO seems to get similar roles as Partanen (2001) presented in his study. For example, PF in her comment above, illustrates how she acted as an educator even she didn't technically educate the candidates, but she ensured that they have acceptable financial knowledge so they are prepared to communicate with the financial department. Also other HR practices the CFO takes part besides his own team, indicate the various roles the CFO has. For example, when it comes to work performance management, the CFO takes part into it if there is a chance to take part into it and when doing so, Partanen's (2001) social worker role is presented because the CFO take part to work performance management only if he detects some problems.

*“Work performance management... I consider that every manager is responsible of his own team, so I as a CFO can't take part to our sales team performance management, or actually sales team was a poor example but let's say HR or communication team or some other team, which performance is a bit more challenging to measure. So I can't as a CFO be responsible of someone else's subordinates' apart from my own subordinates' performance. But the sales team is an exception because I follow sales and if something is not going as planned, then I give a flag to our business unit executives. And we are doing it currently that 'have you noticed this and that and how sales is developing in some certain area'. And then we can easily track it down to one sales representative. So this anticipation of the sales department performance, and that because our business unit executives get so much sales data so that I see our role as a finance is to flag certain trends and detect certain red flags. So what doesn't work and what does work. But besides to sales personnel, I would say that I or my team we won't take part to work performance management. Every manager is responsible of their own teams.” –GF*

Executing HR practices and sometimes influencing on how other teams execute them, is not the only way the CFO takes part to HR management as a manager. The financial department shares some mutual functions with the HR department and therefore they will interact regarding to those functions and build room for the CFO's influence on HR management. For example, a payroll is a function where HR department is responsible for the general policies the company

will follow, but the financial department is responsible for the transactions regarding payrolls. This way the CFO takes part to incentive practice because his team is paying the salaries, the basic incentive every employee has.

*“With PF we have a lot of cooperation, we do payroll together. Payroll is in HR department but finance execute all the transactions and entries regarding them. This is a mutual cusp finance and HR have and it has to work seamlessly. Related to that, we have this cost pool management where we continuously cooperate. Each person has its own cost pool and expenses and we together consider where we should direct these expenses and that is not easy because our organization is so fragmentary so one person might partially work here and there. So together we combine our information so we can direct those personnel expenses.” –PH*

Like hinted before, it's not necessary that the CFO personally takes part to some HR management related functions. For example, it's quite unlikely that the CFO would prepare the payrolls of the company, even in some cases he might advise and support his subordinates who are doing so. In some cases, it's enough that one person from the financial department is executing certain practices or acting as Partanen's (2001) information specialist or interpreter, who prepare financial reports that others can exploit and translate the language so others who are not financial specialists can understand it, and for example explains what some figure may present in reality. That way the CFO as a manager of his subordinates takes part to the HR management by being responsible for what they do, and giving support to them when needed.

*“It's not necessarily GF's role, but every time I do budgeting and follow the expenses, I need support from the financial department. They give me a report of my departments past expenses and also help me to track them down and together we consider what they mean. But like I said, it doesn't matter if it's the CFO or someone else from the financial team who is giving me that help, and usually it's not GF. Sure I don't mind at all if the person would be GF but usually she doesn't have time for this kind of stuff that her subordinates can do.” -GH*

In conclusion, the CFO has a role in HR management as a manager. He executes HR practices in his team. Sometimes he consults other teams if financial perspective is required in the execution of some HR practice. Besides that, the CFO's own team is also taking part to the HR management by interacting with the CHRO or his subordinates. In that way, the CFO gets indirect responsibilities in HR management by guiding his subordinates so they can assist the HR department and by being responsible for his subordinates.

### 5.3 Role as a member of the top management team

Another channel to influence HR management and cooperate with the CHRO is through the top management team. Like Jones and George (1998) proposed, unconditional trust promotes high involvement, which makes all the top executives contribute to the planning of the HR management in the top management team. The CFO as a member of the executive group takes part to designing, not just the HR strategy of the company but also how to implement that strategy since he is one of the executors of it. As the CFO, he naturally brings financial perspective to HR management planning in the executive team and Partanen's (2001) co-driver role is there highly present when he takes part into the recognition of different trends.

*“In the top management team we attempt to identify different trends we are going to face in the future and adjust our strategy into that. For example, based on those trends, we plan where we want to be in 3 to 5 years and what kind of talent we require in order to get there. Then mostly GF prepare financial analysis based on what we have envisioned. Then we advance those analysis together and they help GH to prepare this kind of more strategic plans for the company regarding HR management and how to develop that. Those plans usually regard even certain HR practices like what kind of people we should recruit, how to evaluate performance and so on. In other words, we identify what we want to be and how we want to perform, then we plan how we can do that and then we make action plans regarding HR management and how we achieve our goals. Everyone in top executive team has some kind of role in that process, the CHRO naturally runs that and then the other executives contribute in what is their specialty.” -GE*

As a top executive of the company, the CFO doesn't only promote financial aspects in the top management group but also in the entire organization by arranging business updates. These updates don't only develop the personnel of the company because they get more comprehensive understanding about the business but promote information sharing that makes the personnel more bound by the organization and, like Pfeffer (1998) suggested, motivates them.

*“She promotes this kind of general understanding of business and information sharing. We have roughly once a month this kind of kinda town hall meeting where we all come together and update all of our employees of where we are right now, how we are doing and what are the most current issues. So in those meetings GF goes through our business update. So she explains to our employees how we are doing and how the future seems like and this is a way how she picks up the baton of general business understanding in our organization.” -GE*



The CFO doesn't, however, only bring financial perspective to HR management but also raises HR issues in the top management group so they can together discuss them and attempt to develop them. These issues differ from "normal" HR management issues he might face as a manager. As a manager he brings up more team or case specific issues to the CHRO but as a member of the executive group, he brings up issues that may have broader influence on the organization or also other executives should be aware of those issues. In that way also other executives than just the CHRO can contribute with their perspective and together they can brainstorm and develop those issues or ideas. One example is talent management, which is quite a common practice in all the case companies. They altogether in the executive group discuss about the qualifications of a "talent" and if someone suggests that some employee might be a talent, then they in the top executive team develop that idea and argue against and for of that view. Once they conclude one of their employee has potential to be a talent, then they redesign his job description to be more challenging and they start to invest in his performance management.

*"Regarding the talent management in our company, each member of the top management group attempt to identify the key talents (refers to individuals) from their teams. However, these key talent candidates are brought up in the top executive meetings and there we altogether discuss about them. For example we have certain criteria for the talents, and if I recognize that one of my subordinates in my team meets the criteria and so has the potential to be a talent, then I bring it up in the executive meeting. There we argue whether or not he actually qualifies to be one and if other executives disagree with me, then he is not regarded as a key talent and he won't come part of our key talent management program. On the other hand, if after our sparring in the executive group we reach a consensus that one is a talent, then we try to give him more challenging tasks and support his development so he can reach his full potential. This kind of classification of people sounds harsh but it doesn't mean that we wouldn't appreciate all of our employees. Everyone in our company is important and without those employees who are not key talents, we would never achieve our goals... Don't get me wrong, we value all our employees but some people have more kinda managerial potential." –PF*

However, the CFO doesn't just bring up HR issues in the executive group and take part to debate, but also actively takes part to refining the HR policy of the company. Usually, a new or refined HR policy has direct influence on the HR expenses of the company so therefore the CFO actively takes part to define what kind of policy should be and how comprehensively the

company should adopt it. Partanen's (2001) social worker and bridge builder roles are highly active in these cases because the catalyst of a new or refined HR policy is usually some kind of problem. As a member of the executive group, he now takes part to solving the problem but also reciprocally communicate these internal changes with the other members of the organization.

*“One of our employee got cancer and it was a critical type of cancer. Naturally treating it is very expensive for him so we needed to decide in the executive group a policy, kinda HR policy, of what we do if someone in our company gets a serious illness and needs financial support. Well this time there were only BE, BH, me, and our admin manager to decide the policy and not the whole executive group but anyways, we decided a policy that if one of our employee gets something harsh, then the company will give financial support especially in those countries, which don't have as extensive social security as we have here in Finland. So we decided not to pay 100% of the expenses but once we found out how much this cancer case would cost, then we had a debate will we pay 50%, 70% or 80% of the expenses. Then we decided that, okay, we have a policy that we pay two thirds of the treatment expenses. This was like totally creating a new policy out of nowhere and all the parties it concerned in the executive group, took part to define it.” -BF*

The CFO's influence on HR management doesn't occur only in the top management team or smaller teams that are formed from, for example, couple other executives, but also from personal interaction with just the CHRO. Several interviewees agreed that they have communal relationships with the other members of the executive group, and like Jones and George (1998) pointed out, unconditional trust forms that. So, the CFO and the CHRO, like other executives, act as sparring partners to each other and because they have this communal relationship with each other, they might just seek support in coping with pretty much everything. Since some issues are confidential or delicate by nature the other members of the executive group are the only ones with whom they can discuss about those issues. In addition to that, however, they frequently seek other one's expertise and attempt to get other point of view to issues. This kind of expertise seeking behavior is normal if the executives recognize the existence of the expert power that Tushman and Scanlan (1981) talked about in their study.

*“We spar weekly about our mutual projects we have but it can also be just this kinda general peer support. So it's not always related to HR management but sometimes we just cope with stuff we discussed in the executive meetings. In our organization the situation is a bit different because we are a subsidiary, so all the executives here in Finland actually have personal managers abroad, so we could*

*also talk with them but usually it's easier to cope with stuff with the colleagues because they are here in Finland. Some issues we have on the table in the top management team, are that kind of information by nature that we have to keep it kinda like a secret and not go to talk with for example with our subordinates about them. So then I usually go to talk with PH about those issues. But usually when I go to her, we spar about these HR management related issues. I as a manager naturally face the same problems as the other managers do so I usually seek her perspective and experience and help to HR issues. Then if she comes to me, the issues are usually related to finance, administration or something like that. Usually the spar questions are related to one's expertise and I guess that way I kinda indirectly influence to her decisions or actions and so to HR management.” –PF*

In conclusion, the CFO as a member of the executive group, takes part to the creation of HR strategy by bringing in his expertise to the decisions. He also takes part to information sharing in the company, which according to Pfeffer (1998) promotes the commitment of the employees. The CFO brings up general HR management related issues to the top management team and is highly involved in creating HR policies. In addition to that top management work, he spars the CHRO and that way influence at least moderately to his actions and so to HR management.

#### 5.4 Role as a financial professional

The role in HR management seems not to be based on only to the CFO's hierarchical status in the organization, but also his financial expertise. The role as a financial professional wells from both, the CFO's high rank in the organization and his expertise. They both generate structural and expert power, that Finkelstein (1992) talked about in his study, to the CFO and those powers have formed to him a rather significant role in organizational changes the case organizations are facing. Although, one reason is that supportive functions, like finance, in the company are usually affiliated with other parts of the organization, for example certain product line, because they are supporting them. Financial department maintains business supportive function, and since HR department does the same, they are both sucked into change process even it doesn't concern the whole organization or directly them. This will cause a natural ground for cooperation between the CHRO and the CFO since they share the same change “project” and therefore the CFO will influence the HR management of the company through this cooperation.

*“We support the whole organization, so it's not always that clear even for the top management team what we have on the table because these changes, reforms, system changes and so on, don't necessarily concern the whole executive group.*

*But we are usually there if something changes. People do the work so it's natural that HR is involved but similarly financial structures change if even some function of some business unit changes so therefore PF is also involved to these changes. And if the change is a major one, then we are affiliated even more! Let me illustrate this. Some changes come from our parent company and they don't always consider whether or not it can be implemented in here. When we had this organization reform, which came from the parent company, they picked up certain executives and they chose their subordinates and so on and then the total number of positions was about to decrease. Well, our cooperation law (YT-laki in Finnish) requires that we negotiate before anything is decided, but if it comes from the higher level of the organization before we have done anything in locally it may cause problems. Similarly when they decide of some benefits, it may be against of our local laws or common practices so then me and PF refine their ideas and prepare an argument for our parent company why our employees can't be part of the change as they intended. Or if they in the headquarter decide to change our bonus instructions in middle of the fiscal year, but our contract of employment don't allow us to change it in the middle of the year, but we have to once again arrange cooperation negotiations and declare that the bonus instructions are about to change. This will directly influence to our bonus reserves. So this kind of cases we have to do a lot of cooperation and together handle these issues because they concern both of our expertise.” –PH*

Related to changes the organization might be facing, resource allocation, especially human capital related resource allocation, is a task which has a lot common for both, the CFO and the CHRO. Although the changes that require resources' reallocation may be just a minor and for example only one people is about to change in a team, planning and preparing this redeployment requires seamless cooperation between the CFO and the CHRO so they can deploy the people where they are required and all the benefits can be utilized. Sometimes HR reallocation may lead to layoffs, but in the case companies those appeared to be the minority of the cases and most of the reallocations meant redeployment where more talent was needed. Here the interviewees discussed about deployment and didn't mention insourcing or outsourcing which are totally different cases and may require even more fruitful cooperation than the deployment of the employees.

*“I have undergone several cooperation negotiations and it is extremely important that the cooperation (of the CFO and the CHRO) works! So one delivers reliable figures you can go through and then plan how to redesign employees' jobs and plan the future.” –SF*

*“We kinda allocate our (human) resources together with GH to certain brands. So together we consider have we allocated our employees efficiently and beneficially. So are our people on the right brands. Those brands that have potential to be more profitable and grow more. Together we analyze these and I handle the financial part of it but then GH knows the people and HR side of this. We also go more or less regularly through our head count and consider if there would be something we could do differently, more profitably. Then we of course contact the managers whom these changes are considering, so we don’t just command ‘okay you change the team now’ but make the decisions together...” –GF*

The mutual interface with the CFO and the CHRO generates the cooperation between them. Their expertise is usually needed when something is about to change in the company. The examples above have regarded more or less organizational changes when the structures of different sections of the organization have been under the change. However, the change can also be a modest refinement in a policy that doesn’t change anything fundamental. Team formations remain the same and the idea behind employee benefits won’t change. These modest changes, however, requires the expertise of the officers even they are modest and can be executed regularly. The increment in salaries is one example of this kind of cooperation. Even the salaries won’t probably change every year, the CFO and the CHRO are still annually discussing about the topic.

*“We can together just plan and prepare different kind of refinements that influence to the staff. For example we give to the world (the managers of the Finnish executives are in other countries) a suggestion of what would be the percentage the salaries could raise in Finland and it’s based on certain... well we have a policy that they (the parent company) give us some percentage unit that salaries can raise maximum 2.5% in Finland this year. And then we (the CFO and the CHRO) try to justify some other specific percentage to them. The figure we give is based on what kind of operational environment we have here, what is the inflation here, what is Finland’s unemployment rate, how much are salaries raising in the industry, because we want to remain competitive, and what is Finland’s this and that... Then we have prepared our proposal, we give it to the HR line to the world and then they give it us back and either it is what we suggested or then there is some minor changes and we revise it again if necessary.” –PF*

The third role that connects the CFO with HR management is the role as a financial professional. His financial expertise creates a mutual interface between him and the CHRO and especially changes, even the minor ones, require cooperation from the CFO and the CHRO.

Although the CFO is not necessarily implementing all the changes that influence on the company's HRs, he prepares the suggestions and sometimes even the decisions with the CHRO, and that way influence HR management of the company.

### 5.5 Should there be more

Are those roles enough then or should there be more interaction between the CFO and the CHRO, and should the CFO take part to HR management even more extensively? The most of the interviewees considered the current level to be okay though some of them desired slightly more structured and organized cooperation that would occur on a regular basis. Those meetings would enhance the internal information flow and ensure that all the relevant information finds the quarters it concerns. On the other hand, some of the interviewees liked the current informal way of cooperation they have that is based on a need for cooperation. The CFO and the CHRO seek each other's support when they need that, so they don't need pretentious cooperation in a form of weekly meetings if they don't have anything to share on the table.

*“Our communication is quite spontaneous so we come together when something comes up. For example we might together consider what we should propose to our CEO before we go to him. So it's kinda direct and efficient and it works well when we have something. But we haven't had anything regularly although now we do! We both have booked a meeting for two of us after each management group meeting so we can discuss about the issues we have on the table. Also we have decided to start to prepare a briefing in those meetings for other administrative managers and so enhance the information flow we have.” –SH*

*“I like that we don't have scheduled meetings because I have already enough of them. I like that we drop by when we have something or when we have a mutual project, then we naturally work more closely together. That way our cooperation or communication is natural, it's real. Though don't get me wrong! I like also to have scheduled meetings because then you have to think about those issues that are coming, but with PH, I like this informal way it is because it works so well.” –PF*

The communication between the CFO and the CHRO appeared to be comfortably informal in all the case companies and seemed that whether or not they wanted to change that informality, it was personal and so bound by individuals' preferences. Even the interviewees couldn't find a consensus in how to cooperate, all of them seemed to consider the current amount of

cooperation to be enough. If the CFO include the CHRO even more closely in different processes although it would be interesting for the CHRO, it would be the waste of each other's time because the CHRO can cope with less financial information. What is the right amount of information, depends on each case, but one interviewee described it as follow.

*“If we would work even more closely (regarding resource allocations) than we currently do, I would probably understand it even more. I would better understand all the financial consequences of those allocations and how to execute them. On the other hand, I can easily live without that information and I don't need that deep knowledge in order to do my job. Perhaps that is the reason why we don't hold our hands when we do resource allocations even we work together. I would say it's useful but not necessary. I think GF can agree with me that it's good everything unnecessary is dropped out that is not critically important, because we both have enough work to do even without those things.” –GH*

In the matter of fact, the interviewees thought that closer cooperation would distract them from their core competence and they don't consider that to be desirable. The feeling is mutual and CFOs thought that if they would take part to HR management more closely than they currently do, they would lose focus. Also they don't think it would be useful for the company if they did more for HR management, because the opportunity cost would be too high. They wouldn't have time to do what they know the best and eventually the whole executive team would lose their focus.

*“I have to consider for what I truly have time. And HR is not my core task and I think if I would take a wider role, for example, in recruiting, we would take focus away from the finance, from the function where we (financial team) are important for the company, and I would do something that does not match to my core competence. That's how I see it. And to be honest, I don't know all of our employees. I know what we produce in each brand and what we produce in each unit but I don't genuinely know what each employee is doing. The managers and the CHRO got the gut feeling so I can't really contribute on that. The finance wouldn't add any value for the company if we would start take too much part in HR management and that is something I have emphasized to my team, keep the focus and don't try to do everything. It's better that we do what is our core competence instead of doing a little bit of everything and never get anything done or it would take too long to complete anything.” –GF*

Summing up, the interviewees are satisfied the current stage of cooperation and wouldn't change it too radically because it would take their focus from their core competence. The

cooperation is important and necessary but only if the level is right and they don't try to contribute in every task in HR. Only when it makes sense to cooperate.



## 6. Discussion

In this section of the study I will, based on the interviews, answer the research questions I stated in Chapter 1. I will introduce the different roles the CFO has in the field of HR management and consider the grounds for them. The empirical findings are reflected on the literature I introduced in Chapter 2 and I will furthermore discuss the findings and possible further research more extensively.

### 6.1 The roles in HR management

Based on the interviews I conducted and presented above, I found that the CFO has many different roles in HR management and they are usually bound by some specific context. These roles can be divided into leads and supporting roles that are under the leads and form them. The supporting roles are the elements that construct the lead roles. An executor and a team leader are the roles the manager's role consists of, a financial promoter, a raiser, and a sparring partner sum up to the top executive's role, and finally a supporter and an allocator build up the role of a financial professional. Figure 7 illustrates the connections of different roles. Next I will go through all the roles and ponder their connections to the literature.

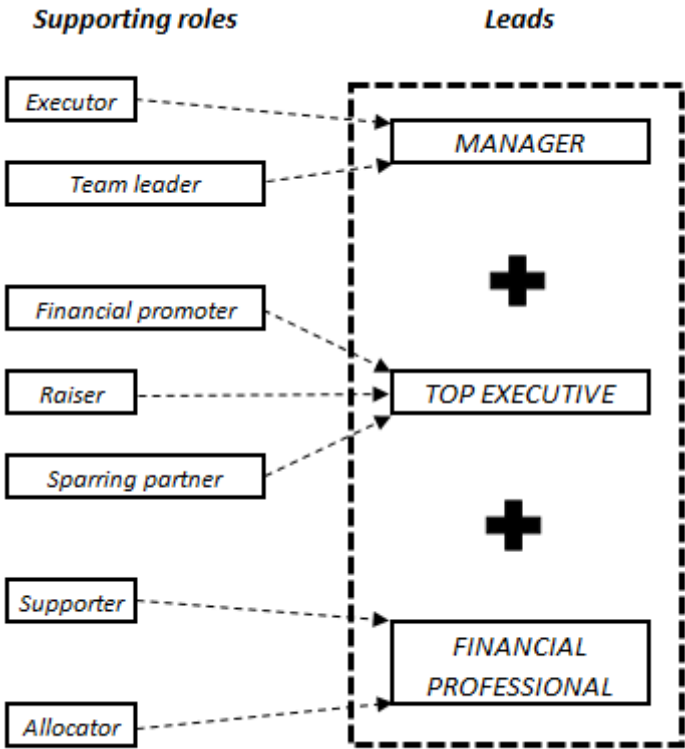


Figure 7. The roles of the CFO in HR management

## Manager

The executor's role is a direct consequence of shrank HR departments. Just like Hall and Torrington (1998) found, small HR departments force them to decentralize HR management to the other managers of the company, which is the case in the case companies of my study. As a result, CHROs and their subordinates have gain a supportive role in the companies. Thus the CFO has to take part to the execution of HR practices and so he is implementing the HR strategy of the company. On the other hand, this appears to be only reasonable because why wouldn't the CFO manage his own subordinates and participate all HPWPs I studied. If the CHRO executes them, wouldn't that just make the management of financial department more complex than it is? By managing his own subordinates and taking part to the formation of his team and everyone's performance targets and job design and so on, the CFO can keep tabs on his team and ensure they are doing just the right things he wants to.

The CFO's link to HR management as a team leader is not as direct as an executor. As a team leader he influences HR management through his subordinates. The financial and the HR departments have plenty of mutual interface, for example handling the payroll, where the interaction is very active. However, since this kind of interaction doesn't require very high financial knowledge from the side of the financial department, the CFO only seldom personally interacts with the HR department as a team leader, but his subordinates do. In this role, he has a similar relationship with his subordinates as the CHRO has with him regarding HR management. The CFO supports them and prepares them so they are ready for coping with the issues even vaguely relating to HR management, such as supporting the CHRO when he prepares a budget for his department.

Here the financial department has some of the roles Partanen (2001) presented in his study. An information specialist, an interpreter and an educator are the most common roles the financial department has when it operates with the HR department. What is interesting is that these roles Partanen reflected in a controller (or the CFO), now appear to be left to his subordinates who are practicing these roles. Though, at the end of the day, as a team leader the CFO is responsible for the financial function in the company, so he is also responsible for his subordinates and their roles are reflected in him even he won't personally execute them.

These two roles together are combined into the role of a manager. The CFO wouldn't have these roles, if he didn't have subordinates to manage. Therefore two roles can be summed up to the role of a manager. Even the influence on HR management as a manager is significant and clear, it's not necessarily that surprising or extraordinary. My hunch is that all the other top executives, who have subordinates, share the role of a manager. The only difference is that other managers, who have a similar role as a team leader, may have cooperation with the HR department at a very different level than the financial department has. Therefore the role as a team leader may not be as significant if the team doesn't actively interact with the HR department. However, there is no fundamental barrier to the other top executives not have this role as a manager in the field of HR management.

#### Top executive

The CFO as a financial promoter promotes financial aspects related to HR management. In this role, he can either act in the top management group or in wider forum where the audience will (almost) be all the employees. For example, he can act as Partanen's (2001) educator and promote financial awareness in the company and so educate the staff to understand some major financial perspectives. The other and the more regular forum to promote financial awareness is in the executive team. There he considers financial consequences of different HR strategies and practices with the others, and prepares financial analysis based on trends that will influence their employees. Since each business unit has their own budgets where they have budgets for some of the HR practices, such as development, the CFO doesn't necessarily decide how much the company will spend on HR practices in general. But, if the company decides to have a training for all of its employees, then the CFO influences more because he has more structural power on companywide issues than on a specific business unit issues (Finkelstein 1992).

As a raiser, the CFO brings up HR issues in the executive team. He raises them even the issues wouldn't specifically consider financial aspects, but because they consider the whole company. Therefore the other executives should be aware of those issues and they should together consider how to react on them. In this role, the CFO has some features of a co-driver and a social worker that Partanen (2001) introduced but once again with a touch of HR management. Based on the issues he raises, he takes part into the refinement of the strategy if necessary and

brings up problems he has faced or detected and the others should be aware of. He can even take part into a new HR policy making where his contribution to HR management is based on his financial knowledge.

The executives of the company act as sparring partners to each other. This is another way for the CFO to take part to HR management. He often spars with the CHRO, not just issues related to the projects they share but also in general when the CHRO seeks financial perspective. A sparring partner differs from a financial promoter in a way that the interaction is one-on-one by nature, and it's not always related to one's expertise. Since both are members of the management group, it is natural for them to discuss also about topics they cover in the management group, because some topics are confidential by nature and should not be discussed careless with others than the members of the management group. As a sparring partner, the expertise of the CFO helps the CHRO to cope with certain topics but also because they share a relatively similar hierarchical position in the company. That way he influences the CHRO's views and thus on HR management.

These three roles together accumulate to the role of a top executive. The name of the role is descriptive because if the CFO wasn't part of the executive team, he wouldn't have this role. The most significant influence on HR management the CFO has in these roles, occurs in the top management group, or being a member of that group, enables the channels he has in these supporting roles. Through this role, the CFO's influence on HR management is broader and more strategic than it is in the role of a manager. However, a top executive's role is neither extraordinary. Even the CFO brings his own expertise to this role, there is no fundamental obstacle that other executives wouldn't have similar roles. So they possibly influence HR management through them like the CFO does in the role of a top executive.

Even there is no barrier to the other executives to have this top executive role, from the literature can be found couple major factors that enable this role. Without unconditional trust and seven processes it enables (see Jones & George 1998) the CHRO and the other executives wouldn't rely on the CFO. Without unconditional trust, the exchange of ideas and share of information wouldn't be as fruitful as it is in all these three supporting roles the role of a top executive has.

Related to that, the CFO has to have the role of a co-driver Partanen (2001) introduced in his study. Without that role, the CFO wouldn't have a similar status, which is built through trust and experience, in the organization and thus the top executive's role either wouldn't exist or be as diverse as it was in the case companies.

### **Financial professional**

A manager and a top executive are not that extraordinary roles compared with what the other executives may have, even the CFO makes them more or less special with his expertise. The third role, financial professional, is something that can't be interchanged to the other executives by just changing the field of expertise. Its fundamental requirement is that the CFO is hierarchically the highest financial practitioner. Like the other two roles, also this one has supporting roles that together form it.

As a supporter, the CFO together with the CHRO support the organization when any part of it is undergoing a change. Since financial structures and human relations are influenced on almost in any kind of change, the cooperation between the CFO and the CHRO is inevitable. The cooperation, however, doesn't well only from the changes the other executives or managers are undergoing. The CFO and the CHRO together do adjustments and refinements to the existing HR policies that consider the major parts of the organization. One example is a change in an annual increment in salaries. The supporter's role is interesting because the mutual interaction with the CHRO stands out. In addition, it's probably the most fruitful since they closely work together and support each other in order to successfully undergo any type of a change. The supporter role differs from the team leader role in a way that the CFO is the one who is supporting specifically the CHRO in issues that usually have higher strategic importance or wider influence on the organization.

An allocator's role is also related to the different types of organizational changes. The difference to the supporter is, that together with the CHRO they play a major role in the (re)allocation of human resources the change requires. Together they consider the potential the company hasn't yet acquired and attempt to achieve it by (re)allocating their human resources where they will contribute the most to the company's profitability. So, they don't just support

the changes the others have or together refine policies that influence others. Instead, they foster the change by monitoring their human resources and by developing the personnel structure of the company. They act as a catalyst of a change.

As a financial professional, the CFO will have the most concrete broader influence on HR management. He cooperates primarily with the CHRO and together they actively take part to the implementation of their decisions. The CFO’s financial expertise and structural power (see Finkelstein 1992) together enable the role of a financial professional. He highly influences through his financial expertise in the decision making related to HR management. The decision making process is practically the basis of his and the CHRO’s cooperation on this role. Like the role of a top executive, the CFO has to obtain an unconditional trust of the CHRO in order to effectively execute the role of a financial professional.

**Conclusion**

Summing up, each role has a significant influence on HR management of the company even the extent varies. For example, a manager influences practically only his own team’s HR management even this role occasionally supports the HR department and thus may have wider influence on the company. A top executive, on the other hand, takes part to the implementation of HR practices and decisions only moderately whilst he takes actively part to the decision making of HR management. That way he quite extensively influences the company’s HR management. A financial professional then takes actively part to the decision making and implementation of HR management, that have broad influence on the organization. Table 5 sums up in what extent the CFO takes part to the implementation and decision making of HR management and what is the scope he influences on in each role.

*Table 5. Influence to HR management*

<i>The CFO's influence to HR management</i>			
<i>Role</i>	<i>Scope</i>	<i>Implementation</i>	<i>Decision making</i>
<i>Manager</i>	<i>Small</i>	<i>High</i>	<i>Low</i>
<i>Top executive</i>	<i>Wide</i>	<i>Moderate</i>	<i>High</i>
<i>Financial professional</i>	<i>Wide</i>	<i>High</i>	<i>High</i>

Just like Partanen (2001) claimed, a controller, or in this case the CFO, has several roles in the company. He found that through learning a controller can adopt more sophisticated and wider roles. Thus the role expands over time but still contains at least some of the elements of the narrower roles even after the expansion (Granlund & Lukka 1998). Therefore it's not a surprise that the CFO appears to have several different kinds of roles that are related to HR management. However, the difference between my study findings and with the literature is that it appears to be relatively difficult to draw a time line where to locate different roles. Instead of that, the roles appear to be bound by different situations and so they can all be active relatively simultaneously. The role doesn't develop into a next advanced one but all three roles are present even one of the roles would be more active than the others. Ulrich (1997) made a similar conclusion when he studied the roles of HR manager. He found four different roles that can be active simultaneously and in matter of fact, if HR manager wants to be a genuine business partner to the company, all the roles had to exist simultaneously.

The role of the CFO can be described linearly where the role development is quite straight forward and during the development and expansion, some of the most basic functions the narrower roles contained, drop off (e.g. Granlund & Lukka 1998, Partanen 2001). The role of the CHRO is somewhat different and can't be described as clearly. The reason might be that the HR department has less employees and therefore the CHRO has to manage several roles simultaneously and get support from the other managers who are executing HR management in the company like Caldwell (2003) suggested. What is interesting is that this reflects also in the CFO and he has simultaneous roles in HR management. His role regarding to finance is easier to approach, but when we consider his role and influence on HR management, it's more complex.

This statement doesn't mean that the work of the CFO wouldn't be complex but it means that some simpler functions, such as bookkeeping and a preparation of simple reports, can be left behind for his subordinates. But when we consider HR management, some simpler practices such as hiring can't be left behind. The CFO, as a manager, has to take care of his subordinates and team and therefore master even some simpler aspects of HR management, such as hiring. Even he is executing some more advanced HR related practices, like contributing to the HR strategy in the top executive group, he has to go back to simpler practices when necessary. The

complexity of his role in HR management comes from many different levels the role contains, not necessarily from the complexity of the tasks, even some parts of HR management require many skills and support from the others.

Even the roles of the CHRO and the roles of the CFO in HR management both appear to be simultaneously active, it doesn't mean that the roles are the same. Even some of the roles have a lot of common (cf. Storey's (1992) advisor to Granlund & Lukka (1998) adviser), they are fundamentally different. If I simplify, the CHRO is an enabler of HR management and the CFO is an executor of HR management amongst with other executives. The CHRO supports the CFO to execute HR management and he builds the infrastructure for that. The CHRO also manages the definition of the HR strategy and how the managers should implement it. The CFO executes different HR practices, and refines the HR strategy and implementation plan with his professionalism. He makes the plans more feasible by bringing in his point of view. However, the reality is probably not as simple and their both roles are more multidimensional than described above. Thus it would, in matter of fact, be one possible field of further research to find out how their roles contribute to the company's HR management, and so enrich the simplification I just made.

## 6.2 Further research and limitations

Besides the suggestion I made above for further research, the topic is so tasty that there are several other possible ways to approach it. Practically in every company the human resources generate the profits of the company. People do the work using different tools, and the product or service they produce has a capability of generating revenue. The CHRO is naturally responsible for human capital and he should ensure it can work efficiently for the company. The CFO, on the other hand, masters the money the company is making. Thus they have plenty of mutual interfaces and they create possibilities to study conflicts they may face and how they solve them by using their professional skills.

Like the roles I found are implicating, the CFO and the CHRO cooperate a lot. Even studying all the roles separately would enrich the roles and deepen the understanding about them, I find studying the role of a financial professional more deeply to be the most interesting. This role is



something extraordinary from the other roles because it can't be transmitted to the other executives by just adjusting it a bit. The role of a financial professional particularly wells from the mutual interface the CFO and the CHRO have, and so they are both essential for the role. Also, since organizations constantly face changes of some kind, there is plenty of field to study how they cooperate in different types of changes and how they justify the decisions made to themselves and to the others in the organization. Team deployment, insourcing, out-sourcing, and layoffs are all sensitive issues for the company and if they are executed carelessly, they may have critical consequences for the company. Studying more deeply of how the role of a financial professional acts in those specific situations and how he cooperates with the CHRO, would not just extend the understanding about the complex role of the CFO, but also gives an insight for the practitioners of similar position how to cope with in similar situations.

Another interesting topic for further research regards the level of how much the CFO should influence HR management. The interviewees claimed that they are all satisfied with the current level of how the CFO takes part to HR management. In the matter of fact, they didn't know how the CFO could influence more on HR management without losing his focus, which should remain in financial issues as the interviewees claimed. Studying more deeply and extensively how the CFO and the CHRO actually cooperate would open doors to knowledge whether there is something they could do differently and still retain their core focuses. A deeper study of their interaction would also possibly offer more roles the CFO has in the field of HR management and thus deepen the knowledge of how the CFO's role requires diverse skills and characteristics. He, like none of the executives, doesn't work in a vacuum and so his expertise inevitably influence the work of others and thus there is overlapping of responsibilities and plenty more mutual interface than my study pointed.

As I already pointed out in Chapter 3, the case study has its limitations since it only scratches the surface of wider phenomenon. Nature of a case study that is conducted by semi-structured interviews is subjective. The interviewees give their point of view to the topic and then the writer interprets them. Therefore the results don't represent any absolute truth but are subjective interpretations of a writer. The concept of a role is so complex that it's impossible to make a generalization that the roles I found would exist in any other company except the ones I studied. Four companies only represent a modest portion of that size of companies and they are bound

to a certain cultural context. Therefore it can't be assumed that the roles of the CFO would exist as such in any company that differ from the companies studied. Also, like the controller's role has changed over time, the CFO's roles in the field of HR management can change over time, even in the companies I studied. Besides, since the number of interviews I conducted was limited, more interviews would probably have added something additional features to the roles I found. Thus repeating the study more extensively would possibly give a slightly different result about the roles.

However, the roles I found give a starting point for further research. Since the number of studies that have studied the same phenomenon as I did is limited, my study offers a reference point where to move on and enrich the theory. It gives a hunch of what *might* exist in companies that share similar features with the case companies of this study. Only with further research we will learn more about the topic and more comprehensively understand what kind of roles the CFO has in the field of HR management.

## 7. Conclusions

The objective of this qualitative case study was to enrich the understanding about how the CFO influence on HR management and what kind of roles he has in that field. These findings would then contribute the existing theories about the CFO's roles by adding perspective of how widely the CFO actually operates in the company and how the financial function is bound also to the other functions the company has, in this case HR function.

The study was conducted by semi-structured interviews in total four case companies, which all represent the same size companies. In addition, they all mainly operate in Finland but they have close connections to abroad, either by business or by a parent company. I interviewed CFOs and CHROs of the case companies because they have ringside seats to how the CFO influence on HR management. Also, I attempted to interview CEOs of the companies because they could offer an "outsider's" view to the cooperation between the CFO and the CHRO, but I managed to interview only two of them.

Based on the interviews, I found the CFO has three different roles in HR management. They are a manager, a top executive, and a financial professional. Each of them has their own supporting roles that construct these lead roles. The manager role is based on the fact that the CFO has subordinates to manage and that way he has to take part to HR management in the company by implementing certain HR practices. The top executive role then bases on the CFO's work in the top executive group where he contributes with the other executives to companywide HR management issues. In these two roles, the CFO adds his financial touch but quite likely similar roles exist also among executives with other expertise than finance. The third role, the financial professional, is more unique because it can't be transmitted to the other executives because it is based on the CFO's financial expertise and mutual interface the financial and the HR departments have.

I reflected these three roles in Partanen's (2001) role metaphors about controller's roles. The roles are not entirely the same because three roles always have a touch of HR management but

some of Partanen's roles certainly have an influence on them. Interesting finding was that these three roles can't be put in linear order where the CFO moves from one role to the other and drop off some features of the previous roles. Instead, all these roles exist at the same time though some of them are more active than the others, depending on the situation the CFO faces. However, they are always in the background even if one role is currently more active than the other. Hence the findings of this study contribute to the existing literature by illustrating how the roles CFO has purely as the CFO influence on the other roles he has when he operates in the field of HR management.

The study, however, faces some limitations. It can't be generalized because a role as an abstract and complex concept is bound to its context. The findings still offer a reference point for further research and thus make it possible to expand the understanding about the CFO's roles. The study probably raised more questions than it answered and so there are several possible further research topics related to how the CFO and the CHRO cooperate in different situations and how they should cooperate.

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## Appendices

### 1. Structure for the interview of the CFO

1. Can you describe your role in the company?
2. What kind of issues have influenced to the formation of it?
3. How would you like to change your current position in the company?
4. How would you describe how you share information in the top management group?
5. Who you consider to be your closest partner in the executive group?
6. With whom do you cooperate the most from the executive group?
7. How would you describe this cooperation?
8. Can you describe the cooperation with the CHRO?
9. How would you change it?
10. Can you describe your possibilities to take part to HR management?
11. What is your contribution to recruiting?
12. How about in developing and training the employees?
13. What kind incentive system you have?
14. How do you participate in this compensation and incentive process?
15. What kind of position you have in performance management?
16. How do you participate in the employees' job design?
17. What kind of issues have influenced to your role in HR management?
  - a. What kind of obstacles do you consider you have in participating in HR management?
18. How essential you consider the cooperation between the CFO and the CHRO to be for the company?
19. Anything to add?

### 2. Structure for the interview of the CHRO

1. Can you describe your role in the company?
2. What kind of issues have influenced to the formation of it?
3. How would you like to change your current position in the company?
4. How would you describe how you share information in the top management group?

5. Who you consider to be your closest partner in the executive group?
6. With whom do you cooperate the most from the executive group?
7. How would you describe this cooperation?
8. Can you describe the cooperation with the CFO?
9. How would you change it?
10. Can you describe the possibilities the CFO has to participate in HR management?
11. How does the CFO support you in recruiting?
12. How about in developing and training the employees?
13. What kind incentive system you have?
14. How does the CFO participate in this compensation and incentive process?
15. What kind of position the CFO has in performance management?
16. How does the CFO participate in the employees' job design?
17. How essential you consider the participation of the CFO in HR management is?
  - a. Do you see there is potential that the CFO could participate in more?
  - b. What kind of obstacles you consider there to be?
18. Is there something negative aspects if the CFO takes part to HR management?
19. How would you change HR management in the company?
20. Anything to add?

### **3. Structure for the interview of the CEO**

1. Who in the executive group supports you the most? How does this support manifest?
  - a. How does the CFO support you in your work/decision making?
    - i. What do you consider is his core field and supports the most the company?
  - b. How does the CHRO support you in your work/decision making?
    - i. What do you consider is his core field and supports the most the company?
2. Can you describe what kind of role the CFO has in the company?
3. And how would you describe the CHRO's role?
4. What kind of circumstances have influenced to their roles?
5. How would you describe the cooperation in the top management team?
6. How about between the CFO and the CHRO?
7. What kind of pros and cons it has for the company?

8. What thoughts you have about the top management team's and especially the CFO's and the CHRO's cooperation?
9. How would you change the cooperation between the CFO and the CHRO?
  - a. Do you consider you can influence to that?
10. Anything to add?