

# THE LINK BETWEEN HR PROFESSIONALS AND HR CONSULTANTS A Study on Value Adding HR Professionals at HUS and Outokumpu

Organisaatiot ja johtaminen  
Maisterin tutkinnon tutkielma  
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2008

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## THE LINK BETWEEN HR PROFESSIONALS AND HR CONSULTANTS

A Study on Value Adding HR Professionals at HUS and Outokumpu

Management  
Master's Thesis  
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Fall 2008

Approved by the head of the department of Marketing and Management

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Management, Master's Thesis  
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22.9.2008

**The Link between HR Professionals and HR Consultants – A Study on Value Adding HR Professionals at HUS and Outokumpu**

**Research Objectives**

This research links Strategic Human Resource Management (SHRM) with Human Resource (HR) Consulting. There is one primary research objective. The research explores the link between HR professionals and HR consultants in the context of adding value to the organization.

**Research Method and Data**

The research was based on a thematic structure conducted from the latest academic writings. There were four main themes: strategic value adding, current HRM challenges, competences of HR professionals, and the attractiveness of HR consultancy. The themes were further explored by interviewing the heads of HR and their direct employees in two Finnish organizations: Hospital District of Helsinki and Uusimaa and Outokumpu Oyj. A total of 8 people participated in the research. The data was collected applying semi-structured interview as a qualitative research method. The data was analyzed by using the same thematic structure as in the literature review and interview outline. The findings of the two organizations were compared and reflected against the theoretical framework in order to draw conclusions and make generalizations.

**Research Findings**

The research indicates that strategic value adding has gradually become the objective for HR professionals. Value adding is closely related to fulfilling the needs of the customers. HR consultants also share the need of adding value to an organization. Thus, the two professions are closely related in terms of HR expertise, value adding and customer-orientation. The empirical evidence from the two researched organizations showed that the HR professionals had real aspirations and willingness to become more strategic contributors in their organizations. However, their recent contributions for implementing the readjusted strategies of the organizations were not considered to be at the desired level. The HR professionals at the researched organizations considered the use of consultants rather likely within the future direction of the HR function. The research indicated similarities and differences between the researched organizations and attempted to bring the findings close to the theoretical context.

**Keywords**

Strategic Human Resource Management (SHRM), HR professional, Human Resource (HR) Consulting, Management Consulting

Johtaminen, pro gradu -tutkielma  
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22.9.2008

## **Yhteys HR -asiantuntijoiden ja HR -konsulttien välillä – Tutkimus arvoa lisäävistä HR -asiantuntijoista HUS:ssa ja Outokummussa**

### **Tutkimuksen tavoitteet**

Tämä tutkimus yhdistää strategisen henkilöstöjohtamisen (SHRM) ja henkilöstö (HR)-konsultoinnin. Tutkimuksella on yksi pääasiallinen tavoite. Tutkimus tarkastelee HR-asiantuntijoiden ja HR-konsulttien välistä yhteyttä arvon luomisessa organisaatiolle.

### **Tutkimuksen toteutustapa, menetelmä ja aineistot**

Tutkimus perustuu teemarakenteeseen, joka muodostettiin viimeisimpien akateemisten kirjoitusten pohjalta. Pääteemoja on neljä: strateginen arvon lisäys, tämänhetkiset henkilöstöjohtamisen (HRM) haasteet, HR-asiantuntijoiden pätevyys ja HR-konsultoinnin kiinnostavuus. Teemoja tarkasteltiin lähemmin haastattelemalla HR-johtajia ja heidän suoria alaisiaan kahdessa suomalaisessa organisaatiossa: Helsingin ja Uudenmaan Sairaanhoidopiirissä ja Outokumpu Oyj:ssä. Aineisto kerättiin käyttämällä puolistrukturoitua haastattelua laadullisena tutkimusmenetelmänä. Tutkimukseen osallistui yhteensä 8 henkeä. Aineisto analysoitiin hyödyntämällä samaa teemarakennetta kuin kirjallisuuskatsauksessa ja haastattelurungossa. Tutkimuksen tuloksia kahdesta organisaatiosta verrattiin keskenään ja niitä reflektoidiin teoriapohjaan johtopäätösten ja yleistysten tekemistä varten.

### **Tutkimuksen tulokset**

Tutkimus osoittaa, että strategisesta arvon lisäämisestä on vähitellen tullut HR-asiantuntijoiden tavoite. Arvon lisääminen liittyy läheisesti asiakkaan tarpeiden täyttämiseen. HR -konsulteilla on myös sama tarve luoda arvoa organisaatiolle. Näin ollen nämä kaksi ammattia liittyvät läheisesti toisiinsa HR-asiantuntemuksen, arvon lisäämisen ja asiakaslähtöisyyden kautta. Empiiriset todisteet kahdesta tutkitusta organisaatiosta osoittivat, että HR-asiantuntijoilla oli todella pyrkimyksiä ja halukkuutta tulla strategisemmiksi myötävaikuttajiksi omissa organisaatioissaan. Kuitenkaan heidän tämänhetkiset panostuksensa organisaatioiden uudistettujen strategioiden toteuttamiseksi eivät olleet halutulla tasolla. HR-asiantuntijat pitivätkin konsulttien käyttöä melko todennäköisenä HR-funktion tulevaisuuden kannalta. Lisäksi tutkimus osoitti yhtäläisyyksiä ja eroja tutkittujen organisaatioiden välillä ja pyrki tuomaan tutkimustulokset lähelle teoriataustaa.

### **Avainsanat**

Strateginen henkilöstöjohtaminen (SHRM), HR-asiantuntija, HR-konsultointi, liikkeenjohdon konsultointi

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# 1 INTRODUCTION

This research concentrates on the areas of strategic human resource management (SHRM) and human resource (HR) consulting. There is an extensive amount of research made on different topics related to SHRM whereas the area of HR consulting has not been much explored in academic research. The ultimate aim of this research is to explore the interrelationship between HR professionals and HR consultants.

HR professionals and HR consultants share the same goal: adding value to the organization through their work. For HR professionals creating value means aligning HR practices to simple business realities: serving customers, meeting deadlines, making profits, leveraging technology, and satisfying investors (Ulrich 1997, 246). For HR consultants adding value refers to the objective of improving the performance of the organization (FEACO 2008). The most fundamental thing in adding value to an organization is to work on the relationships with the internal and external customers. (HRfocus 2004, 3) Today's customers are more and more demanding, they insist measurable results and value for their money. Thus, collaboration and transfer of knowledge between HR professionals and HR consultants will become more intensive and versatile in the future. (Kubr 2002, 31) The relationships between HR professionals and HR consultants are likely to influence the development of the fields of SHRM and HR consulting. Especially in SHRM the acknowledged challenge for HR professionals is to add real value that eventually contributes to the strategic achievements of the organization as a whole.

The literature review of this research constitutes a framework for the study. It builds on four main HR themes: strategic value adding, challenges and competences of HR professionals, and HR consultancy. As studies on HR consulting are rather limited, the subject area is being introduced within its broader context of management consulting. These themes are used as a structural base for the research method, analysis, and conclusions. Initially the themes arose from the latest writings of academic researchers, such as *Dave Ulrich*, *Susan Mohrman*, *Wayne Brockbank*, *Edward Lawler*, *David Maister*, and *Milan Kubr*.

In order to further explore the current role of HR professionals, semi-structured interview was chosen as the research method for producing empirical evidence. Two Finnish organizations



from different industries and sectors participated in the research, the one being the *Hospital District of Helsinki and Uusimaa (HUS)* and the other being the stainless steel company *Outokumpu*. HR professionals working in the corporate headquarters in Helsinki and Espoo were interviewed and their thoughts and opinions about the research themes investigated. After representing the method of collecting empirical data, the analysis section presents the key findings from the interviews and explores whether the findings reinforce the theoretical base. Lastly, the conclusions summarize the final results of this research reflecting them to the initial research questions.

### ***1.1 Research Questions***

There is one main research question and two sub-questions to be solved in this research. These are the following:

- Ø What is the link between HR professionals and HR consultants in adding value to the organization?
  - What does adding value mean in SHRM?
  - How does an HR professional or an HR consultant add value?

These questions will be addressed by exploring the two researched organizations in the study and also by relying on earlier academic research. In addition, the purpose is to understand the advantages of collaboration between HR professionals and HR consultants in the development of HR function more extensively.

### ***1.2 Research Scope and Methodology***

In respect to the research questions, the study focused on the two actors, HR professionals and HR consultants. The prior literature generated a basis for these professions and described their operational environment, but the current practice of the HR professionals was examined through the two organizations, HUS and Outokumpu. The organizations were compared to each other in order to pinpoint the similarities and differences in the findings from two different industries and sectors.

With regard to the broadness of the four research themes, the research cannot cover each theme profoundly. However, for the analysis each theme was divided into two sub-themes breaking down the data into smaller bits, they narrowed thereby the scope of the research. Even though the data gathering produced a great amount of data, the research presented only the key findings per research theme for keeping the scope compact, the structure clear, and the reasoning logical.

The study examined a limited amount of HR professionals in the organizations. Still, the chosen interviewees were the ones doing the HR work in the corporate level in the organization. Thus, they had a broad view of the HR practices in the organization and therefore, their value to the research was considered significant.

The method in this research was semi-structured interview that enabled getting in-depth information about the research subject from the interviewees. The interview outline was based on four main themes created in the literature review. All themes were discussed with the HR professionals in the two researched organizations. The interviewees included the head of HR and his/her direct employees in both organizations. Their feelings, thoughts, and opinions were recorded and later analyzed. This research method enabled linking the theoretical base closely with the empirical findings.

### ***1.3 Terminology***

The key terms applied in this research were strategic human resource management (SHRM), HR professional, HR consulting, and management consulting.

*Strategic human resource management (SHRM)* is the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. This definition separates the term from traditional human resource management (HRM) since it is clearly linked to the goals of the organization. (Wright & McMahan 1992, 298)

*HR professional* is defined in this research context as a company's resource for helping managers to fulfil their responsibilities in managing people more efficiently. It is thus

expected that there actually is some type of HR organization or department in the company where the HR professional works (Christensen 2006, 8).

*Human resource consulting*, or the abbreviation HR consulting, refers to the external provision of advice aimed at solving business problems, implementing change, and improving performance in areas that influence the way employees are managed (Kitey & Wright 1999, 2). Even though an HR consultant can be considered as an HR professional too, the actor in this study is called HR consultant in order to keep it clearly separated from the term HR professional.

The term *management consulting* is an advisory service provided to organizations in order to identify, analyze, and solve management problems. Management consultants are external advisors who assist the client organization in an objective and independent manner. (Greiner & Metzger 1983, 7) A management consultant creates value for the organization when applying knowledge, techniques, and assets to improve the performance in the organization (FEACO 2008).

## ***1.4 Structure***

The structure of this research report is divided into a theoretical and an empirical part. Altogether there are five main chapters. *Chapter 1* is the introduction to the research at hand. The introduction gives a brief presentation of the research, its objectives, scope, and methodology.

*Chapter 2* presents the theoretical framework for the research. The literature review consists of two main sections. The first section sets the scene for strategic human resource management and for the work of HR professionals. The second section is divided into three interrelated sub-sections. The first sub-section describes management consulting, where HR consulting belongs as its own consulting stream. The second sub-section concentrates on exploring the HR consulting area. The importance of customer-orientation that arose to some extent already in the previous SHRM theory section is further explored in the third sub-section. It discusses the importance of building good consultant-client relationships.

*Chapter 3* is the methodology section that introduces the research method, describes the research process as a whole, and sets the basis for data analysis and research reliability.

The empirical findings are demonstrated and discussed in *chapter 4* so that the findings per organizations are illustrated first and then they are compared between the organizations.

Finally, *chapter 5* within the conclusions addresses the research questions set in the beginning and makes final conclusions of the research findings.

## 2 LINKING HUMAN RESOURCES WITH CONSULTING

In this literature review the purpose is to look at current topics in both human resources and management consulting. The idea is to link these two areas together in order to find the essence of today's human resource (HR) consulting. The section starts with a description of the field of human resource management (HRM) and continues with a description of management consulting. In the area of HRM the main focus is on understanding the strategic side of HRM and its challenges, and the competences needed from HR professionals to succeed in their work. The management consulting section in turn concentrates on describing the state of the consultant's working arena, exploring the rather narrowly researched field of HR consulting, and highlighting the importance of creating strong customer relationships with clients. The review is restricted to these areas of interest in order to address the research subject from a diverse but focused perspective. The method and data analysis of this research are based on this theoretical framework created herein. Thus, a productive dialogue between theory and empirical findings is enabled in the following sections.

### ***2.1 Setting the Scene for Strategic Human Resources***

Several researchers have conducted their studies in the HR field trying to capture the real meaning of it. According to Becker, Huselid, and Ulrich (2001) the strategic influence of HR professionals lies on a foundation of high-performing HR policies, processes, and practices. HR researchers have widely addressed the ability to act as one of the most fundamental requirements for HR professionals.

A feasible definition of Strategic Human Resource Management (SHRM) has been given by Wright & McMahan (1992). According to them, SHRM is "*the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals*". (Wright & McMahan 1992, 298) This definition is applied in this research.

Beatty and Schneier (1997) remark that HR must be assessed whether it enhances the company's competitive advantage by adding real and measurable economic value. HR needs not only add economic value to its internal clients, but also to external customers and

investors. Moreover, constituencies need to be willing to pay for the value delivered by HR. This suggests that HR function needs to focus on making things happen for customers.

According to Christensen (2006), there is a large gap between the theory and practice of strategic human resources. The primary reason for this gap is that few HR professionals have a clear picture in their minds of what the strategic role of HR looks like in application. Too many of them cannot put theory into action.

The action required from HR professionals often aims at HR professionals becoming more strategically active in the organization. According to Hariharan (2006), people become strategic assets when a company creates proprietary knowledge, tools, and training capabilities which are difficult to replicate or trade and which support the creation of desired competitive advantage. HR managers need to discover efficient assessment systems to generate employee value resulting in enhanced profitability and shareholder value. Dalziel (2005) adds to this that being able to facilitate changes within the organisation and having a good understanding of business and HR strategies, is also needed, if HR professionals desire to proceed further in their careers.

### **2.1.1 Being Strategic by Adding Value**

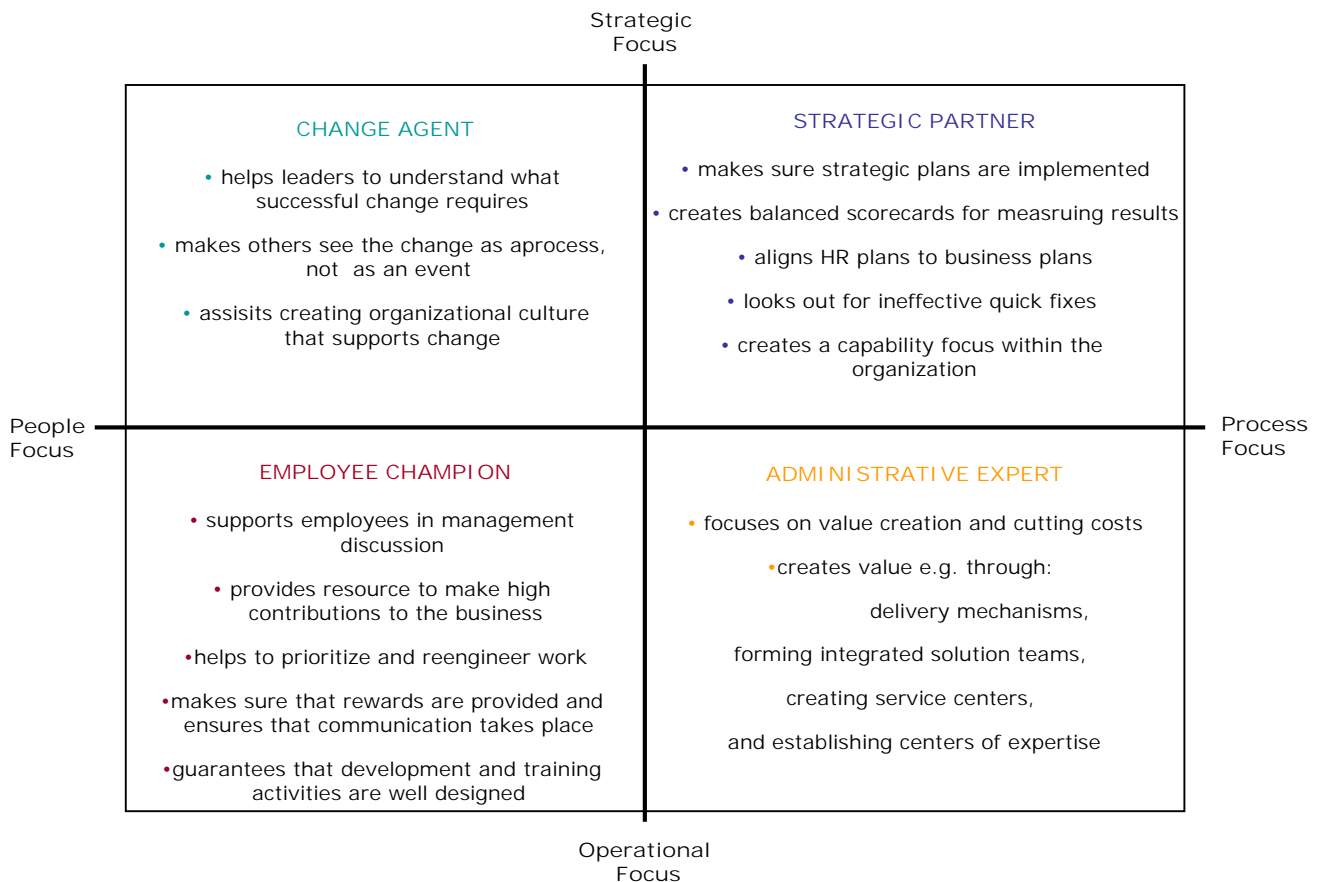
Academics and practitioners have called for strategic business leadership in order for HR to survive. There is still a significant amount of time being invested in routine transactional HR activities (such as recruiting, training, compensation) rather than the transformational HR activities (such as strategic planning, organizational development, knowledge management) that have been proven to add more value to the bottom line of the organization (Ramlall 2006, 40). When the routine HR activities are eliminated, the success of HR depends on the ability to add value to the business. (Cascio 2005, 160) Then again, when HR is making a greater use of information technology, information technology may free up HR from some of its routine work. Creation of HR systems enables self-service and eliminates transactional work significantly. However, HR should be able to identify and implement changes required in order to support the new roles and capabilities that the business needs. (Lawler & Mohrman 2001, 17 & 19)

Ulrich and Brockbank (2005) believe that defining the HR value starts the transformation of HR. This requires that the value of HR services and the receivers of that value are identified. The value of HR is ultimately defined by the receiver. Therefore, HR professionals need to focus on the receivers of the value and on what they really want from HR. Thus, the value is defined by those receivers, not by HR professionals themselves. This way the action taken by the HR professionals can have a greater impact. Thus, HR professionals should not only concentrate on delivering the desired results that rely on their own beliefs, goals, and actions.

New mind-sets need to develop in order to connect strategy and HR (Hewitt 2005, 210). Ulrich and Beatty (2001) underline that HR professionals should consider how to implement the company strategy, rather than ponder what the strategy consists of. The goals set should enable employees to understand their role and organization to know how to measure its success in achieving the goals. Referring to Kaplan and Norton (2001), the most successful organizations engage all their employees in the strategic process, since employees will be the ones implementing the strategy. The company in turn concentrates on identifying new ideas and information about market opportunities, competitive threats, and technological possibilities. Then again, Brockbank (1999) sees strategically proactive HR focusing on creating strategic alternatives for the future. Proactive activities include creating a culture of innovation and creativity, and creating internal capabilities that track and align with the marketplace.

To be seen as strategic, HR professionals are often labelled business partners. Dave Ulrich is a leading forerunner in this area and has written extensively about employee competencies and organizational capabilities. In his book “Human Resource Champions”, Ulrich (1997) provides a widely cited typology that defines four primary business partner roles for HR: *strategic partner*, *administrative expert*, *employee champion*, and *change agent*. Each of these roles has different duties in order to add value. The duties of each role are described in the following figure 1.

Figure 1. Duties of Ulrich's (1997) four HR roles.



The work of Ulrich's four HR roles can be shared in the company with line managers, outside consultants, employees, technology, or other delivery mechanisms. By carrying out these various tasks of a business partner, HR function will be accountable for business results, meaning that HR executives will improve the organization, find better ways of serving customers, identify strategic opportunities, and participate in business decisions. Hence, a business partner adds value to a company through strategy execution, administrative efficiency, employee commitment, and cultural change. (Pasmore 1999, 362-363; Ulrich 1997, 37-38; Yeung et al 1994, 13)

Even today, some of Ulrich's original insights about the roles of HR managers appear valid. First of all, HR departments should consider these four roles thoroughly to succeed and not ignore the administrative work. In addition, HR professionals and line managers need to discuss which HR roles are most important at a given moment. However, none of the HR people needs to excel in all four roles, but the overall HR department should be good at all



four. Moreover, each role implies a set of skills for being successful. (Huselid & Becker 1999, 261) In the following chapter 2.1.3, Ulrich's newest roles for HR professionals will be described.

Lawler (2005) also sees that the best way for HR to add more value to a company is by becoming a business partner. Demand for business partner services exists, since within continuous change companies have increased need for implementation of new business policies, practices, and strategies. Lawler and Mohrman (2003) have presented steps to describe how companies can increase the strategic value-add of HR. These steps include

- Ø highlighting knowledge and competency aspects of the business strategy,
- Ø increasing HR's focus on planning, organizational development, and organizational design,
- Ø explaining vision and application of HR capabilities in order to focus on strategic analyses that can turn data into strategically valuable information,
- Ø increasing business knowledge of HR professionals and their link to the business, and
- Ø ensuring that the head of HR has deep HR experience. (Lawler & Mohrman 2003, 27-28)

HR can get close to the business by having knowledge about the business and the industry, as well as, about strategy, markets, and economy. This way HR can help organizations to make the most of their people, and ensure using HR and people in a more strategic way and making real contributions to the business. (Ulrich 1998, 134) Getting closer to the business is about finding out what key issues the business and managers face and how HR could help in those. Using the language of the business gives HR better influence. Further, participating in the meetings as a part of the management team makes HR to be considered as a full business team member. More importantly, measuring the success and learning about the strategy work gets HR closer to the business. People-related metrics provide information to the organization and help in creating the best HR solution. (Dalziel 2005, 2)

Becker et al. (2001) also see the importance of HR metrics. According to them, the most potent action HR managers can take to ensure their strategic contribution is to develop a measurement system that showcases HR's impact on business performance. To design such a measurement system, HR managers must adopt a different perspective, one that focuses on

how human resources can play a central role in implementing the firm's strategy. If a company's current accounting methods cannot give HR professionals the measurement tools they need, then they need to develop their own ways of demonstrating their contribution to the business. After all, it is up to HR to develop a new measurement system that creates real value for the company. A sound performance-measurement system does two things: it improves HR decision-making by helping the company to focus on those aspects of the organization that create value and it provides a valid and systematic justification for resource-allocation decisions. These two things show that HR can be considered as a strategic resource instead of being cost-center. It is important to be able to show the link between HR outcome and company performance.

Cascio (2005) points out that HR professionals also need to understand and identify key drivers of individual, team, and organizational success. These drivers are the basis for human capital metrics that should be linked to customer behaviour and financial outcomes of the business, and to build a coherent management system around the process. Thus, the future role of HR depends on compliance, commitment, and capability.

According to Brockbank (1999), there are two channels through which HR can be linked to a company's business strategy. The first one is to support execution of tactics that drive the long-term strategies. The second is to develop cultural and technical capabilities necessary for long-term success. This requires that the company has a business strategy and operational tactics defined. When a company has its tactical and strategic logic in place, HR's role is to ensure that the right people are recruited, correct training is offered for employees, and the people are rewarded for their work. Referring to the second channel, development of cultural and technical capabilities can be achieved through eight action steps. These steps are described in the following graph (see figure 2). The two-channel framework has been successfully used by companies such as *Texas Instruments*, *General Motors*, *Coca Cola*, and *Unilever* (Brockbank 1999, 342-344).

Figure 2. Steps for developing cultural and technical capabilities (Brockbank 1999).

STEP 1:	Define business unit for which HR practices are being designed.
STEP 2:	Specify key trends in the external business environment.
STEP 3:	Identify and prioritize the company's sources of competitive advantage.
STEP 4:	Define required culture and technical knowledge and skill areas that support the sources of competitive advantage identified in step 3.
STEP 5:	Identify the cultural characteristics that the company should reduce/eliminate if it is to optimize competitive advantage.
STEP 6:	Design HR practices that have greatest impact on creating desired culture.
STEP 7:	Establish action plans for detailed design of HR processes.
STEP 8:	Specify means by which effectiveness of the entire process is measured.

Researchers Lawler, Levenson, and Boudreau (2004) see that assessing HR effectiveness requires measuring talent quality, talent development, and talent deployment. Typical metrics include measures of the strategic skills and core competencies, metrics classifying how well pivotal jobs are filled and the type of development activities that take place for critical talent. In order to provide analytics showing a relationship between HR practices and business outcomes, several requirements need to be filled by HR. They need right metrics, good analytic models and valid measures of performance, as well as data and data analysis showing how human capital management decisions affect organizational performance. HR needs to go beyond showing that HR can reduce cost of HR administration and improve service quality. HR needs also to add higher value by providing data about strategic readiness of an organization to execute a strategy and by identifying what an organization needs to do to implement a strategy.

### **2.1.2 Defining HRM Challenges**

Fairly little is known about why human resource functions succeed or fail. It is however obvious that the HR functions in different companies vary in practice. There are as many interpretations of what makes HR function successful or unsuccessful as there are views of the beholders. Much of the success relies on HR professionals themselves and their perceptions of their own role as value adding contributors within the company. (Pasmore 1999, 361-362)

Regarding HR professionals, what is needed is a relationship between employees and organizations that allows both to succeed. Organizations that wish to excel must be appropriately staffed and provide opportunities for employees to develop relevant skills, receive superior rewards and benefits, have some security, be involved in appropriate decisions, understand how their work links to the overall strategy, and take part improving and transforming the organization. In exchange, employees must be committed to the success of the organization, willing to learn new skills and assume new responsibilities, team effectively with others, offer their ideas and energy, be willing to change, be self-managing, and understand the business. (Pasmore 1999, 367)

Companies must regularly make sure they have a clear sense of who they are, what they stand for, and what behaviours their people must show in order for the company to be successful. It is important to ensure that corporate culture reflects and supports the behaviours needed to win in the marketplace and to accelerate growth. (Fairbairn 2005, 156 - 157) This can be applied to concern HR professionals as well; they need to have the latest view on where they stand at the moment and where they are heading next in order to execute the company's strategy.

Beatty and Schneier (1997) state that it is not enough for HR to become a strategic partner. Instead of becoming a business partner, HR should become a strategic player. Player makes things happen for customers, focusing more on results than on activities. The challenges for HR of becoming a player are much more difficult than those of a business partner. Some forms of partnership can take place "below the line", but becoming a player starts with above-the-line activities in which the HR activities are aligned with strategy to create a culture that supports the strategic direction. The role of a player is explained further in the section 2.1.3.

One of the greatest challenges in human resource management is to get the HR professionals to strive, grow, and reach for more than they think is possible. This requires development of a “stretch mentality”. (Cascio 2005, 159) Another challenge is that HR professionals need to provide numbers with meaning that show their contribution to the company. Eliminating unnecessary work allows HR departments to allocate their scarce resources to relatively higher value-added activities. (Yeung et al. 1994, 8)

Kahnweiler (2006) has found the following five key challenges for HR professionals:

- 1) lack of power,
- 2) walking a tightrope,
- 3) dealing with sceptical customers who view HR negatively,
- 4) vulnerability, and
- 5) being overwhelmed.

*Lack of power* refers to the reality that HR professionals often provide services to people who occupy positions of greater authority and responsibility than their HR position has. Knowing that they lack position-based power, HR professionals rely on other forms of influence in their work. To deal with the challenge produced by the lack of power, successful HR professionals try to make sure they know what concerns their customers and then offer assistance with those issues, even when such work would not be what they would choose to do if they had position power over their customers. (Kahnweiler 2006, 26)

*Walking a tightrope* refers to another reality. HR work has dual allegiances that can conflict with one another. This occurs often when trying to serve managers and employees. Thus, HR professional can be seen as “puppets of management” by employees or “overemotional” by managers. Neither view results in effective outcomes for the HR professional. HR professionals need to emphasize the need for self-knowledge in order to walk the tightrope without getting hurt. It is critical for them to know their own values and the boundary line beyond which they are unwilling to go in order to honour those values. This challenge concerns dealing with customers who have negative attitudes towards HR function and towards people who work there. This can range from resisting HR’s advice to totally ignoring what HR people have to say. HR professionals can ask for help in learning more about the business and the organization. (Kahnweiler 2006, 27)

*Vulnerability* refers to those HR positions that are highly vulnerable to being laid off, having the headcount reduced and/or having HR budget cut. This problem might be solved if people were educated about the fact that not everything that is important to an organization does necessarily get measured, or at least easily measured. (Kahnweiler 2006, 28)

The fifth challenge, *being overwhelmed*, refers to one's devotion to work based on personal decision. HR professionals need to be aware of what work means to them and what their priorities in their life are. Their enactment regarding the priorities should be verified. (Kahnweiler 2006, 29)

The most pressing challenge for HR is to rise up to truly live, model, and promote the values that not only have historically characterized the profession, but that are also necessary for long-term organizational success. To do so will be increasingly difficult as organizations become more cost-focused and demand more accountability from HR. Strategic value is concerned with building an organization capable of delivering customer outcomes. The priorities of this value system consist of processes, technologies, culture, and skills and commitment of the workforce. (Wright & Snell 2005, 180)

### **2.1.3 Competencies of HR Professionals**

Generally competences refer to knowledge, skills, or abilities of people. According to Ulrich (1987) professional competencies of HR professionals refer to *knowing the business, being competent, anticipating change and responding proactively, involving and committing line managers, being data based, prioritizing and ensuring simple successes, remaining close to the customer, and using HR practices to build competitive advantage*. Then again, personal competencies include strategic thinking, credibility development, as well as, being candid, politically agile, and a leader.

Yeung et al. (1994) have approached the HR competency from a somewhat similar angle. According to them, HR competency model calls for four things: 1) business mastery, 2) personal credibility, 3) HR mastery and 4) change mastery. *Business mastery* includes business acumen, customer orientation and external relations. *Personal credibility* refers to trust, personal relations, values and courage. *HR mastery* in turn consists of staffing, performance appraisal, rewards system, communication, and organization design.

Interpersonal skills and influence, problem solving skills, innovativeness, and creativity form the *change mastery*. An effective HR professional masters all these four domains of competencies.

Traditional HR professionals are those who focus on recruiting, training, pay, and industrial relations. These functions are transactional in nature and typically measured in volume. Strategic HR professionals focus on the strategy and the culture of the organization, contributing in creative ways that impact the entire organization's productivity and effectiveness. (Green 2002, 112) Thus, the strategic HR work is more directly connected to the company's strategy and its implementation than the traditional HR work (Christensen 2006, 8-9). It seems obvious that the roles of HR professional are evolving and the direction is strategic rather than transactional (Green 2002, 113).

Researchers see that the development of HR professionals should focus on business in general, and especially, on the human side of business. HR function has a responsibility for creating a people strategy, and for bringing it to the management for approval and execution. Thus, HR professionals should be thinking of current concepts, research, and best practices about people. They should picture themselves as contributors to the company's competitive advantage. HR professionals should also know how their activities are related to customers' and shareholders' behaviour. An effective HR development program leverages a vision of HR professionals as creators of competitive advantage that meets the value requirements of customers and investors. (Quinn & Brockbank 2006, 479)

HR professionals can be considered as givers or creators of programs and services, but they cannot define the ultimate value of HR function by themselves. The impact of HR practices on employee commitment, customer mindshare, and investor perceptions become the value created. (Huselid & Becker 1999, 356) Moreover, Becker et al. (2001) state that HR professionals add value to the business when they understand how the business operates. Understanding allows them to adapt HR and organizational activities to changing business conditions. At least, the HR professionals must be experts in their speciality. They need to be dedicated enough to continually master the underlying theory and agile enough to adapt that theory to their unique situation.

Despite the praise of the HR role as a business partner, researchers have gone beyond that. As mentioned earlier in chapter 2.1.2, one way in which HR professionals can meet the increased expectations is by being “players”. Players contribute, are engaged, add value, are in the game, deliver results, and make a difference. (Ulrich & Beatty 2001, 284) The players have six interdependent roles. These roles are 1) coach, 2) architect, 3) builder, 4) facilitator, 5) leader, and 6) conscience. Mastering these roles leads to adding value. The following figure explains the activities of each six roles (see figure 3).

Figure 3. The six interdependent roles of a player (after Ulrich & Beatty 2001).

Role	Activities
COACH	-observes behaviour -provides feedback -rewards behavioural change
ARCHITECT	-understands the preferred outcomes -meets functional requirement
BUILDER	-finds out how to deliver the value proposition to the customer
FACILITATOR	-ensures that action occurs within teams, organizations, and alliances
LEADER	-ensures that things are done the right way
CONSCIENCE	-ensures that organization plays by the rules, moral, and ethics

The objective of HR professionals is to ensure that HR adds value to strategic planning and business results of organizations. By fulfilling these six roles, HR professionals become valued contributors at the strategic decision-making and strategy execution meetings. (Ulrich & Beatty 2001, 306)

According to Ulrich’s (2007) more recent view, HR professionals in large HR departments have five different roles and responsibilities. These refer to

- Ø transactional work,
- Ø corporate HR,
- Ø embedded HR,



- Ø centers of expertise, and
- Ø operational executors.

They all have unique contributions. *Transactional work* includes standardized, routine work that is taken care of by service centers, eHR and outsourcing. *Corporate HR* in turn consists of corporate culture and identity development, implementing the CEO's agenda, aligning HR with business goals, solving disputes between centers of expertise and embedded HR, being responsible for employees at the corporate level, and making sure of the professional development of the HR staff. (Ulrich 2007, 40-42)

*Embedded HR* refers to roles such as relationship manager, HR business partner, HR generalist and alike. They work directly with line managers and the management team in order to clarify strategy, perform organizational audits, manage talent and organization, deliver HR strategies, and lead HR function. They also engage in business strategy discussions, define the requirements of reaching business goals, select and implement HR practices, and measure and track performance. However, while embedded HR professionals are expected to be strategic, they often are overwhelmed by operational HR work that conflicts with their main purpose. (Ulrich 2007, 42)

*Centers of expertise* can be described as specialized consulting firms inside the organization. Often centers of expertise are asked for assistance when the organization is about to enter into a contract about independent work from external vendors. (Ulrich 2007, 43)

As the final role of HR departments, *operational executors* are responsible for individual casework, operational tasks, analysis and reporting, delivering initiatives, implementing business initiatives, or implementing initiatives from the centers of expertise. They transform the business requirements driven by embedded HR professionals into an operational plan with innovative HR practices that are driven by centers of expertise. (Ulrich 2007, 43-44)

Meisinger (2005) has created a four C's framework showing that successful HR professionals should be 1) competent, 2) curious, 3) courageous, and 4) caring about people. HR people need to be *competent* both in their own field and as business professionals. Being *curious* is being aware of what is going on in the organization, in the industry, and in the global environment. Inside the firm HR professionals should be aware of the CEO's concerns and

focus on the same issues in order to add value optimally. Having *courage* refers to doing the right thing when there is a pressure of doing something else. A person who has self-confidence in doing one's job usually has courage. *Caring about people* and their contribution characterizes a good HR professional. This way they can make strategic decisions understanding what is the impact of them on people. Through the four C's HR professionals can add real value to the organization.

The literature review on SHRM has provided plenty of guidance for the HR professionals in order to enable them to take actions. The next chapter will explore the working environment of HR consultants and how the researchers see their current state. Moreover, the section describes the importance of creating strong consultant-client relationships. The client in the next section refers to the HR professional with whom the HR consultant collaborates in order to add value to the organization.

## ***2.2 Setting the Scene for Human Resource Consulting***

Competition in the consulting industry has been growing since many companies have entered the market. Economic growth, increasing internationalizing, and the complexity of today's management have also affected the accelerated growth of the industry (McKenna 2006, 9). Clients in the consulting market are becoming choosy and they can afford to be so. They have altered their expectations concerning consulting services. They demand greater industry experience, execution abilities, and implementation skills from their consultants. (Graubner & Richter 2003, 44) In addition, quality, professionalism, and ethics seem to be key elements for choosing a consultancy. There is a clear trend of investments in new projects and more long-term projects. The steady growth in demand is causing a tough competition regarding talent on the consulting market. (FEACO 2007)

Management consultants are widely used in all major industry sectors and they provide professional services in diverse areas such as human resource management, logistics, corporate strategy, project planning, and marketing (Jang & Lee 1998, 67). HR function often needs its own consultants, identifying issues that must be addressed before HR function can in turn fulfil its role of helping the organization to perform more effectively (Pasmore 1999, 364).

The next sections cover the current state of consulting work, explore the area of human resource consulting, and address the importance of a good consultant-client relationship. The areas are discussed mostly from the customer's perspective.

### **2.2.1 Illustrating Consulting Work**

Management consulting has been defined by Greiner and Metzger (1983) as an advisory service that identifies, analyzes, and solves management problems of the client organizations. Management consultants work in the client organization in an objective and independent manner. (Greiner & Metzger 1983, 7) These definitions depict the meanings of the management consulting and management consultant in an appropriate extent for this research.

Another way of thinking the role of the consultant and the client is to assume that the main role of a consultant is to advice and the main role of a client is to implement (Jang & Lee 1998, 67). Weiss (2004) considers that consulting is about applied common sense. Successful consultants adapt that common sense to today's society, technology, and economy (Weiss 2004, 14). However, these two considerations are too broad for defining the essence of management consulting. Thus, the previous definitions of Greiner and Metzger hold within this research.

According to Nolan and Benningson (2005), there are five major trends affecting clients' needs in consulting. Thus, consulting firms need to tune their service offerings to the following trends:

- Ø keeping up with the pace of change
- Ø continuously reducing costs
- Ø accelerating product and market development
- Ø coping with discontinuous technology shifts, and
- Ø meeting the global imperative (Nolan and Benningson 2005, 56).

The researchers have also provided some advice to future consulting firms:

- ∅ be strong at change management,
- ∅ manage and develop intellectual assets,
- ∅ access part-time specialized talent,
- ∅ develop niche opportunities,
- ∅ establish strong network organization, and
- ∅ accept bi-modal capabilities within the firm (Nolan and Benningson 2005, 71-72).

Companies are reevaluating their mix of operating activities and many outsource the activities that are not part of their core competency. The trend toward reconfiguring a company's value chain is leading to considerable growth in consulting. At the same time, companies are seeking new products and redesigning the old ones. Traditional companies tend to lack creativity within their organization cultures and so they look to consultants for outside help. This requires consultants to study the customer's needs and competing products. They need to work close to the clients. There are also major international openings in non-traditional markets, including China, India, and Eastern Europe. Client companies are seeking assistance from consultants with offices abroad. (Poulfelt, Greiner and Bhambri 2005, 11-12)

Consultants apply their analytical and process methodologies and tools to the problem or issues, with improved effectiveness, efficiency, and profitability being key outcomes. (Amish, Cayes & Lipsky 2006, 45) They renew their competencies by observing the "best practices" at the client firms, scanning specialised literature, and participating in training courses. (Creplet, Dupouet, Kern, Mehmanpazir & Munier 2001, 1521)

As a result of the continuous movement from top consultancies into the boardrooms of their clients and of increased experience in dealing with internal and external consultancies, client managers make increasingly well-informed choices about the providers of consulting services. Consultants have less leeway than they used to have. Long-term consulting relationships are also less and less common, meaning that a stable source of income is not guaranteed anymore. (Graubner & Richter 2003, 44)

Benefits of using consultants result their experience with other companies and organizations that gives them a broad perspective, their time for making analyzes and easy recruitment and

release. (Lawler & Galbraith 1993, 76) Maister (1993) has identified three key benefits that the clients of consulting firms seek. These are *expertise*, *experience*, and *efficiency*. The relative priority between these benefits can vary significantly. Clients who seek primarily *expertise* require creative, talented, or innovative people to solve a large, complex, high-risk, or unusual problem. Clients who prefer *experience* over the other benefits need a partner that has earlier experience with similar problems. The problems are less unusual and often dealt with by other companies. Clients that ask for *efficiency* know that their problem can be solved by many consulting firms, but they want a firm that can solve the problem quickly and at low cost. Thus, the consulting firm must be efficient rather than have the top expertise or prior experience.

### **2.2.2 Discovering Human Resource Consulting**

Even though little academic research has been done on the area of HR consulting, the literature does provide a broad definition for HR consulting. Referring to the definition given by Kitay and Wright (1999), human resource consulting means: *the external provision of advice or technical expertise aimed at solving business problems, implementing change, and improving performance in areas that affect the way in which employees are managed* (Kitey & Wright 1999, 2).

The future of HR consulting is seen as inseparable from the future of the HR function. The way HR function is now managed will most likely change in the future and the changes will alter the future of HR consulting. Considerable evidence from recent trends already indicates that HR's use of consulting firms is changing rapidly. Outsourcing, electronic HR systems, and use of consultants for improving human capital management are implications of this. (Lawler and Mohrman 2005, 133-134) In addition, HR consulting constitutes a significant part of the general management consulting, and thus, its growth also depends on the growth of the management consulting market (Kitey & Wright 1999, 14). Moreover, HR consulting is closely related to human resource practices in the companies. HR functions are going through considerable changes within outsourcing, extensive use of intranet, more complex organizational structures, and increased importance of intellectual capital in creating competitive advantage for a company. (Lawler & Mohrman 2005, 133) These changes influence the working opportunities of HR consultants as well.

Kubr (2002) states that human resources is a challenging consulting market at any time, even when qualified workforce appears to be abundant and companies seek to cut expenses by investing less on people. According to Kitay & Wright (1999) an increase in the use of consultants could have major impact on the internal human resource function. This might also cause changes in the career paths of HR professionals. Research indicates that HR consulting firms have a wide range of services and dense networks of alliances. The networks range from single contacts to regularized arrangements and they involve both small and large consulting firms. Often companies that do not invest great amount of resources to the management of human resources are more likely to use consultants.

Regarding the value-added, the IT operational, and analytical tools available to HR professionals, they can empower both themselves and all company employees to add more value. Where consultants can add value depends on the existing gap between in-house capabilities and the additional knowledge and skills required from the outside to enhance a company’s human capital. Ideally, the external and internal parties should complement each other, rather than seeing each other as a threat. (Lawler and Mohrman 2005, 135)

Professional skills and competence of a consultant are related to his/her whole educational background, professional further education and continuing education, and professional experience. (af Ursin 2007, 61) The critical HR consulting skills refer to knowledge, skills, abilities and attitudes of HR professionals (Green 2002, 114). The skills are further described in the following figure (see figure 4).

Figure 4. The critical HR consulting skills (Green 2002).

SKILLS OF AN HR CONSULTANT			
Knowledge	Skills	Abilities	Attitudes
<ul style="list-style-type: none"> <li>-management and organizational theory</li> <li>-organizational culture</li> <li>-job design</li> <li>-strategic planning</li> <li>-consultative approaches</li> <li>-project management</li> </ul>	<ul style="list-style-type: none"> <li>-open communication</li> <li>-influence</li> <li>-diagnosis and analysis</li> <li>-feedback</li> <li>-application of survey and research method</li> <li>-time management</li> </ul>	<ul style="list-style-type: none"> <li>-work with diversity</li> <li>-build relationships among others</li> <li>-stay focused during change</li> <li>-see the big picture</li> <li>-handle rejection</li> <li>-project optimism</li> <li>-positive professional image</li> </ul>	<ul style="list-style-type: none"> <li>-seeing oneself as an expert</li> <li>-sensitivity</li> <li>-belief in personal career growth</li> <li>-determined spirit</li> <li>-perceptual objectivity</li> </ul>

The human resource consultant concentrates on how people relate to the organization and its objectives, to each other and mutual objectives, and to themselves in their work. The focus is on improving how the organization mobilizes itself to recruit, motivate, evaluate, reward, and develop its employees. (Greiner & Metzger 1983, 203)

Recently many IT consulting companies have begun to specialize in developing their software for performance management, training, compensation, administration, career development, and a multitude of HR areas. Many of them offer advice to companies on what are the best processes and the best systems, but they are still beginners in understanding HR expertise. Nevertheless, they are serious competitors for HR consulting firms. (Lawler and Mohrman 2005, 145-146)

The HR function can play a key role by working closely with the top management and external consultants on strategic issues. Considerable research suggests that strategic planning and complex change efforts that do not consider and involve the human element are doomed to failure. Much of the HR assistance cannot be automated and requires face-to-face interaction. HR can help senior management seek out consultants who are skilful at including and involving people in strategic planning, organization design, and change management. HR professionals can work closely with these consultants during projects to provide internal knowledge. (Lawler and Mohrman 2005, 138)

In order to satisfy growing client expectations, consulting firms still need to attract the best talents they can find. According to Graubner and Richter (2003), four areas of HRM will prove particularly important in tomorrow's consulting firms. These areas are

- 1) recruitment, socialization and separation,
- 2) training and development,
- 3) incentives and motivation, and
- 4) HR administration.

Referring to the *first area*, the consulting firms need to maintain their focus on the best candidates, but from a much wider and more heterogeneous resource pool. Much more difficult is to integrate different types of people into the company. With a more diverse workforce, socialization will be a continuous process rather than one that tails off as people

progress. Appropriate separation policies are equally important. Entry and exit are events that imprint themselves on people's memories. The *second area* is training and development. As client expectations grow and the need to stay attractive as employers persists, consulting firms must develop effective means to provide training to their staff at all levels. The *third area* includes incentives and motivation. Performance-related compensation should be tied to overall firm performance rather than to individual performance only. This could strengthen organizational commitment. As regards the *fourth area*, HR administration, pressure on becoming more efficient as well as pressure on small cost-drivers will increase. Internalization and mobility of workforce increase as well and are supported by flexible and highly professional HR administration. (Graubner & Richter 2003, 45-50)

For HR consultants it is essential to be aware how the HR functions in organizations are developing in order to provide their services. Through service consolidation, information systems, outsourcing, and reengineering, many HR departments aspire to upgrade their services from merely transactional activities to consulting services. Because of their preoccupation with transactional activities, HR professionals have often not been able to provide tailor-made solutions and services to individual businesses. As a result, "ready-made" human resource packages have usually been provided to businesses without adequately understanding their specific needs. As a result, HR programs and practices have not been as effective and value-added as they could be. (Yeung et al. 1994, 12) At its best, HR consultants could help the HR departments to reduce the transactional HR work and therefore, shift the HR focus more on strategic HR work.

### **2.2.3 Building Consultant-Client Relationships in the HR Field**

The central challenge to a service organization such as a consulting firm is to manage the substance of what they do for their clients and to manage the expectations and perceptions of their clients. This requires that the consulting firm is truly aware of the needs of the clients. The problems of the clients need to be addressed so that the clients are aware that the consulting firm really cares for them. (Maister 1993, 71-73) This implies that the trust of the client is to be earned by the service organization in order to create a strong customer relationship.



Concerning the consulting services, it is a big issue whether to offer a wide range of service or concentrate on producing certain service well and avoid possible conflicts of interest. Threat related to substituting services in the consulting industry is that the client may produce the service itself and does not buy it from an external service provider. (Lehtonen 2006, 76-78) Most consulting sales are rather complex, they can take as long as 18 months to close and involve multiple buyers and influencers who contribute to the client's decision to sign up. The most successful engagements are won by a team comprising various subject-matter experts. (Peters 2002, 23)

Selling of a proposal to a prospective client requires a keen sense of what is really troubling the client. Based on a few initial interviews, the consultant must prepare a proposal that persuades the client to buy the services over those of a competitor. The client's decision will depend on how well the consultant has presented such factors as the problem, fees, work plan, and expected results. (Greiner & Metzger 1983, 33)

Allen (1983) sees that the use of consultancy can be interpreted in both negative and positive light. Extensive use of outside consultants can be a sign of a weak and indecisive management. The more critical the customer's problem, the greater is the temptation to seek advice from outsiders selling services and easy answers to difficult problems. Company managers must make most of their decisions with incomplete information, and much of it is impossible to measure with great precision. This requires that good managers learn to use good judgement and common sense, and sometimes their intuition. Another drawback regarding relying heavily on consulting firms is that they are very costly. Customers are paying consultants to think on their behalf and learn the business when they could be developing the talent inside the company to do the same job. It is likely that the customer could solve the problem itself at much less cost. A third problem in using outside consultants is that they have difficulties in understanding the corporate culture of companies that employ them. Employees are suspicious about the motives and the intrusion. Thus, the use of consultants can hurt employee morale and complicate the implementation of the recommendations.

However, when confronting a new situation where a customer has little or no expertise, it may be advisable to seek a second opinion from people outside who have greater experience in critical areas. Deciding on when to allow an outsider to handle sensitive business tasks is one

of the most demanding tasks of company managers. Sometimes consultants can give a customer an entirely new viewpoint, collect information they cannot get, interpret it in ways they would not have thought of, and develop a plan of action that might be invaluable and prevent serious mistakes. (Allen 1989, 31)

Many clients have complained about the service of consulting firms. They often state that consultants lack expertise, specialized knowledge or objectivity, and that they fail to fulfil the client's overall expectations. Similarly, consultants complain that top managers lack sufficient support in the management consulting process. (Jang & Lee 1998, 67)

Criteria for evaluating the consulting project or process are many. For the customer, it is important to show how the needs of the customer are fulfilled and if the initial problem has been solved. In order to evaluate the efficiency and influence, the following questions must be answered: how efficiently was the process completed, how did the implementation succeed, and how good and durable influences were achieved. (af Ursin 2007, 105) If a consulting firm oversells a client, they will only do a poor job and the client will be unhappy. (Greiner & Metzger 1983, 27)

Large consulting firms often prefer large projects with big clients, and they have high fees for services that are not always delivered with the best quality. It can be that the actual work, after the consulting work has been sold to the client, is done by less experienced staff. The staff might learn at the client's expense. Their analytical work can be of excellent quality, but they rarely stay to implement their recommendations, which is the difficult part. For this reason, the consulting industry is also populated with small firms and independent consultants. They take on smaller projects with the aim of providing more personal and continuous service. Smaller firms are able to provide a long-lasting and close personal relationship with their clients, which means that the consultant can know the organization in-depth. The fees are lower too, due to smaller overhead costs. (Greiner & Metzger 1983, 26)

A consultant finding a solution to a client's problem needs the skills of imagination, courage, and teaching ability. If the know-how would be the only ingredient, clients could solve their problems by themselves. Imagination helps to create new vision and ideas to provide the best solution for the client. Courage is needed to propose a change programme to the client and make employees and executives in the company support it. Teaching ability is needed when

consultants train their clients to act differently, if the change is to occur. (Greiner & Metzger 1983, 30)

Cascio (2005) has provided a chain framework that combines effective management practices, employee satisfaction, customer satisfaction, and long-term profitability and growth together. Apparently the first three factors in the chain result in the last, profitability and growth (see figure 5). The framework can be used as a business model that is based on measurement. This again emphasizes the fact that HR practitioners need to show the effectiveness of HR management and the strong relationship between key metrics and HR in order to become the driver of business success.

Figure 5. The chain relationships linking management practices to employee satisfaction, customer satisfaction, and long-term profitability and growth (after Cascio 2005).



Long-term customer loyalty to a service develops as people have consistently positive experiences with the consulting firm and as the consulting firm meets their expectations. If their expectations are not met, continued loyalty depends on whether problems are resolved quickly. Customer experiences can be improved through

- Ø developing customer literacy,
- Ø thinking and acting like a customer,
- Ø measuring and tracking targeted customers and customer value proposition, and
- Ø engaging target customers in HR practices. (Ulrich & Brockbank 2005, 59)

*Customer literacy* begins with knowing the customers and their buying criteria. The target customers are those who bring the most revenues and profits to the company. They are also the customers whose loyalty the company wants. (Ulrich & Brockbank 2005, 60-61)

*Thinking and acting like a customer* refers to putting oneself in the customer's position and asking what-if questions. When a person starts to think and act like a customer, it leads to

better customer experiences and increases the likelihood of continued customership. (Ulrich & Brockbank 2005, 61) This is an important quality for a HR consultant. According to Maister (1993), the ability to understand the purchasing process from the client's perspective is the most important talent in selling professional services. This also recalls thinking like a client in order to do and say correct things.

*By measuring and tracking targeted customers and customer value proposition, HR experts can have a direct positive impact on customer share and then on the bottom line. That requires relationship management. HR experts have the ideal skills, background, and position to assist in developing these relationships. (Ulrich & Brockbank 2005, 61)*

### ***2.3 Summary of the Literature Review***

The development of strategic human resource management (SHRM) in organizations has influenced both the work of HR professionals and the work of HR consultants (Lawler & Mohrman 2005, 133). These two professions share the same area of expertise but they approach it from different angles. The HR professional works inside the organization whereas the HR consultant works on behalf of the organization.

In light of the SHRM literature, HR professionals tend to reduce the routine HR work and focus more on the strategic HR work (Ramlall 2006, 40). Thus, HR professionals are asked to add strategic value to their organization (Ulrich 1997, 246). One alternative they have is to play the role of a business partner who ensures the strategic contribution (e.g. Ulrich 1997, 37; Lawler 2005, 144). The newer role for HR professionals is the role of a player who actually makes things happen for the customers (Ulrich & Beatty 2001, 284). The real challenge for HR professionals is to reach for more than they think is possible (Cascio 2005, 159). A lot of their success as a strategic contributor depends on themselves, on how confident they are playing their part in strategy making and implementation (Pasmore 1999, 362). Also, they should make their strategic contribution visible to others in the organization (Bartram et al. 2007, 23). As the organizations concentrate more on fulfilling the needs of the customers, customer-orientation should also lead the work of HR professionals. They are equally expected to improve customer experiences (Ulrich & Brockbank 2005, 59). Winning

the hearts of the customers along with employees and investors becomes the real value created by the HR function (Beatty & Schneier 1997, 29).

Unsurprisingly, the recent developments in the area of human resources have affected the HR consulting work (Lawler & Mohrman 2005, 133). The work of HR consultants evolves within the strategic transformation of HR functions and thus, they could help the HR professionals to become more focused on adding value to their organization. The value adding activities depend on the in-house capabilities of the client organization and the skills and capabilities of the consulting firm (Lawler & Mohrman 2005, 135). While the cutting-edge companies have outsourced their HR activities that are not their core competency, overall customer expectations in the consulting market have grown (Poulfelt, Greiner and Bhambri 2005, 11). Customers seek for the best talent, the deepest experience, or the most efficient implementation (Maister 1993, 21). This change in customer demand already requires specific knowledge, skills, abilities, and attitudes from HR consultants (Graubner & Richter 2003, 44). They need to excel in providing their customers with services that e.g. improve recruitment, motivation, evaluation, rewarding, or development of employees. As in the area of SHRM, customer-orientation has become increasingly important in HR consulting as well (e.g. Maister 1993, 71). The customer benefits of using HR consultants vary between broad expertise and easy recruitment (Lawler & Galbraith 1993, 76). Collaboration between HR professionals and HR consultants could provide valuable synergy for the organizations.

The future of HR consulting is greatly dependent on the future of the HR function. The changes that will happen in the HR function will most likely revise the future of HR consulting. Based on the SHRM literature, it seems that SHRM is going towards a future where HR professionals will be delivering customer outcomes and creating competitive advantage for the organization (Quinn & Brockbank 2006, 479). Thus, the same seems to be the future of HR consulting.

## 3 METHODOLOGY

This chapter will introduce the applied research method, semi-structured interview, and provide justifications for its use and appropriateness in this qualitative research. The chapter will also describe the research process from defining the research problem to drawing final conclusions. After this the data analysis will be introduced and finally the chapter considers the reliability and validity aspects regarding the research.

### ***3.1 Research Method: Semi-structured Interview***

Semi-structured interview focuses on certain themes that direct the conversation between the interviewer and the interviewee. This research method brings the interviewees on the spotlight and emphasizes the interpretations and meanings they have given to the issues in question. (Hirsijärvi & Hurme 2008, 47-48). Moreover, in a semi-structured interview the themes are defined in advance by the researcher. In the case of this study, the interview themes were chosen to reflect the topics in the previously written literature review. The actual interview questions are based on the chosen themes and are not set in a specific form or order. Having only an interview outline, the interviewer ensures being flexible and covering all predetermined themes during the interview. Afterwards the interview data can be analyzed based on the interview themes. (Eskola & Suoranta 2005, 86-87)

As a qualitative research method semi-structured interview provides a richness of facts, perceptions, feelings, and opinions that cannot be obtained through any other method. (Greiner & Metzger 1983, 220) In this research the qualitative research method was preferred, since it was regarded the best way to create a dialogue between the theoretical framework and empirical data. When the theoretical base was first explored, it was logical and wise to approach the organizations with a qualitative method. The method also gave a better understanding of the research subject. Having HR professionals share their thoughts about human resource practices and the use of consulting services in their organization enabled the researcher to understand the research subject from a more practical perspective. That is the real value of using a qualitative method in this study.

Furthermore, the objective of the research method is to produce relevant information regarding the research problem. In a semi-structured interview, the interviewee can respond to

the questions freely, deciding what matters will be shared with the interviewer and what things will not be told. To some extent the interviewee tries to understand what is the objective of the research and what is the relevant information regarding the research problem. In case the interviewer asks something unexpected, the interviewee often tries to implicitly understand what the actual purpose behind the question is. (Alasuutari 1999, 149-150) Before conducting the interviews in this research, each interviewee was provided with a brief description of the research subject and an outline of interview themes that revealed the topics to be discussed in the following interview event. This way the participants were aware of the subject to some extent. Less time was also used in the actual interview situation to explain the research setting. Therefore, interviewees were also able to prepare for the interview even though this was not encouraged. Only in a few interviews hints of preparation were noticeable. However, the effect of this on the quality of the data was considered insignificant as the order and form of the questions in the interviews were not predictable. In all interviews the respondents were considered fairly trustworthy and open. Some of the questions were considered too complex for them to give an understandable and full answer.

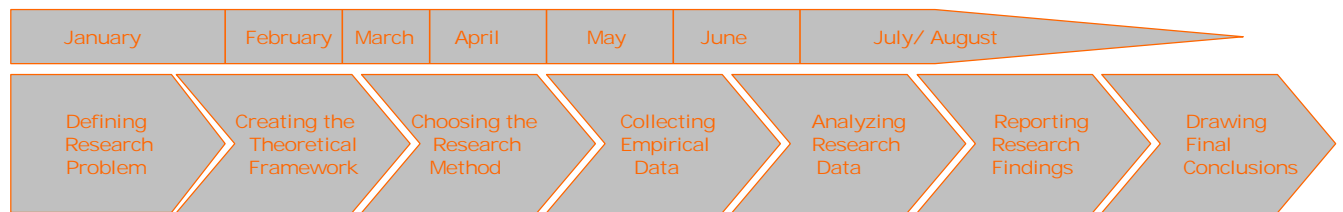
From an additional point of view, the semi-structured interview is considered similar to discussion; the interviewee has the right to add any comments and the interviewer can present additional questions regarding the new viewpoints presented. The interviewer decides whether a departure from the actual theme is necessary. If the comment of the interviewee is irrelevant in terms of the research subject, the interviewer directs the discussion back to the predetermined themes. Each interview situation tends to be unique without having a predetermined set of specific questions. For that reason the interview data is challenging to analyze. (Trochim 2006) When conducting the interviews for this research, the themes were kept the same for all respondents, but the specified and additional questions varied depending on the relevance of the individual responses. The difficulty was letting the interviewee talk freely when at the same time trying to keep the conversation on a right track and within agreed time frames.

Often the interviewee can be influenced by the situation and by the interviewer. That might affect the quality and the reliability of the data. Success in building trust in the interview situation often enables access to the in-depth information of the interviewee. (Alasuutari 1999, 142-143) Thus, some interesting insights could be obtained when the interviewee feels free and safe to express his/her own thoughts and ideas.

### 3.2 Research Process

In order to present the research process, the process has been split into seven different phases: 1) defining the research problem, 2) creating the theoretical framework, 3) choosing the research method, 4) collecting empirical data, 5) analyzing research data, 6) reporting research findings, and 7) drawing final conclusions. These phases are also illustrated within time frames in the figure 6 below.

Figure 6. Description of the phases in the research process.



Even though the research process has been described as a linear process, one phase following another, different phases were often processed simultaneously and several times. For example, the theoretical framework was revised even after the data analysis was completed.

In the beginning of the research process the research problem was defined. The problem had a somewhat loose format since it was expected to change during the process. That is what then happened. First the idea was to compare a human resource service supply of a global consulting firm to the needs of customers in the current market. Then the research problem changed to consider the views of HR professionals and consulting professionals on today's human resource management. Finally, the research problem found its final form and focused on discussing the interrelationship between HR professionals and HR consultants.

The structure of the theoretical framework was designed so that both research areas were discussed separately. The purpose was to discuss the current state of SHRM and HR consulting in a fresh and meaningful way regarding the research problems. Understanding how SHRM and HR consulting are related in the prevailing conditions offered an interesting perspective for discussion.

The research method was chosen carefully after choosing first the qualitative research over quantitative research. Semi-structured interview was supported by methodology literature for the type of research in question. After familiarizing with the method, the choice was clear.



The semi-structured interview ensured that the thoughts of the small sample of HR professionals were heard and examined. The organizations were found by comparing different alternatives and contacting the ones that seemed most interesting. HUS participated the research first and later Outokumpu. The comparison between a private and public company and two different industries seemed to bring adequate research material at that point in time. Information about the organizations was gathered in terms of human resources before arranging the interviews. In both companies four people in their corporate HR function were interviewed. The interviews at HUS were made during one day whereas at Outokumpu the individual interviews were conducted during three separate visits. All interviews were recorded.

The quality of the interviews was considered more important than the quantity. An interviewer is often recommended to interview as many persons as necessary to get the information needed. In this research one version of “snowball sampling” was used to find the right persons for the interviews. In the snowball sampling the first interviewees are the key people regarding the research subject and are selected by a third person. The following ones are selected by the interviewees after the first interviews. The interviewees can recommend people who could add their views to the research. This snowball sampling can continue until there are no more people to recommend. In this respect the most important people regarding the subject can be reached. (Hirsjärvi & Hurme 2008, 58-60) However, some recommended persons for this research were not interviewed due to tight schedule.

In both organizations the head of HR and his/her three employees were included in the research. The interviews were not only limited to senior management, since they often do not reach the news from the grassroots level due to filters in the organizational hierarchy (Greiner & Metzger 1983, 221). The selected HR professionals had several years of experience either in the organization or in the HR field. The number of interviews is presented in the table 1.

Table 1. Number of interviews per organization and gender.

Organization	Interviewees	Females	Men
HUS	4	4	-
Outokumpu	4	3	1
Total	8	7	1

In the beginning of each interview “small talk” was considered important to create a common ground for the discussion. The actual interview started with questions related to the interviewee’s background and current career aspirations. The same interview outline was used in all interviews (see Appendix 1). The duration of the interviews varied between 26 minutes and 1 hour 15 minutes depending on the interviewee’s ability to answer the questions, talkativeness and speaking rate. The interview outline covered the following main themes: *HR strategy and its implementation, value of HR in the organization, recent challenges from an HR professional’s perspective, competences of HR, and thoughts about HR consultancy*. The interviews were transcribed as soon as possible, usually within the next two days.

The analysis of the research data was done by relying on the predetermined themes. They were already creating a base for the literature review and for the semi-structured interviews. Thus, the analysis was relying on the same format. This provided clarity and logic for the work process. The findings were raised from the commonalities between the interviewees and case organizations whereas the final conclusions were drawn by comparing the theoretical background with the empirical findings. In the following chapter the data analysis will be described more in detail.

### ***3.3 Data Analysis***

The themes of the semi-structured interviews provided a base from which to examine the research data. In general, the researcher can analyze and interpret the data closely relying on the collected data or he/she can consider the data as a basis for theoretical thinking, aid or basis for interpretation (Eskola & Suoranta 2005, 145). Furthermore, theories can provide direction and order to the data analysis (Dey 1993, 52). In this research, the data is considered more as a basis for theoretical thinking.

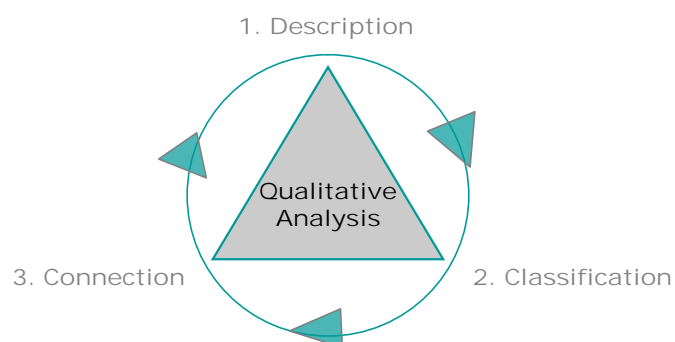
In qualitative research, the model of explanation needs to apply to the empirical data. The model of explanation is based on the empirical data and needs to be coherent, logical, and supported by as many cues as possible. Making generalizations from the data is a task of its own. The research results will be considered one way or another as an example of some other case. However, the researcher needs to be careful and modest when making generalizations. Overall, it is adequate to show that the generated rule applies to the whole research material.

Often in qualitative research the problem of making generalizations is solved by referring to other research and available statistics. This is also one way to proportion the subject to a broader frame of reference. (Alasuutari 1999, 243-245 & 249)

When analysing the data of focused interviews, the researcher can first structure it by the themes. This way all the data will be examined. Analyzing the data based on a thematic structure requires dialogue between theory and empirical data. Merely quoting the interviewees in the text is not enough, more in-depth analysis and conclusions are needed. (Eskola & Suoranta 2005, 151 & 175) This thematic structure has been applied in this research study at hand. Thus, the theoretical background has been connected to the empirical findings, to elicit theoretical thinking. This analysing method is recommended when the research problem is practical in its nature. In this respect, it is convenient to extract relevant information from the interviews to solve the research problem. (Eskola & Suoranta 2005, 178)

According to Dey (1993) the core of the qualitative analysis relates to the processes of describing, classifying, and connecting the data (see figure 7). The initial data is transformed into something new by breaking the data down, classifying it, and finding interrelated connections in it. The aim is to describe, interpret, explain, and understand the data.

Figure 7. Qualitative analysis as a circular process (after Dey 1993).



Dey (1993) states that *description* is the first step in the qualitative data analysis. It aims at describing the phenomenon under study thoroughly and comprehensively. *Classifying* the phenomenon into categories ensures better understanding of what is being analysed and makes comparison between bits of data possible. Classification is about practical reasoning that should be guided by the research objectives. Making *connections* serves as a basis for

identifying regularities and variations in the data. Connecting aims at finding patterns for fresh perspectives on the data. (Dey 1993, 30, 46-47) From a supplementary perspective, the purpose of connecting interrelated data is to simplify and reduce it. The data often includes examples or samples of the same phenomenon. Still, one controversial observation is enough to influence the original data description so that it has to be changed. (Alasuutari 1999, 40 & 42) Thus, the descriptions of the semi-structured interview data need to consider all stated comments regarding a specific theme. Moreover, interpretation of the comments has to be done carefully since the comments are reflections of what the interviewees believe should be true and therefore, the meaning they have created for the issues should be described as correctly as possible.

The following template was created to classify the data based on the predetermined research themes (see table 2). It describes the more central characteristics of the data. The table template is a base for presenting the empirical data in an organizational level and linking it to the theoretical framework. Another table was created for comparing the findings of the two organizations (see section 4.3).

Table 2. Example of a template created for data analysis.

Theme	Sub-theme	Organization	Literature
BEING STRATEGIC BY ADDING VALUE	Implementation of Strategy with HR professionals		
	Value of HR professionals		
DEFINING CHALLENGES BY HR PROFESSIONALS	Recent Challenges Identified by HR professionals		
	Action Taken to Respond to the Challenges		
COMPETENCES OF HR PROFESSIONALS	Competences among HR Professionals		
	Assessment of HR Competences		
OPPORTUNITIES FOR HR CONSULTANCY	Thoughts of Consultancy		
	Potential Areas for HR Consultancy		

The template was developed for the purposes of a brief illustration of the key findings per organization and per theoretical base regarding a specific theme. This created a dialogue between the theory and empirical findings on the common themes. The findings were also summarized in a table indicating the similarities and differences between the two organizations. The findings are introduced in the following chapter 4.

### ***3.4 Reliability and Validity***

In a qualitative research the researcher is the central research instrument. Criterion for the reliability of the research is the researcher himself/herself. When examining the reliability, the whole research process should be looked at. (Eskola & Suoranta 2005, 210)

Reliability refers to consistency through repetition. To make sure something is right, one needs to make repeated observations of it. If the research is reliable, then others using the same procedures should be able to produce the same result. The researcher's duty is to explain the principles of the measurement and what has been done to avoid making errors. (Dey 1993, 250) However, it is not always possible to get the exactly same results. Moreover, Hirsjärvi and Hurme (2008) point out that to ensure the reliability of a qualitative research the research data should be of high quality and the interview outline well prepared, additional questions should be considered in advance, interviews should be analyzed carefully, and interviewees should be given a chance to comment on the researcher's interpretations. To avoid misleading interpretations in this research, the interviewees were given an opportunity to comment on the findings interpreted by the researcher. Small improvements were made regarding the interpretation after getting the additional comments of the interviewees.

According Hirsjärvi and Hurme (2008), the validity of the research refers to the extent to which the measurement is capable of measuring what it is supposed to be measuring in terms of the research object. Validity is also about the researcher's ability to use the research method appropriately. Using direct quotations is one way of indicating the validity of the research data in a qualitative research.

Argumentation and interpretation in this research is backed up with references from scientific writings and direct quotes from interviewees in order to convince the reader of the reliability and validity of the study at hand. Sustaining clarity and logic throughout the study also support this purpose.

## 4 EMPIRICAL DATA

This section reports the central characteristics of the empirical data gathered by the semi-structured interviews. The presentation of the findings is separated into three sections. The first two sections present the findings from the Hospital District of Helsinki and Uusimaa (HUS) and from the Outokumpu Oyj with supporting evidence. Both chapters 4.1 and 4.2 start with description of the organization, its strategic objectives, its decision-making bodies, and overall description of SHRM in the organization. Next the empirical findings based on the theme structure are demonstrated and discussed. The third section 4.3 presents a comparison of the previous findings per organization and is based on similarities and differences found in the data analysis. The theoretical aspects are reflected within the reporting of the key findings. In general, the corporate HR in the two organizations had more in common than was expected at first.

### ***4.1 Hospital District of Helsinki and Uusimaa (HUS)***

*The Hospital District of Helsinki and Uusimaa (HUS)* is the largest of Finland's 20 hospital districts, offering specialised medical care in 49 different specialties. In the province of Uusimaa HUS serves in 24 hospitals. In total, HUS has 31 member municipalities and five hospital areas: the *Helsinki University Central Hospital (HUCH)* and the *Hospital Areas of Hyvinkää, Lohja, Länsi-Uusimaa, and Porvoo*. In the end of the year 2007 HUS employed 21 202 people which makes it the fourth largest employer in the country. There are around 350 different job titles. The operating income in 2007 was 1 404,4 million euros and operating expenses 1 320,5 million euros. Personnel expenses were about 66 percent of the operating expenses. For the year 2008 the budget for personnel expenses was 904,8 million euros.

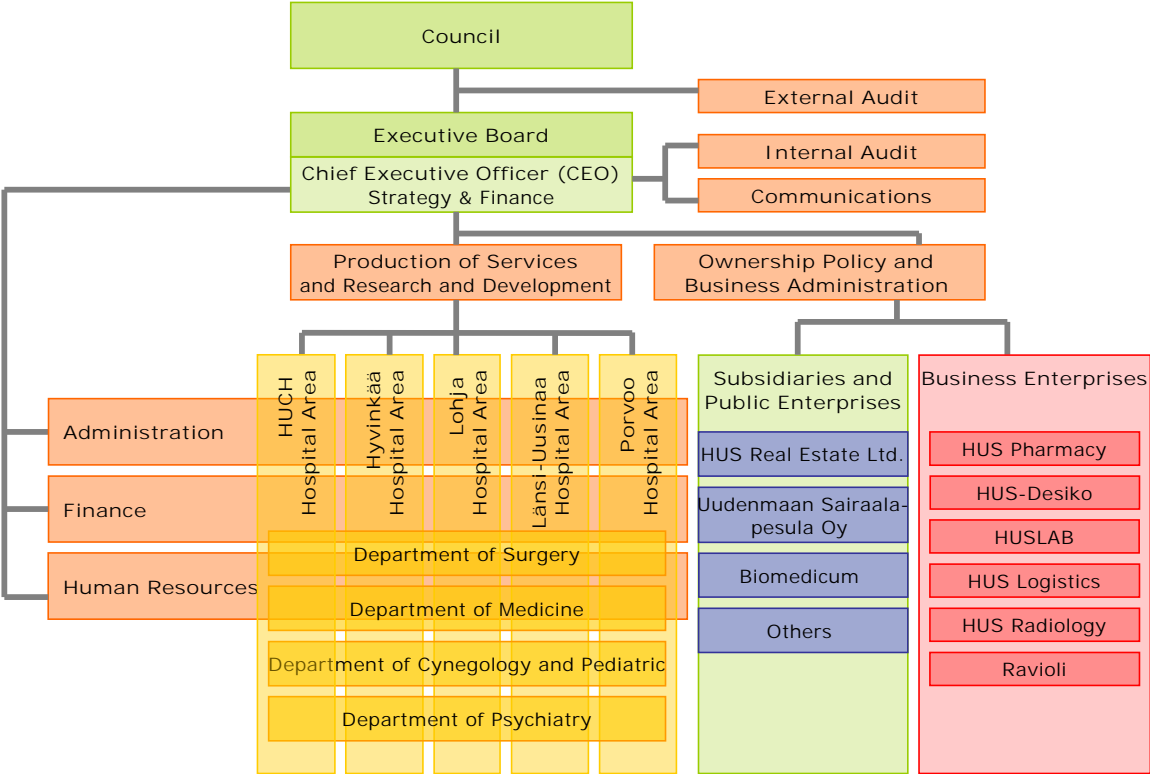
The hospital district has defined its mission to be to “produce specialist healthcare services and health benefits that drive the interests of our customers, in productive cooperation with basic healthcare, the university and other partners”. In its vision the organization wants to be the top hospital offering best specialist healthcare in the world, having top expertise, high-quality services and balanced finances while promoting the development of Finnish society.

The strategic objectives of HUS are the following:

- Ø Predictable and balanced finances
- Ø Customer-oriented and efficient specialized medical care
- Ø Reformed services and structures
- Ø Clear management system and top quality management
- Ø Research, teaching and development in cooperation with the university
- Ø Continuous improvement of the productivity, effectiveness and quality of services in line with the principles of business economics
- Ø Transparent corporate governance that generates added value
- Ø The most appealing employer in the industry

New corporate strategy was approved by the Council in December 2007. HUS has a joint authority administration that is based on a matrix model. The Joint Authority has profit areas for in-house steering and management. Each municipal enterprise is managed by a Managing Director and has its own Management Board. The Group Administration is the central administration of the district. The Group Administration works under the Chief Executive Officer and it supervises the management of the Joint Authority. The CEO has the overall responsibility of the district. HUS Group’s organization is illustrated below (see figure 8).

Figure 8. HUS Group 2008.



The Council is the highest decision-making body with 69 members and each member having a personal deputy. The Council approves the annual budget and financial statements and makes decisions on major investments. The Hospital District is managed by the Executive Board that is supervised and elected by the Council. The Executive Board has 15 members, each with a personal deputy. The Board concentrates on strategic goals, coordination of activities, education and research, employer duties, and administrative steering. The Human Resources Director is part of the Executive Board and Group Administration. The Human Resource Director is responsible for staff administration, employer tasks, occupational health services, labor protection, and staff education and development.

The Human Resource Administration under the Corporate Administration is affected by the changes within the organization. The Human Resource Administration under the Corporate Administration is to align things with the strategy in the future model. In the text the word “corporate HR” related to HUS refers to the Human Resource Administration in order to sustain clarity. Besides, the same unit under investigation in Outokumpu is also called corporate HR.

#### **4.1.1 Description of HRM at HUS**

Within the change of the corporate strategy, a new HR strategy for HUS was also created for the years 2008-2015. The challenges regarding the changes included the aging workforce, growing demand for services, and increase in knowledge and technology. The response to these challenges includes focusing on customer-orientation, improving management, and strengthening core competency. The overall objectives of the HR strategy were the following:

- Ø customer oriented service culture
- Ø motivating work climate that supports innovativeness and cooperation
- Ø supportive and accountable management
- Ø rewards system that supports desired results
- Ø successful recruitment and flexible working conditions
- Ø workplace of many opportunities



The interviewees expressed their attitudes towards the ongoing organizational change. Attitudes towards continuous change were fairly positive. Change was regarded normal within the organization; it defined its current essence quite well. The attitudes of the interviewees are presented in the following quotes.

*“After all one cannot assume that the tasks will always remain the same, the tasks change.”*

*“Something new always comes up but there is perhaps so much of it that it has become an everyday thing.”*

In the beginning of the year 2008 the organization started training for all executive boards in the district. The purpose of the training is to work on strategy implementation and improve their ability to work as an executive board. The active role of managers is emphasized in the new management system and it requires competences in three levels: in the executive board, management, and team level. Management training is provided for managers to improve their strategic thinking, strategic management, human resource management, and financial management skills. The training is primarily targeted to immediate and middle management.

In a government organization human resource structures and the position of personnel are based on legislation. Bureaucracy makes the work of personnel impersonal and therefore makes it difficult to create people-oriented personnel policy. Bureaucracy, hierarchy, and the use of public power can be considered as good excuses for neglecting the development of personnel. (Koivuniemi 2004, 53) However, the improvements started in developing management expertise are one way to show that development of the personnel at HUS has been considered important.

Responsibilities in the corporate HR mentioned by the respondents included HR operating systems, compensation, statistics for management, education and development, management and supervision steering, and employment issues. Aspirations for more strategic HR tasks were mentioned by many.

*“I have expectations about the ongoing organizational reform in the sense that we could maybe do strategy related development better than before.”*

*“This kind of strategic management has arrived here in the healthcare and that of course interests me a lot.”*

*“Everyone’s duty in the corporate administration is to make the manager’s task as easy as possible ...and in practice the fields of action come from the HUS strategy and elsewhere.”*

The latter quote aligns with the theory base. According to Yeung et al. (1994), HR professionals see that their primary role is to help managers improve their quality of management and help them to cope with employee’s problems.

During its short history, the hospital district has been under many reforms. The establishment of the HUS in 2000 was result of a significant change reform where three very different organizations were combined to form the current hospital district. According to the respondents, the recent changes in the value base, strategic direction, and management structure were considered small compared to the previous years.

#### **4.1.2 Assessing the Strategic Role of HR Professionals**

Implications of the strategic contribution of HR professionals and conceptions of consulting services were studied through the semi-structured interviews that provided the perspective of corporate HR at HUS. A total of four people were interviewed in the hospital district’s corporate HR. The interviewees consisted of the head of human resources and three of her direct employees.

The following table includes the findings per theme from the data analysis and from the previously presented research literature (see table 3). The idea of the table is to briefly summarize the key findings. The findings of each main theme have been described and explained further in this section. In the table there are four main themes and each of them consists of two sub-themes. The sub-themes were created for breaking the data down into much smaller bits for analysis. This way the comparison and variation between the data bits were considerably easier and more convenient to work on.

Table 3. Summary of key findings based on themes at HUS.

Theme	Sub-theme	HUS	Literature
BEING STRATEGIC BY ADDING VALUE	Implementation of Corporate Strategy with HR Professionals	<ul style="list-style-type: none"> <li>- Implementation of new HR strategy and objectives</li> <li>- Development of organizational structure and management system</li> <li>- Impact of change management focus on HR work</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of transactional work</li> <li>- HR being accountable for business results, ensuring having the right people, and working as a business partner</li> </ul>
	Value of HR	<ul style="list-style-type: none"> <li>- New organization model improving the role of HR professionals</li> <li>- HR Director having a seat in the Executive Board</li> <li>- Concentration on employment issues and managing change</li> </ul>	<ul style="list-style-type: none"> <li>- Emphasis on knowledge and competency aspects of business strategy</li> <li>- Providing strategically valuable information, use of metrics</li> <li>- Identification of key drivers</li> <li>- Head of HR having deep HR expertise</li> </ul>
DEFINING CURRENT CHALLENGES BY HR PROFESSIONALS	Recent Challenges identified by HR people	<ul style="list-style-type: none"> <li>- Management expertise</li> <li>- Business knowledge across organization</li> <li>- Clear HR roles and responsibilities</li> <li>- Performance measures</li> </ul>	<ul style="list-style-type: none"> <li>- Setting the target higher</li> <li>- Considering the new role of a strategic player</li> <li>- Believing that HR has a competitive advantage</li> <li>- Having clear HR roles</li> <li>- Knowing what customers need</li> </ul>
	Action taken by HR to respond to the challenges	<ul style="list-style-type: none"> <li>- Management training organized</li> <li>- Participation of HR in decision-making</li> <li>- Planning of the introduction of new measurement tools</li> </ul>	<ul style="list-style-type: none"> <li>- Promoting the HR values</li> <li>- Showing HR contribution with numbers</li> <li>- Changing HR professionals' own attitude towards HR work</li> <li>- Getting closer to the customers by addressing them through practice</li> </ul>
COMPETENCES OF HR PROFESSIONALS	Competences among HR Professionals	<ul style="list-style-type: none"> <li>- Knowledge divided between the HR professionals</li> <li>- Diverse working and educational backgrounds</li> <li>- Commitment to one's work</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge of business, customers, HR, change mastery, and valuable HR data</li> <li>- Skills: competent, curious, courageous, caring, proactive</li> <li>- Abilities: strategic thinking, creating credibility, collaboration with line managers</li> </ul>
	Assessment of HR Competences	<ul style="list-style-type: none"> <li>- Feedback and competence assessment procedures to be improved</li> <li>- New measurement tools planned to be introduced</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on organization's productivity and effectiveness</li> <li>- Transactional work measured in volume</li> <li>- Employee commitment, customer mindshare, investors perceptions</li> </ul>
OPPORTUNITIES FOR HR CONSULTANCY	Thoughts of HR Consultancy	<ul style="list-style-type: none"> <li>- Criteria for a consulting firm: company reputation, references, and experience</li> <li>- Criteria for a consultant: knowledge of private sector, listening skills, and right attitude</li> </ul>	<ul style="list-style-type: none"> <li>- Knowing client's industry</li> <li>- Execution ability, implementation skills</li> <li>- Quality, professionalism</li> <li>- Ethics</li> <li>- Working close to customer</li> </ul>
	Potential Areas for HR Consultancy	<ul style="list-style-type: none"> <li>- Knowledge management</li> <li>- Development of HR practices</li> <li>- Creation of HR value process</li> <li>- Management training</li> </ul>	<ul style="list-style-type: none"> <li>- Change management</li> <li>- Managing intellectual assets</li> <li>- Training and development</li> <li>- Incentives and motivation</li> <li>- Administrative HR activities</li> </ul>

## Being Strategic by Adding Value

This theme attempted to evaluate how the HR professionals at HUS perceived their role related to the strategic objectives of the organization. The respondents were also asked to describe how they created value and state what value they created to the organization through their work.

The question regarding the HR adding value to the organization was one of the most difficult questions to answer in the interviews. Relating to this theme the interviewees gave rather tentative answers to the question and were trying to assess the goodness of their answer at the same time. Expressions such as “perhaps”, “in a way” or “a bit” were used frequently. However, the mindset towards strategic HR action was strongly positive and thus, the future of the corporate HR as a more strategic contributor seemed optimistic. The key findings regarding this particular theme were the following:

- Ø Implementing the new strategic objectives of HR is likely to reduce routine work in the long-run and therefore, movement towards a more strategic HR role could be feasible
- Ø Development of new management structure and system also supports the strategic direction of HRM; HR Director holds a seat in the Executive Board
- Ø Organizational focus is mainly on change management, managing with the continuous change initiatives has become a common working principle
- Ø New organization model might improve the status of HR professionals within the organization; in corporate HR people seem to be committed to their work and ready for new challenges

The strategic value adding of HR professionals can only start if the routine HR work is reduced so that there is time and resources for more strategic tasks (Cascio 2005, 160). The revised HR strategy in 2007 has set readjusted objectives for the corporate HR in HUS. The strategy implementation process has gradually started and the HR professionals seemed to be fully motivated to work towards the new strategic objectives. The HR strategy has been scheduled for the years 2008-2015 and thus, the benefits of the current contributions will reify in the future. In the interviews explicit value creating activities were not identified by the respondents. Thus, the value added by them was considered a rather implicit part of their

work. The answers to the questions about the value that the corporate HR gave to the organization related to competences, management capabilities, and respecting people within the whole organization. Tools for a better evaluation of the created economic value were also recommended. Thus, the contributions of the HR professionals to achieve the strategic objectives needed to be interpreted more on relying on the cues given from the discussions of other research themes. The following was said regarding value adding:

*“I see our role in the corporate administration (we should start to talk about corporate management) in a way that we give those abilities, we develop them and give tools but then we don’t run around there stamping out every fire with the managers.”*

According to Green (2002), public sector organizations often have detailed strategic plans to direct the organization into the future direction. The plans consist of clear mission and vision and measurable goals. However, this is only the beginning for an organization that desires creating a strategic HR function.

Also in theory, the healthcare sector should be an ideal context for successful implementation of strategic HR practices, since the sector is considered highly labour-intensive and having highly motivated and highly skilled workforce (Bartram, Stanton, Leggat, Casimir, & Fraser 2007, 22). Further development of the organizational structure and management system were mentioned in more than one of the interviews as an essential need for improvement. Especially important is to make the managers understand the new strategic objectives and their own roles in reaching them. This improvement is closely related to HR professionals since they are the ones planning and organizing the management training for the managers. The following quotes capture the thoughts of the interviewees about this subject.

*“I see that the biggest question is this management issue like management development and there I see that first is the putting up of the management system like thinking of the structures and thorough that then defining the management system.”*

*“... whole corporate management organization will change and now it has been started from the upper level ...it can be seen in management training and in the focus areas of management training.”*

*“Appreciation of management varies. It is not appreciated enough as its own profession and I feel that it naturally reflects to this work that it is like that if there is time then one could go to some training.”*

According to the interviewees, a clear focus area in the corporate HR was employment matters. Acts relating to employment contracts, working hours, and annual holidays are all issues included in employment matters. Dealing with more than 21 000 people with 350 job titles and knowing that the organization is still lacking workforce, makes the employment matters validly important. The question regarding the current focus of the corporate HR was replied concisely by an interviewee:

*“We focus on change management and on informing people about what is going on in the organization.”*

The strategic goal of HUS becoming a more appealing employer might ensure that the current focus will not change in the near future. In order to become more strategic, the focus of corporate HR should be directed to the strategic tasks. Still, recruiting right people to the open positions is one way to address the strategic objectives of the organization.

Aspirations for doing more strategic HR work was perceived when interviewing the HR professionals at HUS. It was seen as important for HR work to be aligned with the organization’s strategic objectives. The following quote summarizes how an interviewee perceived both the HR strategy and the business strategy.

*“As a corporate HR we look at the complete strategy, not only ours. Of course those are our daily work that the HR strategy defines ...still the business strategy defines our work quite far. “*

When the discussion went to the characteristics of the current HR work in the organization, the following was said:

*“Everyone thinks that it is the soft stuff but in practice it is rather the hard stuff.”*

*“...now there seems to be this kind of prominent tendency that the unit leaders and managers in different areas they have noticed the HR administration since this change is so big so that they need the support from the HR administration. Quite many new people have also joined the HR side in these units.”*

One of the interviewees also mentioned that the new organization structure could strengthen the status of HR professionals. Actually, improved appreciation could build their confidence stronger and make them to exceed their current expectations (Cascio 2005, 159). Having the HR Director in the Executive Board gives the HR issues a good possibility to influence the organizational practices and procedures. The Executive Board were considered willing to discuss HR matters.

From a theoretical perspective, the emphasis in HR work is nowadays more on the knowledge and competency aspects of the business strategy. In the interviews these aspects were not referred to directly, but they were adverted to when stressing the importance of quality management. The importance of recruiting the right people was mentioned, especially making sure that the right people were in the managerial positions across the organization.

The SHRM literature calls for strategically valuable information and use of metrics as well as identification of key drivers. The economic measurement tools at HUS are still under development. They should be based on the strategic aims of the HR organization. Currently the HR organization produces and tracks some key figures, such as number of personnel, absences, educational structure of personnel, and personnel investments. There are still no actual tools for measuring the strategic contributions of HR professionals. However, need for new measurements were acknowledged.

*“We will go with the human resource administration for two days to think of organizational structures and also our measurements and objectives regarding end of this year ...most likely economic measurements will be seen, work security measurements will be seen...”*

Regarding the organizational objectives of HR, the interviewees touched upon many of them: motivating work atmosphere, supportive management, and successful recruitment. Reading the interview data against theoretical framework, they brought some parallel findings. Both

data sources considered the reduction of transactional HR work, recruitment of the right people, and use of metrics important for the HR development. However, the theory base already talks about the work of the HR professionals as having strategic influence, but the HUS organization has newly started to think of becoming a strategically active contributor in the HR field. This is an essential distinction between the data sources and needs to be considered throughout the analysis.

### Defining Challenges by HR Professionals

To approach the challenges defined by the HR professionals, the purpose was to create a better understanding of the way the HR professionals positioned themselves in relation to the identified issues. A successful HR professional knows the concerns of the customers and offers assistance with the concerns (Kahnweiler 2006, 26). This theme was closely related to the other themes and thus, answers were found also in the discussions of other theme areas.

The challenges at HUS identified by the corporate HR professionals varied depending on their area of expertise. Despite the variation, same challenges were also mentioned repeatedly. The key findings regarding this theme were:

- Ø Various areas of improvement identified within the entire organization, management quality was the most essential one and business acumen the second
- Ø Challenges in the corporate HR related to the role of the HR professionals and better communication of that role across the organization
- Ø Actions taken by HR to improve the situation included organizing management training, participation in decision-making, and planning of measurement tools

The most crucial challenge was the management quality which was already discussed within the previous theme findings. The following quotes describe the current leadership challenge further:

*“Getting all 21 000 people involved ...to make them understand where we are aiming at.”*



*“The management boards should understand the new strategy and the role of their own group and unit in the implementation of the strategy. They should be primarily interested in leadership in order to develop their leadership competences.”*

*“I see that the most important focus a manager has is to develop people and the community and the organization.”*

Many more challenges were identified in the data analysis. One was the need for a measurement system that would assess the economic value added by HR professionals. However, using economic measures was considered somewhat contradictory for a healthcare organization. An interviewee commented:

*“Economic measures are missing and they are strange to the organization. This causes conversation on the ethical aspect –whether the organization works in the business world or in an ethical world.”*

When a challenge is of this magnitude, it is not an issue of a certain employee or management group, but an issue of the organization and its values. The mission statement of HUS mentions the productive cooperation, but the statement does not elaborate this productiveness any further. The value base of the organization does not include economic aspects either. However, the strategic objectives include predictable and balanced finances and there the link to “business world” is more apparent. Another comment considering the economic aspect was given:

*“If we look at long-term challenges then I would mention the challenges from the part of financial management that this new setting requires that we get cost consciousness within the whole crew and this kind of business knowledge development like in thinking and then action so that we know what it would mean for us.”*

The roles and responsibilities of HR professionals were not seen as clear enough across the organization. The following quote describes this particular challenge.

*“We have not succeeded in communicating our own role and then again we do not have other structures clear either that people would know who is taking care of what. I expect that this would be clarified and we could concentrate on the strategic work and the strategic key areas. “*

Other challenges mentioned in the interviews called for things such as productive change management, enhanced employer image, resources for wellbeing at work, and regular development discussions. Some of them seemed to be recalled directly from the strategic objectives.

When asked what should be done to win the current challenges, the answers were left open. Many considered that the challenges were to be addressed within the new organizational structure and management model in place. It was too early to suggest anything additional before seeing the results of the current changes. Some actions were already taken: the executive groups were offered appropriate training, new measurement tools were about to be introduced, and quality in the recruitment process was considered. The following comment was given considering the training reform:

*“...when we get the executive groups trained and to consider their own role and actions so I believe that the influence then generalises through the everyday behaviour that when these trained managers act in a new way it trains and takes communities forward to the future direction.”*

It was considered inadequate that only the executive groups are being trained. The supervisors and middle managers should also be trained, especially in the areas of business knowledge, strategic thinking, and human resource management.

Overall, the identified challenges related to internal factors that the organization itself could well deal with. Fewer faults were mentioned in the HR professionals themselves and more in the behaviours of others, in the systems, and in the practices. However, it would be essential that the HR professionals would also address these challenges to show their ability to contribute their views also in the areas not closely related to them. This is an especially essential skill for the head of HR to be demonstrated in the meetings with the management board. To be successful, the head of HR needs to understand the marketplace, service

offerings, technology, and investment strategy to the same degree as the other executives in the board (Christensen 2007, 61). The challenges could be implications of these factors.

In respect to this theme the theoretical base and the empirical results provided different views on the HRM challenges. Partially this incoherence is due to the selected research material that concentrated more on the strategic work of HR professionals that was not in place at HUS. Clear similarities were few; the results were consistent regarding having clear HR roles and showing contribution with numbers. Other unmentioned challenges by the respondents but identified by HR theorists were plenty. HR professionals should set their target higher, consider the new role of a strategic player, believe that HR produces competitive advantage, know what customers need, promote HR values, change the HR professionals' own attitudes towards their work, and get closer to customers. Many of these challenges depend on the strategic input of the HR function.

#### Competences of HR Professionals

The empirical data in respect to this theme attempted to show how the competences of HR professionals were related to the aspirations of corporate HR becoming more of a strategic contributor in the organization. The competences show what the HR professionals are able to do to move the organization closer to its strategic goals (Ulrich & Beatty 2001, 306).

Findings regarding the competences in the corporate HR created less discussion than what was first expected. Since competences were not systematically assessed and development discussions were overlooked for some time, this was not surprising result. The key findings relating to competences of HR professionals were the following:

- Ø Knowledge is divided between HR professionals so that their combined knowledge reserve was fairly intense
- Ø Diverse working and educational backgrounds gave the corporate HR administration a good base to build their further development, HR professionals were committed to their work
- Ø Systematic feedback procedure were regarded essential for personal development, introduction of new measurement tools were considered

- Ø In general the competences of HR professionals were assessed rather vaguely, in the entire organization some areas were better assessed than others

Altogether the interviewees had in-depth knowledge of the private sector, human resource management, the HUS organization, and of their own area of expertise. In the new structure there are around ten people working in the corporate HR. Even though the amount is small in the corporate level, there are more HR people working in other units. Each of the interviewed HR professionals was responsible for a certain area of expertise: HR information systems, training and development, management of the corporate HR administration, or employment negotiations. The strength in the corporate HR was considered to be on the employment matters and therefore, the operational work was more emphasized than strategic contribution. This was summarized as follows in one of the interviews:

*“The strengths are surely these employment issues even though I am not familiarized with them in detail but in this type of organization those issues are very important. We have here a lot of such work related to employment and working conditions.”*

The question regarding expectations of one’s own work was unexpected. For some, it took quite a while to name something they were hoping for in the future. In the end, only one of the interviewees told that she does not have any particular expectations regarding her work. She concentrates on the work at hand and is confident that there is plenty of work for years to come in her area of expertise. Others were naming things such as a shift towards strategic development, carrying out the present change process, improvement of strategic leadership, and concentration on the big picture.

When the interviewees were asked how well they knew their industry, the answers varied a lot. In the extreme cases, one respondent had just started in the health care sector some months ago and another had been working in HUS since the beginning. However, it was considered important to know the working environment, the organization, and the health care industry as well as the common code of conduct. Still, it was not seen necessary to have one’s background in the healthcare sector. Commitment and positive attitude towards one’s work were the combining attributes that came across in the interviews. The weaknesses regarding competences in the organization related to the lack of business knowledge as described by an interviewee:

*“The competence that we lack is the business knowledge and that we get economic balance in our strategy ...combining that with our core competency is what we try to get done within these management trainings.”*

The corporate HR did not hold its own regular meetings and the feedback system was not in place. Lack of a systematic feedback practice was considered disregarded by the interviewees. One interviewee commented:

*“I do not know if it is the way that when nothing is heard, it is then good feedback”.*

However, changes were expected within the new organization structure in place. At least, systematic development discussions were planned for all as well as implementation of some new measurement tools that would measure e.g. economic value, work safety, or education.

Regarding opportunities for personal development, they were not offered much for the HR professionals. HR professionals were rather the ones who organized education and training for others in the organization. One interviewee said that they were having HR positions which one grows to manage by time and thus, getting experience was the best way to learn and develop. One respondent saw new development areas in the future:

*”In the future, we surely have a big challenge in developing knowledge management thinking and blueprint. We do not have any systematic blueprint.”*

Generally all the employees at HUS have either a lower university degree or an upper university degree that they have then complemented with different subjects. Detailed employee competences were evaluated and recorded only in some areas, but not systematically in all areas. Hence, a common template for all was missing. However, capable people for various development works were seen plenty:

*“We have more volume for development. I don’t mean that we have big development departments, we have those too, not only in a way that we would only develop but also all these people could participate in development work right away.”*

The findings were not completely in-line with the theoretical framework. Knowledge of business and measurement tools was longed for, but knowledge of customers, HR, or change mastery was not mentioned. Skills were not listed either, but regarding abilities both strategic thinking and development of credibility were considered important. Lots of hope was placed on the results of the management training and its leverage to other parts of the organization.

### Opportunities for HR Consultancy

The purpose of this theme was to link the earlier conversation to HR consulting. As the development of HR consulting is closely related to the development of HR function (Lawler & Mohrman 2005, 133), it was essential for the research objectives to address this theme within the discussion with the HR professionals. Experiences of working with consultants were also considered valuable for analyzing the opportunities of future HR consultancy.

The questions relating to consulting were asked very last in the interviews. This way the HR issues within the organization had been already discussed and it was ideal to direct the conversation to the new theme. HUS collaborates with various consulting firms and the overall attitude towards them was perceived quite positive. In the area of human resources not many consulting examples were given, but opportunities for collaboration were still identified. The key findings in this theme area were the following:

- Ø Consulting partners are selected carefully, the biggest projects through tendering
- Ø Key criteria for a consulting firm included company reputation, references, and experience
- Ø Prejudice against consultants was common, use of consultants was not always regarded justified
- Ø Opportunities for HR consultancy might exist in the areas of knowledge management, development of HR practices, HR value process, and management training

Even though there is a solid workforce with various capabilities at HUS, there are still many areas where the organization relies on consulting firms. According to the interviewees, it is sometimes necessary to use outside advisors to give fresh perspectives or get “external eyes”. What might come as a surprise for some consultants is the complexity of the organization. One respondent stated:

*“It is often a surprise that our organization is so big.”*

Another interviewee commented the opportunities for consultants within the organization by saying:

*“For me it is clear that there is special capability and then there is that kind of special capability that is good to seek from the outside.”*

However, it was agreed by the interviewees that the selection of consulting firms and consultants was done carefully at HUS. An interviewee commented:

*“One expects quite strong competence when he/she (a consultant) comes here ...so that [HUS is] quite a demanding organization in that sense.”*

The most important criteria for a consulting firm were considered the company reputation, references, and experience. Criteria for a good consultant included knowledge of the private sector, good listening skills, and lack of arrogant attitude. One interviewee expressed her negative attitude towards consultants, but considered the use of consultants valuable when they concentrate only on completing the task they were hired for. Some interviewees saw that fulfilling the needs was necessary.

*“It is important to find a consultant that is suitable for the need; they do not need to be the top experts in Finland.”*

*“Those people are needed who can say when you have bought this product from us, and when this is done and this then you get what you want. Those people are missing.”*

The interviewees admitted that there were lot of preconceptions towards consultants in the organization. Sometimes it had been hard to find suitable consultants. In the beginning of the consulting project it often takes its time to find the common language. However, some saw the benefits more clearly. One interviewee commented:

*“I think it is really good that someone comes and asks why you are doing that or why this is like this. Questioning is really important.”*

The next comment describes the negative attitudes towards outside consultants within the organization:

*“In the organization we have a lot of preconceptions towards consultants. Often you hear people say that what do we need the consultants for or now that we have a consultant something must be really wrong or that they were not helpful at all. We try to manage things so that we manage them on our own. ”*

According to Glassman and Winograd (2005), consulting in the public sector differs from the private sector consulting. Some unique characteristics of the public sector should be considered: public presence, complex structure, and political considerations. Public sector places high value on delivering a broad array of services that cannot be easily measured for their financial return. As a public sector service provider HUS has continuously used consulting help. In HR related projects consultants have been needed, for example, in management development and training. Future HR consulting opportunities were identified by the interviewees: knowledge management, further development of HR practices, creating HR value process, and providing management training.

*“... then there can be something like that if one wants some new payroll system or one wants to try some system of which one does not have earlier experience. Then one can look for this kind of negotiation partner to see if there is something that could be developed in some new way.”*

When looking at the attributes listed in the table 3, the findings did not reinforce everything what the literature had proved. Knowing the client’s industry, professionalism, and working close to the customers were the corresponding attributes for consultation supported by the data. Then again, execution ability and ethics were not mentioned related to the consulting theme in the interviews. Regarding the areas with future HR consultancy opportunities, they too were partially similar between the research data and literature. Both regarded managing intellectual assets and training and development possible for consulting collaboration. However, no opportunities were identified in the areas of change management, incentives and motivation, or administrative HR activities. The research did not thoroughly explore all consulting projects done in the HR field, since the findings were only based on the interviews with the four HR professionals in the corporate HR administration. Still, to some extent the



thoughts of the interviewees about the consulting needs and the value of using consultants reflected the mindset of their peers as well.

The attractiveness of consulting services at HUS seemed moderate since many factors approved the use of HR consultants and many factors also made it challenging to hire external HR consultants. There were many opportunities for external advisors within the ongoing reconstruction and therefore, consultants could enter and gather experience from working with a public sector organization that differed significantly from the private sector. Also the HR professionals at HUS appreciated the fresh perspectives that consultants provided. However, lack of experience working with public sector could reduce the potential of HR consultants to provide their services at HUS. On the other side, the size of the organization, demanding selection process and negative attitudes towards consultants could prevent HUS from hiring consultants and approve using more internal resources in solving HR related issues and problems.

## ***4.2 Outokumpu Oyj***

Outokumpu is one of the largest stainless steel companies in the world. The company's main products are cold and hot rolled stainless steel coil, sheet and plate, thin strip, tubular and long products. The customers are distributors, re-rollers and further processors, tube makers and end-users and project customers. Outokumpu operates in about 30 countries and has its headquarters in Espoo, Finland. The company's main production facilities are located in Finland, Sweden, the UK, the US, and the Netherlands. In the end of the year 2007 the company employed 8 108 people. In the same year its operating profit was 589 million euros and net profit 641 million euros. Personnel expenses totalled 499 million euros. Outokumpu has been listed in the Helsinki stock exchange.

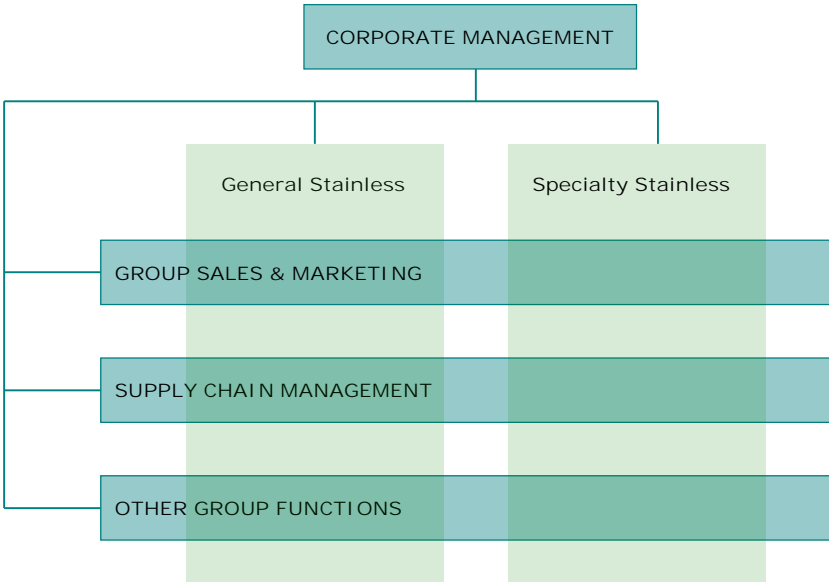
The vision for the company is to become number one in stainless steel and be an attractive employer. The following Leadership Principles have been created to support this goal: *making sound decisions, achieving ambitious targets, creating a winning team, inspiring to perform, and building trust and respect.*

Outokumpu has emphasized the importance of economic value in its strategy. The company’s key strategic objectives included value creation through production and distribution capabilities, value realization through commercial and production excellence, and sustaining value by employee development and customer orientation.

The governing bodies of the parent company, Outokumpu Oyj, were the General Meeting of Shareholders, the Board of Directors, and the President and the Chief Executive Officer (CEO). They have the ultimate responsibility for the management and operations within Outokumpu Group. The company’s organization is illustrated in figure 9.

The Corporate Management consists of the Chief Executive Officer, the Group Executive Committee, and managers and experts who assist the CEO and the Group Executive Committee members. Under the Corporate Management the company’s functional steering across the businesses has been organized into Sales and Marketing functions and Supply Chain Management. Also some support functions have been centralized at the Group level.

Figure 9. Outokumpu Group Organization.



In the beginning of the year 2008, the company’s businesses were organized into five business units: 1) Tornio Works, 2) Special Coil and Plate, 3) Thin Strip, 4) Outokumpu Stainless Tubular Products (OSTP), and 5) Long Products. However, in the reporting, the business units are consolidated into two business areas according to the types of product

produced: 1) General Stainless (including Tornio Works and Long Products) and 2) Specialty Stainless (including Special Coil and Plate, Thin Strip and OSTP). The business units report directly to individual Group Executive Committee members.

The Corporate Management manages the Group as a whole. Its tasks include coordination and execution of strategy and planning, business development, financial control, internal audit, human resources, environment, health and safety, communications and investor relations, legal affairs, and treasury and risk management. The Executive Committee operates under the CEO and ensures efficient management of the Group. The Board of Directors directs the business in order to create value for the shareholders. The Executive Vice President of HR is a member of the Group Executive Committee. His responsibilities include HR strategy and policy, key HR processes (performance management, resource management, and HRD & leadership), and head office administration.

#### **4.2.1 Description of HRM at Outokumpu**

Outokumpu has recently readjusted its corporate strategy. A revised organizational model was created and introduced in autumn 2007 in order to align the organizational structure with the new strategy. The strategy was fully operational from April 2008. Within the revised organizational model segment teams were introduced. Their aim of these cross-functional teams was to understand the needs of different customer groups profoundly and develop plans for sales to particular market segments. Above all, getting closer to end-users was important. Outokumpu emphasizes excellent leadership and sees that a good leader builds trust and respect, makes sound decisions, achieves ambitious targets, creates a winning team, and inspires people to perform. The senior management is responsible for leveraging the idea of excellent leadership in Outokumpu. The company's HR strategy concentrates on three key focus areas:

- Ø Resource management,
- Ø Performance management (including compensation), and
- Ø Human Resource Development (HRD) and leadership

The focus areas are based on the company's HR strategy and people agenda. In the corporate HR there is a person in charge for each these key HR areas. Currently the focus areas are under revision due to organizational change.

#### **4.2.2 Assessing the Strategic Role of HR Professionals**

The degree of strategic contribution of corporate HR and the conceptions of HR professionals of consulting services were also studied in Outokumpu by conducting semi-structured interviews. Altogether four people were interviewed in the company's corporate HR. The interviewees consisted of the head of human resources and three of his direct employees.

The table below summarizes the key findings per research theme from the empirical data and from the previously presented research literature (see table 4). The findings of each theme have been described and explained further in this section. The table includes the same four main themes and sub-themes as the previously presented findings of HUS. The following section will compare the results of these two organizations.

Table 4. Summary of key findings based on themes at Outokumpu.

Theme	Sub-theme	Outokumpu	Literature
BEING STRATEGIC BY ADDING VALUE	Implementation of Corporate Strategy with HR Professionals	<ul style="list-style-type: none"> <li>- Participation in the strategic discussion enabled</li> <li>- Annual plan created for business and corporate HR</li> <li>- Supporting change to a more customer-oriented company</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of transactional work</li> <li>- HR being accountable for business results, ensuring having the right people, and working as a business partner</li> </ul>
	Value of HR	<ul style="list-style-type: none"> <li>- Executive Vice President of HR being a member of the Executive Committee</li> <li>- Three value adding focus areas: performance management, resource management, and human resource development</li> </ul>	<ul style="list-style-type: none"> <li>- Emphasis on knowledge and competency aspects of business strategy</li> <li>- Providing strategically valuable information, use of metrics</li> <li>- Identification of key drivers</li> <li>- Head of HR having deep HR expertise</li> </ul>
DEFINING HRM CHALLENGES	Recent Challenges identified by HR people	<ul style="list-style-type: none"> <li>- Finding clear HR focus</li> <li>- Developing leadership and organizational capabilities</li> <li>- Identifying competence needs</li> <li>- Implementing required changes</li> </ul>	<ul style="list-style-type: none"> <li>- Setting the target higher</li> <li>- Considering the new role of a strategic player</li> <li>- Believing that HR has a competitive advantage</li> <li>- Having clear HR roles</li> <li>- Knowing what customers need</li> </ul>
	Action taken to respond to the challenges	<ul style="list-style-type: none"> <li>- Annual plan for HR</li> <li>- Open communication</li> <li>- Use of key performance indicators and key drivers</li> </ul>	<ul style="list-style-type: none"> <li>- Promoting the HR values</li> <li>- Showing HR contribution with numbers</li> <li>- Changing HR professionals' own attitude towards HR work</li> <li>- Getting closer to the customers by addressing them through practice</li> </ul>
COMPETENCES OF HR PROFESSIONALS	Competences among HR Professionals	<ul style="list-style-type: none"> <li>- HR expertise and commitment</li> <li>- Knowledge of the industry, business, employees, and processes</li> <li>- Formal education and training opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge of business, customers, HR, change mastery, and valuable HR data</li> <li>- Skills: competent, curious, courageous, caring, proactive</li> <li>- Abilities: strategic thinking, creating credibility, collaborating with line managers</li> </ul>
	Assessment of HR Competences	<ul style="list-style-type: none"> <li>- Performance and development dialogue (PDD)</li> <li>- Job rotation measurement within leader pool</li> <li>- Other key performance indicators under development</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on organization's productivity and effectiveness</li> <li>- Transactional work measured in volume</li> <li>- Employee commitment, customer mindshare, investors perceptions</li> </ul>
OPPORTUNITIES FOR HR CONSULTANCY	Thoughts of HR Consultancy	<ul style="list-style-type: none"> <li>- Criteria for a consulting firm: earlier experiences, expertise, understanding of customer's needs, ability to produce feasible solutions</li> <li>- Criteria for a consultant: listening skills, collaboration, business knowledge, commitment</li> </ul>	<ul style="list-style-type: none"> <li>- Knowing client's industry</li> <li>- Execution ability, implementation skills</li> <li>- Quality, professionalism</li> <li>- Ethics</li> <li>- Working close to customer</li> </ul>
	Potential Areas for HR Consultancy	<ul style="list-style-type: none"> <li>- Change management</li> <li>- Training</li> <li>- Organizational development</li> </ul>	<ul style="list-style-type: none"> <li>- Change management</li> <li>- Managing intellectual assets</li> <li>- Training and development</li> <li>- Incentives and motivation</li> <li>- Administrative HR activities</li> </ul>

## Being Strategic by Adding Value

The theme aimed to evaluate how the corporate HR at Outokumpu perceived its position related to the strategic objectives of the company. The respondents were asked to describe how they created value and what the value was that they created to the company through their work.

This was the most dynamically discussed theme with the HR professionals at Outokumpu. The interviewees were addressing the strategic importance of human resource professionals repeatedly. However, it was rather difficult to analyze how influential the HR work actually was in the corporate HR. Much discussion arose around it, but concrete implications of the strategic input in the everyday HR work were quite hard to identify. The key findings concerning the theme were:

- Ø Corporate HR is continuously being involved in the strategic discussion, the Executive Vice President of HR has a seat in the Executive Committee
- Ø Annual plan is created for corporate and business HR
- Ø Strategic focus of HR lies in three main areas: resource management, performance management, and human resource development; they produce the added value
- Ø Strategic objective for developing customer focus has resulted in reorganization of the Sales and Marketing function which development has been supported by corporate HR

Regarding the corporate HR, the strategic discussion takes place both in the Executive Committee meetings and in the bi-weekly meetings of the corporate HR. Head of HR has been member of the Committee for the last three years. When the newest business strategy was developed, HR participated in the discussion from the beginning. The business strategy is the guideline for the work of the HR professionals. The HR strategy is aligned with the business strategy so that it concentrates on the three key focus areas that contribute to the strategy implementation on the behalf of HR. In addition, a global HR team and a global HR network enhance the internal HR collaboration within the company. These both bodies have members from the corporate and business HR.

*“We have these three drivers. There is this performance management and reward field which is like one and then there is this resourcing and recruitment field and HRD field where we have our learning and development and this kind of organizational capability and culture and so on ...these are the focus areas in the whole concern and now in the corporate level there is this corporate HR that drives these things.”*

Each of the three focus areas: resource management, performance management, and HRD and leadership has a person in charge in the corporate HR. The aim of the corporate HR is to keep up with the peer companies and leverage one company culture across the organization. The ultimate objective is to work as a strategic business partner. The corporate HR has been developing a lot within the last years and they are dedicated to develop further. Still, the HR practices and procedures need to be simplified and clarified for all parties. The following was said about executing the business strategy:

*“For HR I would say that let’s do only few but very important things and keep them simple. Usually then it works. “*

*“If we want to become strategic so that they can say that Outokumpu has a strong HR function, it requires that we know what the leading edge is, the new things ...or that we are at least the forerunners or involved in the development. “*

Another comment regarded the strategic development as a matter of corporate culture:

*“We have tried to shift to this kind of customer-oriented strategy. We need to keep in mind that the Outokumpu culture needs to develop at the same time. If you look at successful companies, they have a strong and coherent corporate culture aligned with the strategy.”*

An annual plan is created for the corporate and business HR. It is prepared so that both sides can contribute to the content and agree on the main areas of focus. The plan gives common direction for all HR people. Even though the plan has been created, the strategic alignment directed by corporate HR has not created the desired results in the business units so far. Thus, incoherence of HR practices between business and corporate HR was considered as a challenge. The following quote summarizes the meaning of the annual plan:

*“We make an annual plan for HR which is then a common plan for the whole HR organization.”*

The three strategic focus areas give HR professionals clear direction and are the drivers for effective performance and operation and support the development of capable and enthusiastic people. The objective is to create one company culture. However, this is not done overnight. An interviewee stated:

*“One company culture ...we talk about it and it is important to us but in practice however it is not working well enough. That can be seen in that, if we want to create common recruitment rules or common job rotation policy or alike, it is pretty difficult. One needs to fight for it.”*

Outokumpu aspires to customer-orientation. The new Sales and Marketing organization has been running for a short while and new people have been recruited to drive the change to more customer focused business. Corporate HR has also been involved in this process by running the temporary recruitment office and thus, finding the right people for the new organization. The following comment describes the change done in the recruitment practice:

*“We have always used to ask people personally, if we would like to have a certain person to a certain job. Now we have changed it so that an open position needs to be applied for. That is in the long run a much more important way since people can show their own interest. “*

However, to get the new Sales and Marketing organization running smoothly will still take time. Further education and training for the people are going to take place. Becoming a more customer-oriented company is the target for the next years.

An overall comment regarding the value adding theme was given by a respondent:

*“I see that the value adding starts there that we support the development of leadership capability with different deliverables such as processes, frameworks, and tools.”*



The interviewees also referred to the use of a business partnership model in order to bring added value to the business. Business partnership refers to the role of the HR professional as a business partner who adds value to the organization (e.g. Cascio 2005, 160). According to Lawler and Mohrman (2003), business partnering improves the effectiveness of the HR organization. Thus, the business partner role would be the ultimate objective of the HR function in Outokumpu. Now many things are labelled as HR matters even though HR could have a lot more to offer. Still, HR is involved in various projects and regarded as a reliable partner. Its role has started to change and the appreciation of HR work has improved over the years.

*“We are trusted and we are responsible for big things. I think that our opportunities to cooperate and influence have increased a lot.”*

The interview findings indicate that corporate HR has lately done a lot of work to improve its performance. It still takes time to become a full business partner, but the current direction seems to be right. Big changes need big investments and they always take time. Still, many things have been done in alignment with the HR theories. Transactional work has been reduced, key drivers have been identified, and corporate HR has a deep HR expertise in use. Also many improvements are under their way. Finding the few important things to focus on will lead the way forward.

### Defining Challenges by HR Professionals

The purpose of this theme was to create a better understanding of the way the HR professionals positioned themselves in relation to the identified issues within the company. The idea is to discuss how HR professionals address the current challenges and what they suggested as the solution to overcome the identified challenges. Too few HR professionals have developed business skills combined with HR skills to add value to the complex business issues (Christensen 2007, 5).

The challenges identified by the interviewees touched on various issues. The challenges were observed also in parts of the conversation where other theme areas were discussed. The key findings regarding this theme were:

- Ø Many areas of improvement were identified, the most critical area of improvement was impossible to identify since the thoughts of that varied a lot between the interviewees
- Ø Key challenges identified included: finding clear focus in HR, developing leadership capability, identifying competence needs, and implementing required changes according to the business strategy
- Ø Actions taken in order to carry out improvements referred to implementing the annual HR plan, having open communication, and creating an effective measurement system

In the corporate HR it was clearly seen that the HR professionals were involved in various projects and had many responsibilities. Each interviewee represented one key focus area: resource management, performance management, or human resource development. Only the head of corporate HR was responsible for the final results achieved in all these three areas.

The challenges identified in the interviews were multiple and rather complex. The corporate HR had clear strategic focus areas in place, but the content of all focus areas was not defined clearly. Especially in the area of HRD there were various sub-areas identified. Overall, it seemed that the HR professionals had difficulties to concentrate on the key deliverables. Many things were happening simultaneously. There was not a lack of expertise but rather a lack of consistency and clarity in the practices and procedures across the company.

*“The HR organization has operated in this way relatively short time and I think the model is good but the problems are perhaps associated mainly with that there are a lot in every level that it is really difficult even though we try to choose only few and we are not trying to embrace all world ...”*

The interviewees considered that HR should demonstrate stronger ownership in the organization regarding the strategic HR objectives. There was a strong local culture in the business units which was not aligned with the common objectives settled for the corporate and business HR. Creation of improved HR capability in a business unit was one solution given by an interviewee. Without understanding the HR talk, initiatives would most likely not be taken by the business unit managers. Communication was also regarded an important element in improving the situation. An interviewee commented:

*“I think one of the most important tools for management is that communication connection is opened and that objectives are agreed and development targets are planned that it would be a normal operating model.”*

The changes in the corporate HR had started already some years ago. The aim was to direct corporate and business HR to work as a strategic business partner in the company. The HR work had developed slower compared to the overall HR development. The cultural change had been the slowest. The current state of the culture and mindset were described by an interviewee:

*“We should get many things done ...the culture and attitudes are still in the stage where performance models are created and should be implemented but so many things are going on in the organization that the culture is about to choke.”*

According to Kesler (2000), the business challenges demand a focused HR agenda. An agenda connotes a short list of items that receive management attention over time. The challenge in the strategy process is to deliver in-depth thinking without complexity and to do it in a way that involves the ordinary workers.

The literature calls for HR professional to set their target higher. That could be ideal for corporate HR in Outokumpu, if the target would be first set clear and understood by all parties. Obviously, the corporate HR cannot be considering a role of a strategic player before it has first played the role of a strategic partner. There is a strong believe that HR could do things better. The roles are clear for HR professionals. What comes to the knowing what customers need and promoting HR values, these were not discussed or mentioned. Attitude towards change was rather positive. The identified challenges request changes both in the corporate and business HR. The following quote summarizes the challenge of making changes:

*“HR should be in many ways much more fearless. I think that HR will not find its place looking too much backwards.”*

## Competences of HR Professionals

The competence theme produced an interesting discussion with each interviewee. Since the question around the competences was expressed quite broadly, clarification was asked whether it considered the competences of the HR professionals in the entire company or in the corporate HR. Both aspects were welcomed, but needed to be clearly distinguished. The purpose was to evaluate whether the competences of HR professionals reflected the possibility of corporate HR becoming a more strategic contributor to the business. There were many aspirations concerning the assessment of competences across the organization. Regarding the competences of the HR professionals, they considered their own competence level quite adequate at the moment. The key findings were the following:

- Ø Corporate HR has a strong HR expertise; they have knowledge of the industry, business, employees, and processes
- Ø Corporate HR lacks formal education and training opportunities, project knowledge, and method to collaborate with business HR more effectively
- Ø The three strategic focus areas are clear for the corporate HR, each focus area has a person in charge
- Ø Assessment of HR performance is under development, few key performance indicators have been in use

All the four people that work in the corporate HR in Outokumpu were interviewed. Even though the HR professionals have diverse educational and working backgrounds, they all had a deep expertise in human resources. Their years in Outokumpu varied between 6 months and 20 years. All of them had a deep knowledge in their area of expertise. The knowledge of the industry, business, people, and processes varied depending on the years with the company. Altogether the responsibilities of HR professionals included areas of development of the HR function, individual performance management, resource management, learning and development, organizational capabilities and culture, employer branding, and compensation.

Despite the deep expertise in HR, the HR professionals also identified some weaknesses in their competence development. Formal education and training opportunities for them were meagrely offered. Learning by doing mentality was more dominant in the corporate HR. The following was said about the learning opportunities:

*“We do not offer any formal training or courses or any package tailored for HR internally so that the development here is more about learning by doing.”*

*“I think it would be great if the HR managers of the business units could participate in something where they can see that they can also learn outside other industries and create a network and peer group with people from other firms.”*

All the interviewees agreed that the challenge was to find coherence in HR practices between corporate HR and business HR. Some method to confront this was desired. An interviewee said:

*“We do too many things and fall to this HR talk which the line management does not always quite understand.”*

Referring to Ulrich and Brockbank (2005), when having conversations with the line managers on how the business leaders can reach their goals, HR professionals should add value for the line managers. Value can be added at least in four ways: 1) by resolving any misconceptions of HR, 2) by building relationship of trust based on shared interests and caring, 3) by focusing on value adding deliverables that build organizational capabilities and individual abilities, and 4) by prioritizing capabilities and creating an action plan for delivering them.

Concerning the three strategic focus areas, they were clear to all interviewees. At least each of them was sure about his/her own area of expertise and the answers were often approached from the perspective of that particular area. Some of the interviewees explicitly mentioned the interrelation between these areas, how they were actually connected to each other. Still, the more acute question was to make others in the organization see what the corporate HR stood for. The three principal focus areas served also as key drivers for corporate and business HR.

*“We should make this (HR) more functional across the whole organization. There are those kinds of dark zones. Our processes need to be standardized and activated further across the organization.”*

*“I think it is pretty essential thing to think of simplicity in everything so that this organization does understand what we want.”*

Many improvements had been made within the past years and new development plans were made for the future. The ongoing change seemed to be a normal state of the corporate HR in the future as well.

Some Key Performance Indicators (KPI) were identified from the data. The most important one was the Performance and Development Dialogue (PDD) that was usually run twice a year. In the first PDD discussion every employee agreed on his/her personal objectives for the following year. Then in the next discussion the personal development was tracked with the employee. This KPI was first tracked in volume, now the challenge is rather to track the quality of the dialogue. Another KPI that has been practiced to use was the job rotation quantity in the company's leader pool of around 500 managers. The purpose was to measure how much job rotation took place in that particular employee group. The economic value regarding HR work was considered hard to assess. The following comment was given by an interviewee:

*“It is always a challenge to measure economic value and we always need to treat them as indirect influences ...when this has an influence on that then it can be seen below the line.”*

Other feasible indicators for HR have been planned, but not yet implemented. For example, Leadership Index that was already measured within a HR survey had been planned to be conducted annually. However, all the current measurement tools still needed to be functioning well before more tools could be taken in use. This point was summarized concisely by a respondent:

*“If we only could get these current measurement tools to work well.”*

Assessment of the HR professionals in the corporate HR was done through the official PDD discussion but also the interviewees asked for personal feedback or tried to explore by themselves what was the overall atmosphere among their own team.

## Opportunities for HR Consultancy

This last theme aimed at linking the earlier conversation to the HR consulting. The discussions first with HR professionals of the current state of their corporate HR were to provide a base for the discussion of HR consulting services. Also the attitudes of the HR professionals towards consulting services were attempted to explore for further analysis of the potential HR consultancy opportunities.

Outokumpu continuously works with consulting firms. The overall attitude towards them was positive. The use of consulting help was not systematically planned and it might be that sometimes their services were chosen without a thorough assessment of the actual situation regarding available internal resources to solve the problem. The key findings were the following:

- Ø Partners were selected with critical assessment, the company had a good experience of working with consultants
- Ø Key criteria for a consulting firm included: earlier experiences with the firm, expertise in a certain area, understanding the customer's needs, and ability to produce feasible solutions
- Ø Opportunities for HR consultancy were seen in the areas of training, change management, and organizational development

According to the interviewees, Outokumpu does a critical assessment when choosing the HR consulting partner. The company has learned to deal with consultants and to evaluate their capability for certain projects. People in the company in turn have learned a lot from consultants and they welcome the new ideas that the consultants produce. Also benchmark information from other projects and best practices are often appreciated. The following quotes describe some aspirations related to consulting and consultants.

*"I don't necessarily say that we miss that kind of expertise but that kind of benchmarking and that we could get best practices that one could get outside perspective ...the added value that an outsider brings is the ideas about what could be done better or in a new way."*

*“In many of the questions it is about the right person so that when they say we have something so in fact I want to see the concrete persons.”*

*“Of course that one is an expert and has the knowledge in that field for what I have turned to a consultant ...that there is the competence and capability.”*

The key criteria given for a consulting firm included earlier experiences that the company has had with the consulting firm, area expertise of the consultants, understanding of the customer's need and particular situation, and ability to produce feasible solutions that can be implemented. When the interviewees were asked about the qualities of a good consultant, they mentioned good listening skills, collaboration with the client, business knowledge, and commitment. Also it was important that a consultant had clear roles and responsibilities and that it was easy to get along with him/her. The following quotes were given in the interviews regarding the competences of a consultant:

*“The capability to understand our situation and being flexible and bring solutions that fit in to our world...”*

*“Usually consultants never are the ones implementing and that is the challenge always that the realistic opportunities regarding the functionality are taken into consideration in our circumstances. “*

Also some negative aspects of having consultants were considered. Sometimes people felt tired and sceptic of having consultants around. It might also be that the consultants promised to do something that they were not actually capable of doing. Commitment to the project was also an important factor. The next comments describe the drawbacks of having consultants:

*“We have had very good consultants and professional ones but then of course tiredness and sceptical attitude is normal when the consultants stay for a while and they create pressure and demand.”*

*“In case of a large consulting firm, the consultants should create that kind of relationship with the client and so the consultants should not change all the time during the project. Then you as a client do not need to explain many things many times,”*



*“There have been some situations where we have realized that the partner is good but the person does not represent the standards of the partner. It is really difficult to work when you have the right thing, but poor execution.”*

In Outokumpu consultants were used when there was no time or no knowledge inside the company. One interviewee thought also that the company turned to consultants quite easily sometimes without really assessing its own capabilities of doing the same thing itself. This was expressed by an interviewee:

*“...anyway it is a bit like that often quite easily one might turn on to that rather than rely on that own knowledge.”*

The opportunities for HR consultancy were named a few. They related to training, change management, and organizational development, but were not elaborated any further. These identified opportunities could be reflected to the findings in the challenge theme. They were somewhat parallel with these findings.

Comparing the findings to the literature, many similarities can be seen. Knowledge of the client and its industry is essential, implementation capability is required when producing solutions for the client, and expertise and close collaboration with the client need to be in place. The literature also refers to ethics and quality that were not mentioned by the interviewees. Those can also be considered to be such fundamental factors that they were not even thought of and thus, not mentioned in the interviews.

The attractiveness of consulting services at Outokumpu seemed very promising since many factors approved the use of HR consultants and fewer factors made it challenging to turn to HR consultants. There were opportunities in large subject areas for HR consultants. Careful selection of consulting firms and individual consultants assured that the right expertise was hired each time. Good earlier experiences with the consultants and their ability to provide feasible solutions were making the collaboration with the consulting firm possible also in the future. Learning from consultants and getting benchmarking data and information about best practices were highly appreciated. The use of consulting services was based on lack of time or internal knowledge and no systematic planning was made.

All in all, Outokumpu seemed to be a company offering interesting opportunities for consultancy, also in the field of human resources. Collaboration with the highly skilled HR professionals could be a great opportunity for HR consultants to prove their HR consulting capabilities in the steeling industry.

### 4.3 Comparison of the Two Organizations

In this chapter the empirical findings of the two organizations, HUS and Outokumpu, are being compared. The key findings are summarized in the table below (see table 5). The table is created so that it demonstrates two main similarities and differences found per each main theme in the two organizations. Next the similarities and differences are discussed separately and some theoretical implications are given. The purpose of this chapter is to describe, explain, and connect the empirical findings and reflect them to the theoretical base.

Table 5. Similarities and differences in the empirical findings.

Theme	Similarities	Differences
BEING STRATEGIC BY ADDING VALUE	<ul style="list-style-type: none"> <li>∅ development of management/ leadership expertise</li> <li>∅ participation in decision-making</li> </ul>	<ul style="list-style-type: none"> <li>∅ short-term and long-term planning of HR work</li> <li>∅ focus areas in HR</li> </ul>
DEFINING CURRENT CHALLENGES BY HR PROFESSIONALS	<ul style="list-style-type: none"> <li>∅ having management/ leadership capability</li> <li>∅ measurement tools missing</li> </ul>	<ul style="list-style-type: none"> <li>∅ management training opportunities</li> <li>∅ openness of communication</li> </ul>
COMPETENCES OF HR PROFESSIONALS	<ul style="list-style-type: none"> <li>∅ areas of expertise</li> <li>∅ personal development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>∅ key competence strengths</li> <li>∅ assessment tools</li> </ul>
OPPORTUNITIES FOR HR CONSULTANCY	<ul style="list-style-type: none"> <li>∅ careful selection</li> <li>∅ large areas for opportunities</li> </ul>	<ul style="list-style-type: none"> <li>∅ criteria for consultancy</li> <li>∅ potential areas for HR consultancy</li> </ul>

#### Being Strategic by Adding Value

The empirical findings on this theme confirm that changing the roles of HR professionals to strategic contributors in an organization is not that straightforward a transformation as it might seem in theory. It requires determination and commitment from all stakeholders in the organization, not only from HR professionals. The reduction of routine HR work and preparation of polished HR strategies and plans are not the means to an end. Adding real value to the organization through the role of a business partner requires a more complex set of

actions from HR professionals. Those include actions such as strategy execution, administrative efficiency, employee commitment, and cultural change (Ulrich 1997, 38).

Both organizations were going through changes in their organization structure. In HUS the latest restructuring of the organization had started in the year 2007. The revised corporate strategy forced to revise the objectives of the HR function too. In Outokumpu the reconstruction had started already in 2005, when the current head of HR started in his position. Ambitious reform aimed at bringing the HR function closer to business partnership.

Lots of expectations were placed for the management development work in order to improve the overall management expertise at HUS. Almost all respondents expressed their concern in this matter. Management training had already started at HUS. The scheduling of the training for the managers was considered challenging when the top managers needed to be trained first and then the others in the next levels. In this order the leverage of the training were considered to have a more optimal effect. At Outokumpu good leadership was tracked continuously within a survey and through the leadership the people issues were also reflected. HR professionals at Outokumpu were not worried about the management training, but they hoped to get more opportunities for leveraging HR capability through training in the company.

Aspirations for more strategic contribution through the HR work were identified within the interviews in both organizations. According to Christensen (2006), often the heads of HR have enough desire to be influential business partners. However, they often lack understanding of how to translate the HR theory into concrete applications with appropriate tools and approaches. They also tend to lack the vision to show the partnership they could provide for their line management, language for talking about the link between people issues and business success, and enough confidence to bring it all together. In the researched organizations the heads of HR were not the only ones willing to have a more strategic role in their organization. Many of the interviewed HR professionals who were the direct employees of the heads of HR were also desired to move to that direction.

Furthermore, having the access to the management board benefited the corporate HR in both organizations. This bought them closer to the strategic decision-making. In general, it is considered essential that the head of HR has an access to the development and

implementation of the business strategy. It would be an impossible task to translate a business strategy into a HR strategy if the head of HR would not be closely aware of the subtleties of the business conversation and debate. Only the head of HR can translate the strategy into human resources terms. (Christensen 2006, 60-61)

When sitting in table with other management board members, the heads of HR should have the same understanding of the business as the others have. Thus, they should be aware of the marketplace, product offerings, technology, and investment strategy to the same degree as all other executives at the table. They should also have a clear point of view to share with others about the future direction of the organization. (Christensen 2006, 61)

Sometimes it might be so that a range of individuals and other departments in the organization are not ready for HR professional to move into a more strategic role. Therefore, HR professionals should be able to convey the value that their input can add to the outcome. (HRfocus 2004, 3) An important strategic objective in common for the both researched organizations was the customer-orientation that HR professionals were also expected to address. Recently, the corporate HR in Outokumpu had assisted the company to create a new Sales and Marketing organization whereas in HUS the customer-orientation mentality was leveraged from top-down, starting with setting of the new strategic goals that stressed the mentality. Evidence of customers or different stakeholders letting or not letting the HR professionals to move into a more strategic role was not identified explicitly and would need further investigation. However, it seemed important to make it clear for the rest of the organization what it meant to play a strategic role in corporate HR.

The real value of the HR work and of the HR professionals in the corporate HR was difficult to evaluate by the interviewees. The value was added rather indirectly through various HR practices that were aligned with the strategic objectives of the organization. This indication confirms what Huselid and Becker (1999) stated about HR professionals evaluating their own value. They cannot evaluate the ultimate value of the HR function by themselves. The value they create comes through employee commitment, customer mindshare, and investor's perceptions. Thus, their value lies to some extent in the indirect contribution.

Some differences between the organizations existed too. The short-term and long-term planning for the HR professionals was addressed differently. Outokumpu seemed to plan

more in the short-term; the annual plan for corporate and business HR was an implication of this. HUS instead seemed to plan more in the long-term; it had its current strategic objectives comprising the years from 2008 to 2015. Even though these plans for linking HR with the organizational objectives were in place in both organizations, the action taken in reality was not consistent between the organizations. Outokumpu seemed to be ahead of HUS in implementing the business strategy in practice, even though the long-term HR strategy was described rather in an implicit format. The long-term strategic objectives of HUS indicated that they desired concentrating on less routine HR areas within the next years. Also aligning the HR practices with the strategic objectives was considered an important task for corporate HR in HUS. In both organizations it was apparent that the role of HR was about to change in the future.

Another significant difference was in the focus areas in corporate HR. In HUS the focus of the corporate HR was currently in employment matters and in dealing with continuous change even though the biggest challenge identified in the organization was management expertise. In Outokumpu the focus was in the three focus areas of resource management, performance management, and human resource development, whereas their identified challenges in the company lay mostly in finding clear focus, identifying competences, and implementing changes according to business strategy.

These empirical findings confirm that the HR professionals should really start to think how to implement the company strategy, rather than think what the strategy consists of (Ulrich & Beatty 2001, 36). This latter thinking might avoid HR professionals of taking real actions. Thus, appropriate planning of HR activities in a short-term and long-term is of great value.

### Defining Challenges by HR Professionals

The challenges identified in both organizations indicate that employees are more and more often expected to excel in areas outside their own specialty as well. HR professionals are already expected to excel in the four competency domains: business mastery, personal credibility, HR mastery, and change mastery (Yeung et al. 1994, 14). According to Christensen (2006), the desired competencies for HR professionals should be articulated clearly in order to create a common language with which to talk about the expectations for the

action of HR professionals. That would give a clear standard against which HR professionals could be hired and developed.

Good management/leadership capability across the organization was identified as an important factor by the HR professionals in both organizations. In HUS the managers should excel in implementing the strategy and working effectively with others in the executive board. In Outokumpu a good leader should follow the leadership principles defined by the company (see section 4.2). The interviews in Outokumpu indicated that there seemed to be a lack of HR capability in business unit management. The interviewed HR professionals saw that creation of HR capability in the business units could improve the strategic alignment of HR practices across the organization.

Another similarity was the lack of measurement tools for tracking the contribution of HR professionals. Both organizations acknowledged the need for these tools. In Outokumpu some measurement tools were in use, but their use was not efficient enough and more practice was needed. The Performance and Development Dialogue (PDD) and job rotation were the two principal performance indicators whose use needed to be improved before new tools could be bought in. In HUS action was to be taken in order to identify possible measurement tools for the HR function. So far there was no formal tracking in place regarding the contribution of HR professionals. Especially the development discussions were regarded essential.

The differences between the organizations regarding the challenges were found in management training opportunities and communication. As discussed in the previous chapters the training opportunities were given in HUS for the managers to improve their skills in areas of strategic thinking, strategic management, human resource management, and financial management. In Outokumpu there were different training programs offered for employees willing to improve their skills. Still, training opportunities for the managers in the business units to improve their HR capabilities could be a feasible idea in the future. In both organizations formal training was not offered to the HR professionals in the corporate HR.

Referring to Yeung et al. (1994), communication is part of the HR mastery in the competency model. The communication within the corporate HR seemed to be more organized in Outokumpu than what was perceived in HUS. Even though the organization-wide communication in HUS seemed to be efficiently organized, there were implications of a lack

of frequent communication within the corporate HR. They were not currently having meetings in a regular basis and did not have a feedback system to keep them updated on where they stood compared to their objectives. In Outokumpu the corporate HR were meeting regularly and they were having regular development discussions. Personal feedback seemed to be asked from others more often as well. However, in both companies the HR professionals evaluated their own performance by themselves to some extent.

### Competences of HR Professionals

The findings regarding the competences of HR professionals showed that in both organizations the HR professionals in the corporate HR had their own areas of expertise. The danger of having the HR work divided into restricted areas of expertise is that it might support this kind of “silo mentality” where one only sees things reflected to his/her own working area and not any further. Also interrelation of these areas might be a challenge in practice. All HR professionals should be involved in discussing and defining of current concepts, research, and best practices about people (Quinn & Brockbank 2006, 479). In addition, HR professionals should understand how the business operates in order to add value. At least they should be experts in their own specialty, understanding the theoretical concepts and their relation to a certain situation. (Becker et al. 2001, 158-159)

In the researched organizations all respondents seemed to be strongly dedicated to their work and willing to learn new skills and take new responsibilities. They were positive about the gradual transformation of the HR’s roles and that their own role could become more substantial within time. HR professionals seem to be in the right track ensuring that they are creating a relationship between employees and the organization that allows both to succeed (Pasmore 1999, 367). This success would also require providing more personal measurement opportunities for the HR professionals so that they can excel in their work within the changing needs in the market. In both organizations the HR professionals in the corporate HR were more or less rather learning by doing than participating in formal education or other learning events. However, more training opportunities in the area of HR were considered welcome. Training opportunities could ensure that the HR professionals remain competent within time, they learn from other industries and peer groups, and they have an access to the latest information about studies, theories and best practices outside their own organization.

The key differences found related to the key competence strengths and assessment tools. In both organizations HR professionals had diverse educational and working backgrounds. However, their competences differed. In HUS the HR professionals were supposed to know the work in private sector, deal with the operational HR issues, be familiarized with the large healthcare organization and its way of working, and excel in the specific areas of HR information systems, training and development, HR administration, and employment negotiations. In Outokumpu the corporate HR was familiar with the steeling industry, the overall business, people, and the processes. Their three focus areas covered competences in multiple areas: overall development of the HR function, individual performance management, resource management, learning and development, organizational capability and culture, employer branding, and compensation. Unsurprisingly, the most noticeable difference between a public and a private organization was that the capabilities of knowing the business were considered weaker in the healthcare organization than in the steeling company. Regarding the industries in question, the HR professionals at HUS considered that it was not necessary to have in-depth knowledge of the industry when working with HR issues. Still, having an overall picture of the work was essential. In Outokumpu the understanding of the industry and especially the business was highly appreciated.

Only in Outokumpu there were some assessment tools in place for corporate HR, but there was still a challenge to assess the competences of employees. By tracking the use of Performance and Development Dialogue in volume was successful but the challenge was to measure the quality of the dialogues. This implies that it is not useful to have measurement tools if they do not produce valuable information for the organization. According to Tracey and Hinkin (1998) sound measurement is one of the keys of making effective decisions and providing quality feedback. There are many measurement instruments that can be used to assess development needs and evaluate performance. To gain meaningful and useful information for making effective decisions, such instruments must have sound measurement of knowledge, abilities, attitudes, and personality.

Making corporate HR visible for others was a common challenge in the researched organizations. HR professionals were quite well aware of their own competences and capabilities, but they were struggling in communicating them to the others in the organization. The lack of competences and capabilities were also quite well identified, but not yet addressed strongly enough.



## Opportunities for HR Consultancy

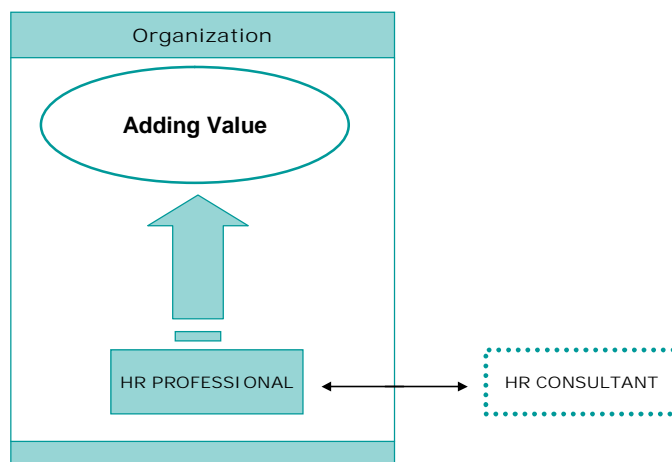
The findings show that in both organizations the consulting firms and individual consultants were selected carefully. Both had experience in choosing an appropriate partner. However, the criteria for a consulting firm or a consultant differed. The respondents in HUS considered that the most important criteria in choosing the consulting firms were the firm's reputation, references and experience. In Outokumpu the most important criteria consisted of earlier experiences with the firm, expertise, ability to understand the customer's needs, and ability to produce feasible solutions. The criteria also differed with respect to selecting an individual consultant. Outokumpu appreciated good listening skills, collaboration, business knowledge, and commitment to the project, whereas HUS stressed the importance of having knowledge of the private sector, listening skills, and right attitude.

According to the consulting literature the criteria for consultancy varies a lot between different studies. According to one study, the two most important choice criteria for a client were the consulting firm's general reputation and its reputation in a specific functional area. The third criterion was that the buyer knows about the specific consultant who will work on the project. (Dawes, Dowling & Patterson 1992, 189) At least these three criteria were more or less referred to in the empirical findings and therefore, some support for the earlier study was found.

The respondents of both researched organizations identified large opportunity areas for HR consultancy. In HUS these included knowledge management, development of HR practices, creation of HR value process, and management training. In Outokumpu the possible need for HR consultancy were in change management, training, and organizational development.

According to a study conducted by Redman and Allen (1993), the use of HRM consultants adds to the general sophistication with which human resources are managed and to the status of the personnel department, rather than resulting in a marginalization of the function (Redman & Allen 1993, 52). Referring to another source, in companies where the relationship between employees and management is poor or the overall productivity is low, the use of human resource consultants is more likely (Kitay & Wright 1999, 15). Still, for many HR organizations having competent HR professionals as well as HR consultants can be a beneficial combination.

Figure 10. Description of the link between an HR professional and an HR consultant.



In terms of the interrelationship between an HR professional and an HR consultant (see figure 10), many benefits from their collaboration can be named. The HR consultant can help the HR professional to add value to their organization when supporting them with the HR related issues and problems. They can complement the capabilities that HR professionals have in the organization. HR consultants can also assist the organization in identifying the key issues and problems to be solved. Within consulting projects they create a customer relationship with the organization that is based on their HR expertise and consulting skills. They also create opportunities for consulting cooperation for the future in the changing working environment of HR professionals. Long-term relationship building is as essential for the HR consultants as for the HR professionals. Within long-term collaboration they learn to know each others more in-depth and they can develop their collaboration to new areas more systematically.

According to the academics, the greatest challenge for both HR professionals and HR consultants seems to be their capability to take strategic actions. HR consultants are often not participating in the actual implementation of their recommendations to the clients. HR professionals are also advised to concentrate less on the contents of their work than action. However, they both can influence the strategic value add of the HR function. According to Lawler and Mohrman (2003), the strategic value adding can be increased by highlighting the knowledge and competency aspects of the business strategy, increasing focus of HR on planning, organizational development, and organizational design, providing strategically valuable information, being close to the business reality, and by ensuring that the head of HR has in-depth HR experience. In fact, these guiding principles could provide a good starting point for the strategically ambitious HR function.

## 5 CONCLUSIONS

In this last chapter all different parts of the research at hand will be brought together. The previous chapter already briefly concluded the main findings of this research. This chapter will concentrate on drawing conclusions from the findings by answering the initial research questions.

The previous findings revealed that expectations of a more strategic business focus for corporate HR in HUS and Outokumpu were developing. The HR professionals examined in this research reported positive reactions to the current organizational changes that have also been affecting HR work and HR objectives. The HR professionals were rather optimistic about their future and their capability to play their roles in the gradually transforming HR functions.

In terms of HR consultancy, the research concluded that potential for HR consulting projects in the researched organizations existed and overall attitude towards consulting was positive. Within the transformation of the HR function more opportunities were expected also for HR consulting work. No implications showing the use of consulting help being currently purchased in order to concentrate more on the strategic HR work were seen. That could however be one new motive for turning to HR consultancy in the future.

The study has attempted to increase the understanding of the interrelationship between HR professionals and HR consultants. In the light of the literature, the future of HR consulting is closely related to the overall development of the HR functions. The practitioners of these two professions share the same goal of adding value to their organization. When the organization's purpose of turning to HR consultancy would be the aim of adding strategic value, the linkage between HR consulting and HR functions would reinforce the interrelationship even more. After all, when adding value, HR professionals and HR consultants both aim to fulfil the particular needs of the organization and other stakeholders in question. The evidence from the empirical findings imply that while the HR professionals are willing to transform their role to a more strategic one, they still seem to think that they will need consulting support within that transformation. Thus, the interrelationship between HR professionals and HR consultants in the two organizations has potential to strengthen further in the future.

## **Main Findings**

This research concentrated on connecting two subject areas: strategic human resource management (SHRM) and human resource (HR) consulting. They were primarily linked together by emphasizing their mutual area of HR expertise. The ultimate research objective was to find the answers to the initial research problems. The main research question was:

- Ø What is the link between HR professionals and HR consultants in adding value to the organization?

In addition, the two sub-questions were:

- What does adding value mean in SHRM?
- How does an HR professional and an HR consultant add value?

The next sub-chapters will give answers to these questions. Ultimately, the purpose is a fuller understanding of the advantages of the collaboration between HR professionals and HR consultants in the development of HR function. The two sub-questions will be addressed first and then the answer will be given to the main research question. Both theoretical and empirical evidence are applied in order to solve the research problems.

### What Does the Adding Value Mean in SHRM?

There is no straightforward answer to this rather complex question. First of all, it is essential to understand the meaning of adding value to an organization. According to Wright and Snell (2005), adding value is about building organizational capability of delivering customer outcomes. Further, Huselid and Becker (1999) state that the impact of the HR activities becomes the value created for the customers. Laitamaki et al. (2007) add to this that organizations can increase customer satisfaction by investing in customer-value based HR strategies and actions.

The HR academics see that the HR professionals should be providing strategic value to their organizations. This value adding was addressed through investigating the researched organizations. Taking into consideration the industries of the researched organizations in this

research, it was not a full surprise that the strategic value adding of the HR professionals was developing rather slowly. The public sector's healthcare organization and the private sector's steeling company represented rather old-fashioned industries where making changes often last longer than in the fast moving industries such as telecommunications. Also the decision-making in a public sector organization differed significantly from the private sector. Furthermore, the magnitude of HUS made everything more complex also for the HR professionals. They needed to think in the context of 21 000 employees when considering and solving the people issues. Further research is needed to state whether the organizations are typical examples of their industry and sector.

Despite the industry, sector and size of the organization, the researched organizations implied great expectations regarding the transformation of their organizations. At HUS the HR professionals had a long-term approach to the strategic objectives whereas in Outokumpu the HR professionals had a more short-term approach to the strategy. The HR work at HUS was led by a new corporate strategy and HR strategy that were applicable for many years to come. In Outokumpu the corporate and business HR shared the same annual plan that attempted to guide their actions within the current year. However, Outokumpu had outlined also its companywide HR strategy that was driven by the business strategy. Without having a specific short-term HR plan, the corporate HR at HUS interpreted the HR strategy to the daily HR activities. The strategies and plans in place affected the HR activities in the corporate HR.

The approach taken at HUS towards the new strategic objectives highlighted the HR strategy that was guiding the everyday work of the HR professionals in the long-term. The HR unit at the corporate level was actually called HR administration and that already revealed that the HR professionals were not yet active in making strategic contributions. Interestingly, the HR professionals in the corporate HR seemed to concentrate on the big picture, considering the employees of the whole organization within their actions. Customer-oriented service culture was one of the most important objectives of the HR strategy. It was also a response to the current organizational challenges. The biggest challenge for the corporate HR was to support the management development to the right direction. Still, the primary focus in the corporate HR seemed to be in the employment matters. Thus, there seemed to be a gap between the current HRM challenges and the current HR actions taken.

Outokumpu has emphasized the importance of economic value in its strategy. Employee development and customer orientation were the factors to sustain the created and realized value. In the corporate HR, the HR professionals concentrated on their key focus areas that were expected to add value to the company. Thus, they were fairly well directed to focus on implementing the strategic objectives of the company. However, the somewhat inconsistent HR practices across the company were the real bottleneck to resolve since it prevented the HR function from fully achieving its strategic objectives.

Even though both organizations had their head of the human resources in the management board, the HR work was not equally strategic between them. The responsibilities of the heads of HR were very different. In Outokumpu the responsibilities included HR strategy and policy, key processes and head office administration whereas in HUS they were staff administration, employer tasks, occupational health services, labor protection, and staff education and development. In Outokumpu HR work was closer to implementing the strategic objectives of the organization than in HUS. If the head of HR is not made responsible for considering the strategic HR aspects, the rest of the HR function would not do that either since it is not their primary responsibility. However, it is essential to understand that the current situations and objectives of the two organizations were not similar; they operated in different contexts and had different objectives. It seemed that the HR professionals in HUS were to become more strategic contributors by time since their current role seemed to be under ongoing development. Still, the research has attempted to create a picture of the strategic value adding of HR professionals at the moment they were investigated for this research. Thus, the conception of the HR work at HUS was less strategic and more operational than at Outokumpu.

When reflecting the role of the corporate HR to the HR roles and responsibilities in the larger HR department identified by Ulrich (2007), it first seemed in the light of the theory that both HR organizations focused on the role and responsibilities of a corporate HR. Corporate HR responsibilities include development of the corporate culture and identity, implementation of the CEO's agenda, alignment of HR with business goals, being responsible for employees at the corporate level, and making sure of HR professional development. In practice, however, it seemed that the HR professionals in HUS were taking mostly care of the transactional work that referred to more standardized and routine HR work. This transactional role matched better with the current HR work in HUS than the responsibilities of corporate HR. However,

within the new direction the corporate HR in HUS was going more to the direction of having the focus on role and responsibilities of the corporate HR.

When evaluating the corporate HR in Outokumpu against the Ulrich's HR roles and responsibilities, the HR professionals were considered to be moving its focus from the current role of a corporate HR towards taking more the role and responsibilities of embedded HR. The HR professionals in embedded HR work with line managers and management team in order to clarify strategy, perform organizational audits, manage talent and organization, deliver HR strategies, and lead HR function. In that role they play the role of a business partner in order to add value to their organization. Still, there is no ideal role for HR professionals; they can play various roles within an organization. Organizations differ in the way they stress HR issues in their performance.

In the long run, strategic value adding in terms of SHRM means that HR professionals build organizational capability through appropriate strategies and actions that are considered to add value to the primary receivers of that value. The impact of their contribution is the real value created to the organization.

#### How Does an HR Professional or an HR Consultant Add Value?

It is essential to understand how an HR professional or an HR consultant adds value before considering the interrelationship of them in adding value to an organization. Becker et al. (2001) stated that HR professionals add value to the business when they understand how the business operates. Understanding allows them to adapt HR and organizational activities to changing business conditions. The literature also showed that one way in which HR professionals can add value is to play the role of a business partner. However, the ultimate value they create is defined by the receiver of that value. It cannot be defined by the HR professionals alone and by their beliefs, goals, and actions (Ulrich & Brockbank 2005). All in all, the objective of a HR professional is to ensure that HR adds value to strategic planning and business results of the organization (Ulrich & Beatty 2001, 306). In the researched organizations value-adding was evaluated through the strategic role of HR professionals. Even though the current contribution for achieving the strategic objectives of the organization varied, the aspirations to becoming more strategic contributors existed among all interviewed

HR professionals. Value adding HR work was related to meaning and purpose of HR people according to some of the respondents.

Whether HR consultants can add value depends on the existing gap between in-house capabilities of the organization and the skills it has required from outside advisors (Lawler & Mohrman 2005, 135). Value adding in management consulting means improving the performance of the organization. The consultants apply their methods and tools in order to solve the organization's problem. The HR consultant in turn adds value equally by giving advice in order to address employee related issues and problems (Kitey & Wright 1999, 2). After all, the HR consultant's focus is on improving the organization's ability to recruit, motivate, evaluate, reward and develop its people (Greiner & Metzger 1983, 203). The role of the HR consultant in adding value to an organization can be seen through the support they give to HR professionals. Still, HR professionals can also work with other stakeholders in the client organizations.

In order to actually start adding value the HR professionals and HR consultants need to know their current skills and identify the current barriers. Without being aware of these their actions cannot guarantee success. Their current skills could be inadequate related to the required skills and the challenges too big to surpass. According to Becker (2001), HR professionals should be experts in their specialty and able to adopt the HR theories into changing conditions. Lawler and Mohrman (2003) emphasized the deep HR experience that the HR leaders should have (Lawler & Mohrman 2003, 28). Referring to the empirical findings, the organizations seem to require from the HR professionals things like HR expertise, business knowledge, change management skills, and visible and measured contributions.

Consultants use their best practices gained by literature, training, and their experience from client firms (Creplet, Dupouet, Kern, Mehmanpazir & Munier 2001, 1521). Change in the overall customer demand already requires specific knowledge, skills, abilities, and attitudes from HR consultants (Green 2002, 114). Their clients often look for experience, expertise, and efficiency (Maister 1993, 21). The needs of the consulting clients are affected by attributes such as changes, cost reductions, market developments, technology shifts, and global imperative (Nolan and Benningson 2005, 56).



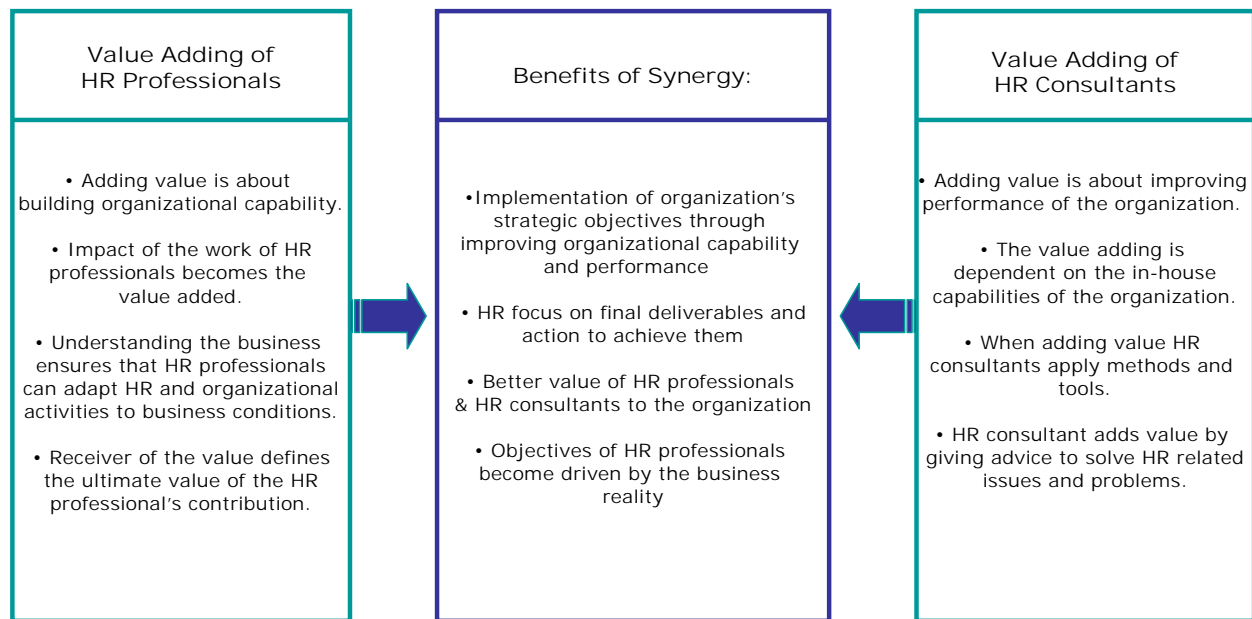
According to the empirical evidence the clients seemed above all to value the skills to listen the client, collaborate with the client, and bring business knowledge. They were also expected to be committed to the consulting project and have knowledge of the client's industry. These choice criteria are important for the HR consultants to bear in mind when wanting to meet the value requests of their customers. Value adding is closely dependent on the needs of the customers since customers need to be willing to pay for the value delivered by HR consultants.

### What Is the Link between HR Professionals and HR Consultants in Adding Value to the Organization?

Now that the value adding principles have been clarified, it is possible to move on to conclude the interrelationship between HR professionals and HR consultants. According to Lawler and Mohrman (2005), the external HR consultants and the internal HR professionals should complement each other rather than treat each other as a threat. Neither of them can be provided with a ready-made HR package advising them how to add value. The interrelationship between a HR professional and a HR consultant can be evaluated by looking at the way they add value.

Recalling the ways how a HR professional and a HR consultant add value, it can be concluded that the value adding of a HR consultant is strongly dependent on the value adding capabilities of the HR professionals in the client organization. The less there are capabilities available for value adding activities, the more likely it is that a HR consultant is called for help. It also depends on the capabilities of the HR professionals what HR work is given to them. On the contrary, HR professionals are dependent on the HR consultants when their own capabilities and time is not enough to perform the HR work. It also depends on the qualifications of a consultant what HR work he/she will be asked to help with. The following figure 11 describes the key contributions of HR professionals and HR consultants in adding strategic value and concludes the possible benefits of the synergy when the both parties are working together.

Figure 11. Benefits of synergy provided by HR professionals and HR consultants.



The collaboration between HR professionals and HR consultants in adding value to an organization has many benefits for the organization. First of all, the collaboration in adding value ensures that the implementation of the strategic objectives of the organization is been aimed at. The objective of building organizational capability and improving performance in order to add value become the base for their common target. The value adding focus also emphasizes the concentration of HR professionals and HR consultants on the final deliverables and action to reach them. Within the increased value adding impact, the real value of HR work, HR professionals, and HR consultants within the organization is likely to improve and they become more visible for others in the organization. By demonstrating the HR function's strategic input with value adding activities, the HR consultants can also gain more opportunities in the future by supporting the strategic value adding practices of HR professionals. The strategic value adding HR professionals get closer to the business reality since value adding requires understanding the business requirements. After all, the benefits for the organization gained by this synergy can be significant and far-reaching.

Lastly, it can be concluded that the interrelationship between HR professionals and HR consultants in adding value to the organization is not a stable relationship. The dependency of that relationship is strongly based on the knowledge, skills, abilities, and attitudes of the two parties. The more there is capability available to handle the HR work in-house, the less room there is for HR consultancy. The capabilities of HR consultants also count. The

interrelationship also evolves within the changing conditions and especially within the overall transformation of the HR functions and management consulting industry.

Based on the SHRM literature, it seems that SHRM is going towards the future where HR professionals will be at the end of the day giving more strategic support to the organization. Due to their strong dependency, the same seems to be the future for HR consulting. Therefore, they should both continue focusing mostly on the people issues in the future too. HR professionals should be thinking of the future concepts, research, and best practices about people (Quinn & Brockbank 2006, 479) whereas HR consultants should find the best way of supporting the client organizations to excel in the people-related activities in the long-run.

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# APPENDICES

## *Appendix 1: Interview Outline*

### **1. Implementation of the Current Strategy**

- a. How is the corporate strategy linked with the HR strategy?
- b. How is the implementation done?
- c. What has your role been in that?

### **2. Value of the Work of HR Professionals**

- a. How does the HR function add value to the organization?
- b. What is the value of the HR function?
- c. How is your work valued in the organization?

### **3. Participation in the Decision-making**

- a. How can the corporate HR influence decision-making?
- b. How can you take HR issues further?

### **4. Competences of the HR Professionals**

- a. What are the competences in the corporate HR/ HR function?
- b. How do you improve your own competences?

### **5. Measuring and Tracking**

- a. How is the corporate HR being measured? What measurement tools are used?
- b. How do you get feedback from your work?

### **6. Support of External Consultants**

- a. When are services of external consultants used in HR related matters?
- b. How do you define a good consultant?

### **7. Collaboration with HR Consultants**

- a. In what areas could HR consultants help the corporate HR?
- b. What is your experience of working with consultants?