

Master's Thesis

Master's Degree programme in International Business Management

2015

Sanna Nurmi

HUMAN RESOURCES ADDING VALUE TO THE BUSINESS

– Case Cygate



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

MASTER'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Master's Degree Programme in International Business Management

2015 | Total number of pages 74

Mervi Varhelahti, Laura Heinonen

Sanna Nurmi

HUMAN RESOURCES ADDING VALUE TO THE BUSINESS- CASE CYGATE

This thesis is based on research, which aimed to survey the role and work of human resources (HR) in a company called Cygate and was carried out as a deepened view to the previous study. The purpose of this study is to gain the respondents' (both managers and HR) perception of how HR is functioning today and the possible needs for development from a strategic point of view. The main research area is: What are the participant's view of the current HR work and potential needs of development of achieving the level of strategic human resource management? This area is analyzed in sections through five research questions.

This thesis will be supported by a theoretical framework, which is based on strategic HR. The theoretical framework consists of various themes and views, such as strategy, human resource management (HRM), strategic human resource management (SHRM) and the four roles of HR. Main focus of this study is in the company part and the survey and there is also a view on the cultural aspects of Finnish and Swedish ways of working.

The study was conducted as a quantitative survey for the managers and as a qualitative interview for the HR personnel. With the help of the survey it was clarified whether the qualification met the objectives, and if there were some potential development proposal. The results of the questionnaire and interview were analyzed with reference to the theoretical framework

Potential development proposals are conducted in the last chapter. The improvement required consists of mostly higher level of business knowledge in order to support the business in more efficient way. Most of the responding managers emphasized the importance of HR understanding the business and business strategies. HR sees the existing gap between being operational and becoming more strategic partner although it is more obvious to HR that most of the operational tasks are connected to strategy.

KEYWORDS: Human resource management (HRM), strategic human resource management (SHRM), human resources (HR), strategy, business strategy, business partner, development

OPINNÄYTETYÖ (YAMK) | TIIVISTELMÄ

TURUN AMMATTIKORKEAKOULU

Master's Degree Programme in International Business Management

2015 | Sivumäärä 74

Mervi Varhelahti, Laura Heinonen

Sanna Nurmi

HUMAN RESOURCES ADDING VALUE TO THE BUSINESS- CASE CYGATE

Tämän opinnäytetyön pohjana on Human Resources (HR) työhön ja roolin kohdistuva tutkimus, joka suoritettiin yrityksessä nimeltä Cygate ja työ on myös tutkimuksen syventävä jatko-osa.

Tämän tutkimuksen tarkoitus on saada kuva Cygaten esimiesten ja HR osaston näkemyksestä siihen, miten HR toimii ja mitä kehittymismahdollisuuksia löytyy strategiselta näkökannalta ottaen. Päättökäsitteiden osanottajien näkemys nykyisen HR työhön ja mahdollisiin kehitystarpeisiin strategisen HR tason saavuttamiseksi. Tätä päätökäsitteiden aluetta tutkitaan viiden eri kysymysalueen kautta koko opinnäytetyön läpi.

Opinnäytetyön tukena ovat teoreettiset puitteet, joiden lähtökohdaksi on strateginen HR työ. Teoriaosa koostuu erilaisista aiheista ja näkemyksistä, kuten strategia, HR johtaminen, strateginen HR johtaminen ja neljä HR roolia. Pääalueena tässä opinnäytetyössä on itse yritysosa ja tutkimusaineisto ja työ sisältää myös osion, missä tarkastellaan suomalaisen ja ruotsalaisen työ- kulttuureihin liittyviä näkökulmia .

Työ suoritettiin kvantitatiivisena kyselynä Cygaten esimiehille ja kvalitatiivisena haastatteluna HR henkilökunnalle. Kyselyn avulla selvitettiin, josko edellytykset ja tavoitteet kohtaavat ja myös mahdollisia kehitysehdotuksia löytyy. Kyselylomakkeen sekä haastatteluiden tulokset analysoitiin teoreettisen kehityksen puitteissa.

Mahdolliset kehitysehdotukset on esitetty viimeisessä osiossa. Tarvittava parannus koostuu lähinnä liiketoiminnan korkeamman tason ymmärtämisestä, jotta sitä voitaisiin tukea parhaalla tavalla. Suurin osa vastanneista esimiehistä piti tärkeänä HR osaston liiketalouden tuntemusta ja strategista ymmärrystä. HR ymmärtää operatiivisen ja strategisen aseman välisen juonun, aikkakin se on selkeämpää HR osastolle kuin esimiehille, miten operatiiviset toimenpiteet ovat osa strategiaa.

ASIASANAT:

Human resource management (HRM), strategic human resource management (SHRM), human resources (HR), strategia, liiketoimintastrategia, liiketoimintapartneri, kehitys

CONTENT

| | |
|--|-----------|
| 1 INTRODUCTION | 6 |
| 1.1 Project plan for the thesis | 8 |
| 1.2 Research questions | 9 |
| 1.3 Previous study | 10 |
| 2 LITERATURE REVIEW | 13 |
| 2.1 The concept of strategy | 13 |
| 2.2 Strategy and HRM | 16 |
| 2.3 Matching HRM to organizational strategy | 17 |
| 2.4 Strategic human resource management | 18 |
| 2.4.1 The emergence of SHRM | 18 |
| 2.4.2 SHRM: What does it mean in practise? | 20 |
| 2.4.3 Organizational change and its impact on business management and HR management | 22 |
| 2.4.4 The four roles of HR | 24 |
| 2.5 Finnish society in the context of expertise-based competitive advantage | 26 |
| 3 CASE CYGATE | 29 |
| 3.1 Cygate the company | 29 |
| 3.2 The journey of Cygate | 30 |
| 3.3 Cygate´s HR department | 31 |
| 3.4 Cultural differences between Finland and Sweden in the context of companie´s competencies and well-being from strategic HR point of view | 33 |
| 4 OBJECTIVES AND GOALS | 34 |
| 4.1 Objectives of the thesis | 34 |
| 4.2 Goals | 35 |
| 5 DATA COLLECTION | 36 |
| 5.1 The survey- questionnaire | 36 |
| 5.1.1 Section I: Personal information | 38 |
| 5.1.2 Section II: HR´s role | 39 |
| 5.1.3 Section III: Professional HR competencies | 47 |
| 5.2 The survey- interview | 49 |

| | |
|--------------------------------|-----------|
| | 5 |
| 5.3 Interview questions | 49 |
| 5.4 Interview answers | 50 |
| 6 ANALYZING THE RESULTS | 55 |
| 7 DEVELOPMENT PROPOSALS | 61 |
| REFERENCES | 64 |

APPENDICES

Appendix 1. Questionnaire managers

Appendix 2. Interview questions HR

PICTURES

| | |
|--|----|
| Picture 1. Study plan (Holmgren (2013) TeliaSonera´s HR study for Cygate). | 9 |
| Picture 2. Traditional HR model vs. Future HR model (Holmgren (2013) TeliaSonera´s HR study for Cygate). | 10 |
| Picture 3. The four HR roles by Ulrich. | 24 |
| Picture 4. Cygate´s offer to the customers (Marketing department Cygate 2012). | 28 |
| Picture 5. HR organization in Cygate. | 30 |
| Picture 6. Cygate´s organizational chart. | 31 |

TABLES

| | |
|-------------------------------|---|
| Table 1. Thesis project plan. | 7 |
|-------------------------------|---|

1 INTRODUCTION

This thesis is a study of the extent to which the expectations of middle and senior managers in my current company, Cygate is consistent with the existing human resources management (HRM) from a strategic point of view.

This thesis is also a complementary study that has its origin of interest in an analysis done regarding the HR department's work load and the consistency of the work done by HR. The analysis also included a smaller scale view on HR's work by board of leaders. The analysis showed that HR worked extra hours covering a half-time job and this resulted in employing one more HR Manager in the current group. It also measured the thoughts of top leader's view on HR in different HR related tasks. It became clear that HR is not seen as very top strategic player in the company, which actually became the starting point for the need of this study.

Human resources have for years been fighting for their strategic position in Cygate. In theory, HR's role has become more of a business partner than just an operative administrator, which was the case for many years ago. That is not fully implemented view in Cygate. In my opinion, HR should have at least as important role in adding value to the business as all the other business areas in companies.

The strategic role of HR is still not understood and accepted in many companies and a company called Cygate is used as an example in this thesis. Cygate has seen the value of HR in many ways, but mostly from the operational point of view. There are some questions yet to find out answers to when it comes to achieving the position of a strategic business partner for HR in Cygate. How to define HR's position in the company? Who owns the processes, managers or HR? What are the expectations from both sides? Is HR part of the business

strategy planning? Which role does HR want to achieve? How to make the managers aware of the importance of strategic HR work? I hope to find answers to some of these questions throughout the study.

It is very common that HR processes are seen important for HR to have and not always as something that actually adds value to the company. There is a constant struggle with defining, explaining and justifying HR processes to managers. Cygate is no exception in this. There has been understanding for the need of some of the processes, such as recruitment, performance management and salary review, but they are often seen as time-consuming, too controlled and not very proactive processes from the manager's point of view.

There is a long road ahead for HR representatives in Cygate by trying to convince that HR both has the qualities, competencies and knowledge to help the business gain their goals. This struggle is ongoing on daily basis and the fact that all HR are women in very male dominated field does not make the road less rocky, so to say. It is hard to diminish the operational and administrative role, when the company has not have HR services function.

The approach in this thesis is from theory to practice, starting with presenting theoretical approaches to HR's role and strategic partnership to the business. Then some examples of how can they be used in practice. The second part will go through the current situation in Cygate first from the company's point of view and finally through HR departments history to today. The third part includes the conducted qualitative and quantitative research from plan to results. Finally, the last part is analysis of the results and development suggestions.

1.1 Project plan for the thesis

The thesis was conducted for my current employer company called Cygate, where I work as HR manager since 2007. This thesis was done parallel to full-time work and required quite a huge effort to be conducted, both time wise and quality wise. The plan was to follow a strict timeline. Project plan was set in the beginning of 2014 and in the first outcast it was to be conducted within four months. This soon became impossible due to some radical changes in the company that put the focus on work instead of thesis. The new timeline was set and the goal was to be done by the end of 2014.

Table 1. Thesis project plan.

| Project part | Action | Due date |
|---|---|-----------------|
| Thesis suggestion and plan | Do a thesis plan with subject suggestion and present it both in school and work | 2014-02 |
| Start theory part | Reading and writing theory part to the thesis | 2014-09 |
| Start company related part | Writing the company based part in thesis | 2014-10 |
| Start creating questionnaire and interviews | Create questions to the questionnaire and interviews | 2014-10 |
| Conduct questionnaire and interviews | Give questionnaires to managers and interview HR | 2014-11 |
| Analysis | Analyze the results and write these in thesis | 2014-12 |
| Present thesis | Present the thesis both In school and at work | 2014-12 |

1.2 Research questions

Many studies have found a positive relation between strategic HRM practices and firm performance. Finding the way for synergy effect between business strategy and HR strategy is one of the goals for this thesis together with finding answers to the research questions below. The starting point is how the current situation looks like in the studied company, Cygate.

The research questions are based on following:

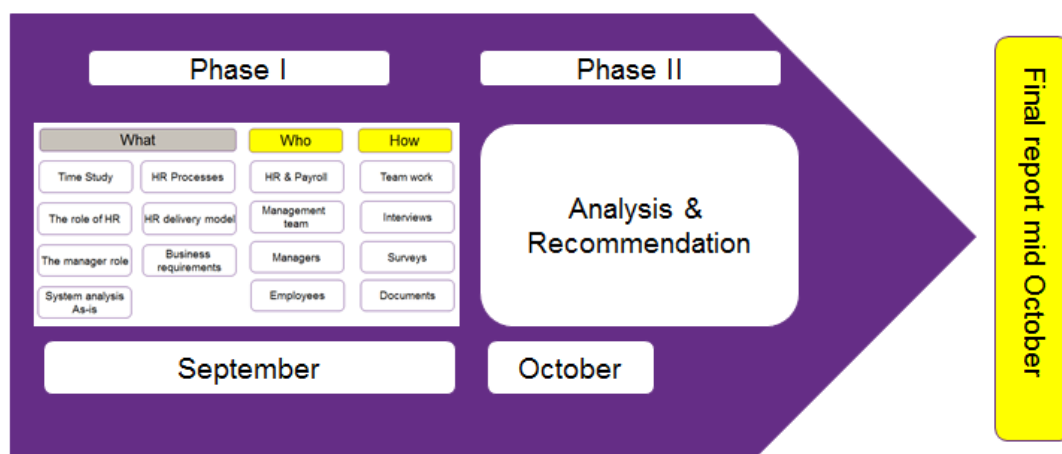
- What does it mean to be strategic HR?
- Is HR seen as more operational or strategic function in the company today both by managers and HR? Is there a need to be more strategic?
- What are the most important tools for HR to become a business partner or to retain the role?
- How is HR strategy aligned with the company's business strategy?

With the help of these questions the thesis includes firstly the current situation in the company. Secondly, this thesis studies the manager's and HR's own view on how strategic they need to be in order to add value to the company. Thirdly, there are development proposals to help HR to gain/retain the wanted position.

It is not unusual that the view on HR differs quite a lot depending on which part of the company is answering. There is different amount of interaction between HR and rest of the organization at sometimes it is hard for parts of the organization to understand what HR work actually means. The research questions are helping to find that out.

1.3 Previous study

This thesis has a connection to a study and analysis performed by Ulrika Holmgren (TeliaSonera) regarding Cygate´s HR department. The goal of the study was to analyze the tasks and roles of HR. The purpose of the study was also to analyze if there was something in the model that could be done more effectively and if there was need for one more HR Manager. The analysis also showed how strategic role HR had both according to facts and even opinions of the board.



Picture 1. Study plan (Holmgren (2013) TeliaSonera´s HR study for Cygate).

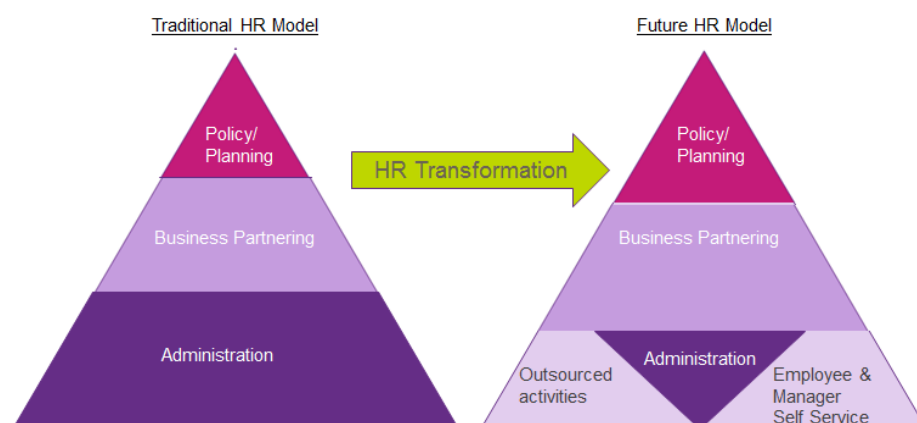
The study was conducted within two month time frame. It was conducted by interviews, questionnaires, theories and lots of analysis. The results were presented to the board and even both HR in Cygate and in TeliaSonera.

The analysis was very thorough and included both the actual time spent on different HR tasks and how important these different tasks are according to the high level leaders. Also the dimension how well HR is doing the tasks was in the analysis. All and all, the study was very comprehensive with many different angles to give as accurate result as possible.

The results gave very good input and ground for development proposal that was also part of the analysis. Core of the proposal was that managers should take more responsibility in parts of HR related issues and that HR lacked resources. The conclusions of the study are presented in short form below.

Time and process study -> Cygate traditional HR model

- Major part of tasks related to HR is initiated and performed by HR
- The managers take very little part in HR issues
- Managers/employees are the owner of the order and HR is the delivery function
- This existing model makes HR an administrative and supportive function
- Cygate´s HR persons are working overtime that is comparable to a half-time employment



Picture 2. Traditional HR model vs. Future HR model (Holmgren (2013) Teli-aSonera´s HR study for Cygate).

The study resulted in some different ways of working and even in employment of one more HR manager in the group. It was seen necessary in order to be able to work with lifting the administrative role to more strategic level and to be able to be more proactive in all HR issues.

Though, it is a fact that the study took quite a long time and the decision of employment took almost a year so Cygate has become larger during that time and the work of becoming more strategic and proactive has actually taken a step back. It is obvious that employing HR personnel is all the time behind the needs timewise. The situation is very fragile and the team has no margins in some one being absent for example. The work load is quite heavy if one or more members of the HR team are not at work for some reason.

The study gave good ground for the actions mentioned above and even for the board of leaders to understand what HR is actually doing and spending their time on. After the results were presented to the board it resulted in higher understanding for HR tasks and the lack of time and resources. So all and all positive effects.

From strategic human resource management point of view, there should be studies like this in other companies as well. It was so obvious after the analysis, what HR was doing, wasn't doing, should be doing, shouldn't be doing and what the manager's role was and should be when it comes to HR related issues. Most importantly HR should define their wanted position before conducting this kind of study. That I feel that we didn't quite do in our case, but this thesis will help with that aspect.

2 LITERATURE REVIEW

This chapter reviews the literature from the two approaches that are central to this study: strategy and human resource management (HRM). Strategy as a concept is interesting topic in itself and when it is combined to HRM approach it becomes closely linked to the whole essence of this study. The chapter begins with the concept of strategy in business. What does it really mean and how it is described in literature? The second part of this chapter will concentrate on HRM and how it is seen in strategic context.

2.1 The concept of strategy

In management studies, the term 'strategy' has originally been adopted as a metaphor. The word 'strategy' originated in studies of warfare. (Lundy & Cowling 1996, 16.) Lundy and Cowling (1996, 17) also identify five elements in strategy:

- Leading
- Positioning
- Deploying resources
- Securing competitive advantage
- Achieving success in the prevailing environment.

The word strategy actually comes from the Greek language and refers to a leader or a general.

On the internet, the results of searching an explanation to strategy gives various alternatives such as:

1. A method or a plan is chosen to bring about a desired future, such as achievement of a goal or solution to a problem.
2. The art and science of planning and marshalling resources for their most efficient and effective use. The term is derived from the Greek word for generalship or leading an army (<http://www.businessdictionary.com>).

Linstead et al.'s (2004, 498-99) rationalist model of strategic management has its main assumption in managers having access to all the relevant information necessary to make informed long-term decisions about their organization and possess the power to implement their decisions. Strategy is therefore an objective planning process. Their reconfigurations model acknowledges that rational decision-making is actually very often bounded because managers do not have all the information they need to make decisions.

The postmodern approach described by Linstead et al. (2004, 499-500) describes strategy as an attempt to direct and interpret organizational discourse. In this perspective strategy does not represent a rational decision-making process at all. It is more of an attempt to create descriptions that will support existing power relations within an organization.

Linstead et al. (2004, 497-500) capture an issue that is central to this study, which is the difference between the rational concept of strategy that informs most prescriptive writing on the subject and the reconfigurations and postmodern approaches that are more and more underpinning the contemporary strategic management scholarship.

The rationalist approach has dominated strategic discussions and contains the majority of the key elements that many managers would consider as universally applicable ways to formulate strategy.

Prescriptive writing about strategic management is based on a rational model that indicates that managers have information and power. On the other hand, contemporary ways of thinking suggest that this frame is misleading and that in fact managers are only some of many actors engaged in a continuous process that accounts for organizational outcomes.

The issue of interest for this study is the extent to which managers themselves are aware of this inconsistency between prescription and reality and the nature of their reaction.

Of particular interest for the purposes of this study, is how the rational strategy affects HRM. Before considering those implications, it would be useful to explore in more detail some of the many questions that have been explored within the study of strategic management. (Lovell 2009, 32.)

2.2 Strategy and HRM

HRM evolved from what used to be known as personnel management (Beaumont 1992, 20). A distinguishing feature of personnel management was its functional, non-strategic nature. Functions such as recruitment and training were administered independently. Influencing employee behavior, especially by increasing productivity, was regarded as a technical capability to be improved through research. (Delery & Shaw 2001, 506.)

Earlier literature consists of the effects on firm performance of the way in which people were treated at work tended to be ignored, such as accounts of improved employee satisfaction in companies that practice welfare capitalism a union-avoidance measure (Kaufman 2001a, 341).

Kaufman (2001b, 356) believes that the interest in strategic management since the 1980s had a dramatic impact on the development of HRM, because it emphasized the importance of treating employees not as a homogeneous input to the production process but as a resource whose quality and quantity of output was capable of deliberate manipulation. Over the last 20 years, two propositions have gained wide acceptance in the HRM literature. The first is that HRM should be managed strategically, in that HRM practices should complement an organization's overall strategy. The second is that a set of HRM practices can be described which collectively constitute SHRM.

2.3 Matching HRM to organizational strategy

Strategy is concerned amongst other things with the allocation of an organization's resources and for most organizations employees are an essential resource. At this very basic analytical level, the connection between strategy and people is clear. However, people are not resources that can be acquired, modified and disposed of in the same way as other elements in the production of goods and services. Organizations can employ people but the amount and quality of the work that those people do is not something that can be controlled by management. Consequently, managers have to implement practices that produce the desired behavior on the part of employees. (Lovell 2009, 29-30.)

What might be called the elementary perspective on HRM can be summarized as follows. Firstly, employees are important assets in which enterprises typically invest considerable amount of time and money. Secondly, enterprises whose employees perform poorly can expect to suffer a competitive disadvantage. Thirdly, it follows that managers should pay attention to managing HR by learning how to do it effectively, instead of acting as if employees were joined to the enterprise by nothing more than an economic or a legal relationship. In this context, effectively means learning state of the art HRM techniques: "good practice" which all employers should follow irrespective of business circumstances (Purcell & Ahlstrand 1994, 63.)

If employees are managed using the recommended HRM practices, they will be highly satisfied with their jobs, strongly motivated, loyal and less likely to leave, more attentive to timekeeping, and so on. Sometimes an explicit link will be drawn between these outcomes and enterprise performance. Sometimes the connection will be unstated, presumably because it is regarded as self-evident. (Delery & Shaw 2001, 174.)

2.4 Strategic human resource management

Strategic human resource management (SHRM) is a comparatively recent concept in both the theory and practice of management. Labor economics contributed the perspective of human capital and the desirability of maximizing employee productivity, while organizational behavior studies of the sources of organizational performance have incrementally absorbed the psychologies of individual motivation and group processes and their relationships with the various conceptions of organizational strategy. That is why it is not very surprising that representatives of different disciplines have examined SHRM through very different lenses. (Lovell 2009, 30.)

2.4.1 The emergence of SHRM

The human resource function has evolved over the years from the labor officer, to the personnel officer, personnel manager and the human resource manager of today. The change in terminology also suggests a change in the objectives and boundaries of the function.

The dynamic and competitive business environment resulting from globalization has led a new focus on how human resource should be organized and managed. This has led to the emergence and increase in the use of the term strategic human resource management (SHRM). There has now been a visible convergence between HRM and strategy. (Shaikh 2011, 2.)

Over recent years, most HRM scholars have advocated a particular strategic concept of HRM. The strategic element consists firstly of co-ordinating each separate HRM activity – recruitment, selection, rewards management, training and so on – so that they complement each other, thus maximizing the favorable employee behavioral outcomes mentioned earlier. (Becker & Huselid 1998, 55.)

This is referred to as internal fit.

The second strategic requirement is to give HRM a place in overall enterprise management, so that other management decisions take account of HR implications. Over time, these propositions have gained wide acceptance as SHRM. (Lovell 2009, 35.)

A rational approach to strategy underpins SHRM, with its assumptions that strategy is something developed and implemented by a small group of senior managers. In the SHRM model, an HR manager is part of that senior management group. Employees should be managed in ways that match outcomes to the objectives driving corporate and business strategy. (Becker & Huselid 1998, 55.)

According to Schuler et al. (2001, 121): the four main tasks of HR are:

- Managing employee assignments and opportunities
- Managing employee competencies
- Managing employee behaviors
- Managing employee motivation

Beer & Eisenstat (2000, 29) assert that companies have long known that, to be competitive, they must develop a good strategy and then realign structure, systems, leadership behavior, HR policies, culture, values and management processes. According to this enterprises need to develop and implement a set of procedures that best accommodate broader strategic goals (Becker & Huselid 1998, 58).

2.4.2 SHRM: What does it mean in practice?

Personnel management has evolved into human resource management (HRM) and more recently into strategic HRM (SHRM). This transformation is easily seen in literature but much less is known about the extent to which it has been used in management practices in organizations. It is not very measurable and that is why there are no hard facts.

Strategic human resource management means that HR is business partner with the various business groups to provide guidance, consultation, and direction regarding employee relations, performance management, development, staffing needs, and organizational changes. It is also important that HR develop strong relationships across all levels of the organization and act as a trusted and valued business partner that ensures the integration of HR programs with business strategies and ensure compliance with local laws.

Organizations that can effectively influence the behaviors and motivation of their employees through human resource management systems will be able to increase their performance and viability (Huselid 1995, 635).

The role of human resource management in gaining competitive advantage has been discussed in the western literature since the early eighties. Many studies have been conducted regarding how companies can gain a sustainable competitive advantage through their human resources and human resource management practices.

The studies have empirically proved the relationship between strategic human resource management and firm performance. There has been a positive relationship between HRM practices and firm financial performance. As long as there is a financial gaining as the ultimate goal, there will be interest in developing strategic human resource management in companies.

Researchers have been addressing the link between HRM practices and competitive advantage. They have argued that human resource management practices can contribute to competitive advantage in so far as they elicit and reinforce the set of role behavior that results in lowering costs, enhancing product differentiation or both. This perspective has contributed enormously to the theory, research and practice in the field of strategic HRM.

Since 1990's there has been an increased focus on the strategic role of HRM. The strategic approach to human resource management refers to the human resource practices and strategic objectives of the firm. This view has become more significant in today's knowledge economy that depends upon the skill and knowledge of the workforce. From being a routine and reactive function the HR function has evolved to being proactive and strategic.

2.4.3 Organizational change and its impact on business management and HR management

Today's organization is increasingly an expertise-based organization, and going towards being a service organization from a manufacturing one. Both of these trends place special emphasis on people, their competencies, and the competencies of the entire organization. Organizations have started to develop operating models and practices to meet toughening competence demands that need to be developed at an ever faster pace. In the academic world, researchers have increasingly started to focus on theories and models that address corporate competence and human resource management and development. (Laakso-Manninen & Viitala 2007, 6.)

According to Laakso-Manninen (2007, 8) there is a paradigm shift in business management. The whole organizational environment has changed and become both more demanding and more flexible. People are no longer expected to stay for their entire life in the same work place and the demand for faster and more complex competence development, both when it comes to employees and leaders, is a fact. One is expected to gain higher level of competence in a shorter time than before. This puts a lot of pressure both to HR and to the business itself to manage this type of expectations. HR needs also to keep up with the demands regarding its own development. Depending on the industry, competence development needs to be at least one step ahead and continuously adapted to changes. Certain competencies become insufficient in quite a fast pace, especially in the IT-field.

Only a few years ago it became widely acknowledged, that continuous learning plays a crucial role in company success. The root competencies were recognized as: strategic competence, core ability and core capability. (Laakso-Manninen 2007, 9.)

Below, there is a description of various approaches to competence management. Research and debate on knowledge management has run closely in parallel to these approaches. In contrast to competence management, however, knowledge management is more technical in nature and addresses the question of how IT systems can support the acquisition, processing and dissemination of information within companies. (Laakso-Manninen 2007, 10.)

| Approach | Researchers | Main questions and focus |
|---|---|---|
| Learning organisation | Argyris & Schön, Senge | What kind of organisation is the best in supporting competence renewal and development? |
| Strategic human resource management | Legge, Becker & Gerhart, Ulrich & Lake | How does an organisation plan, organise, supervise and develop human resources in order to carry out its strategy or to improve its competitive position? |
| Intellectual capital management | Edvindsson & Malone | How can intellectual capital's human and constructive elements be measured? |
| Individual competence/skills management | Dubois, McClelland, Lawler, Leford, Wood, Wood & Payne | How can individual skills that are needed for strategic objectives be allocated in the right places, at the right time and at the right price? |
| Competence-based strategic management | Prahalad & Hamel, Sanchez & Heene, Stalk, Evans & Schulman | How can we identify, utilise and develop capabilities that have competitive value, are built on organisational procedures and are developed over time in a company? |
| Knowledge management | Nonaka & Takeuchi, Davenport & Prusak, Walsh & Ungson, Dixon, Probst, Raub & Romhardt | How do we create, share, transmit, combine and modify knowledge, and how can these processes be managed? |

Table 1. Key approaches to competence management (Laakso-Manninen 2007, 10).

The new theories and approaches shown in the table above have focused on the identification and development of core competencies on the one hand, and on the development of the company knowledge base on the other. The theories and approaches have their own backgrounds and

manifest a variety of benefits. (Laakso-Manninen 2007, 10.)

A key challenge faced by organizations is the question of how to integrate traditional human resource development activities with the strategic view point. This needs a changing role for human resource management. Human resource departments were in the past often accused of setting up systems isolated from the rest of the organization. To be able to integrate human resource issues with top management's vision of a company's future, the department should own a more strategic role. Human resource development is one of the most important factors contributing to future competitive advantage. (Laakso-Manninen 2007, 11.)

2.4.4 The four roles of HR

Dave Ulrich identifies four distinct roles of HR professional that may add value to a business and create sustainable competitive advantage. There is a definition of these four different roles in HR management. By fulfilling these four roles HR managers are able to act as business partners. HR professionals need to be able to adapt both strategic and operational ways of working both in short-term and long-term goal perspective.

The tasks of HR have the dimensions from managing processes to managing people and the four roles of HR are defined by these two dimensions (Ulrich 2007, 46.) In understanding the four roles one needs to take three different factors into consideration. The goal of the role, the typical name and image of the role and the tasks connected to the role. (Ulrich 2007,47.) These four roles are presented in the picture below.



Picture 3. The four HR roles by Ulrich.

The four roles can be explained according to following:

1. Strategic partner role, where HR helps turning strategy into results by building organizations that create value
2. Change agent role, where HR helps to make change happen fast
3. Employee champion role, where HR manages the talent or the intellectual capital within a company
4. Administrative role, where HR tries to get things to happen better, faster and cheaper

Combining HR strategies and practices with the business strategy is the key in the role of becoming strategic partner. That includes understanding the business and contributing to the results of business strategies. To be able to achieve this

goal for HR to become strategic partner it is crucial that HR is involved in both strategic planning and execution. Involving HR in this way impacts the positive effects of HR in the business strategy implementation.

(Ulrich 2007,48-49.)

There is always some kind of strategy in all areas of business. HR professionals should be able to recognize the practices that help and support the business strategy. This recognition is known as organizational analysis, which is a process that helps finding out the strengths and weakness of the business.

(Ulrich 2007,49-50.)

HR is also expected to create HR strategy, which is linked to the overall business strategy. That way it is easier to define which HR processes are important and focus areas and how they actually support the organization. In most cases the operational HR actions are part of overall strategic work, but it is rarely seen that way.

2.5 Finnish society in the context of expertise-based competitive advantage

The success of Finnish companies and organizations can be said to be uniquely based on the emphasis given to personnel wellbeing and development. The success of the Finnish economy has likewise been built on a strategy of excellence and highly qualified competencies within the workforce. Finnish society values education very highly. There are very few drop-outs. In this light, education standards and therefore also the competence base for companies is very good when they recruit human resources in Finland. (Laakso-Manninen 2007, 11.)

Regarding to competence management in the organizations, there can be made a number of conclusions. A HR development system that integrates a company's core competencies, knowledge base and the personal dimension typically includes the following elements:

- Formulation and communication of the company vision
- Identification of the company's core competencies, past and future
- Identification of current expertise
- Personal development discussions
- Performance management and scorecards
- Developmental dialogue on the corporate level
- Strategies and systems for knowledge transfer
- Human resource development methods. (Laakso-Manninen 2007, 14.)

To be able to integrate human resource issues with top management's vision of the company's future, the HR department should have more strategic role. HR development is one of the most important factors contributing to future competitive advantage. We still need to ask how to make HR development systematic and bring it in line with the corporate vision. (Laakso-Manninen 2007, 11.)

3 CASE CYGATE

This thesis is done for a company called Cygate in order to get a clearer picture of the current role of HR and the manager's expectations on HR when it comes to practicing strategic human resource management.

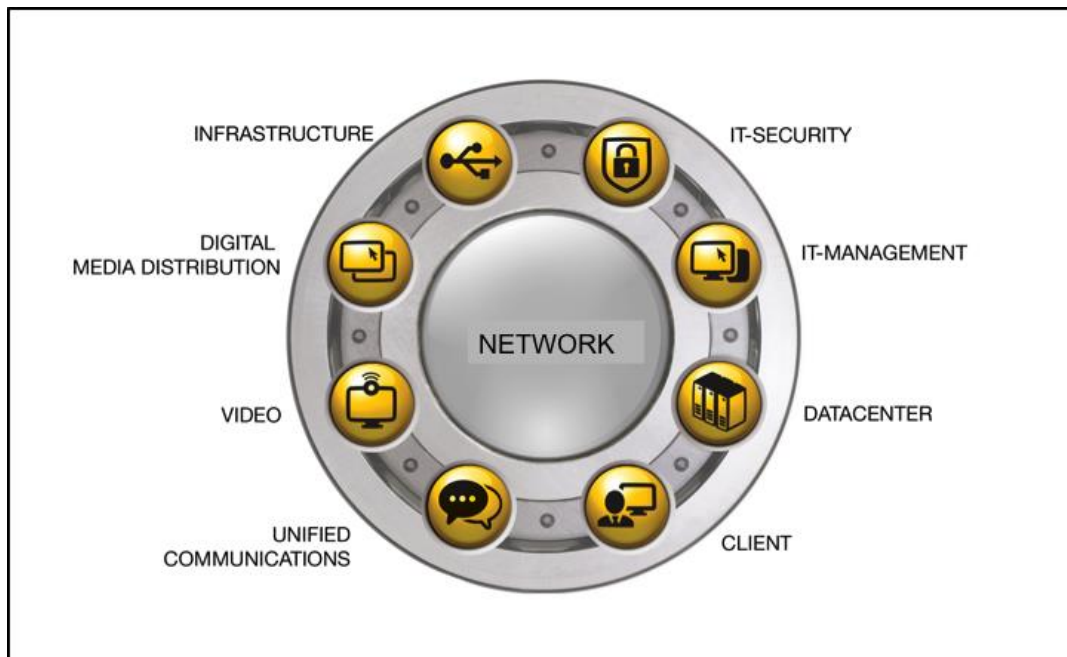
3.1 Cygate the company

Cygate is an IT-system integrator that offers its customers Secure IT infrastructure at the forefront of technology. The core-business is networking and security. The biggest departments are sales and consulting. There are also a lot of technicians, administrators in different forms. These areas are divided in four regions (east, middle, north and south), STAB, Business Areas, Unified Communication and Maintenance.

The company is 36-years old and owned by a large scale telecom company called TeliaSonera since 2007. Cygate is divided in two countries Sweden and Finland, but both countries work independently. There are approximately 700 employees in Sweden and roughly 100 in Finland. The company has grown fast the latest years both organically and by acquisitions. This has put a lot of pressure in the HR department during the years as the amount of employees has rapidly become larger.

Cygate's business model is to offer medium-sized and large companies and organizations greater efficiency and reduced risk by offering total solutions within data, video and telecommunication. The solutions are based on understanding of the business' needs, in-depth technical know-how and the best available products via partnership with the world's leading IT suppliers. Cygate works closely with our customers to develop tailor made solutions with them.

There are different areas that Cygate can provide expertise in to their customers. These areas are presented in the picture below.



Picture 4. Cygate´s offer to the customers (Marketing department Cygate 2012).

Networking is the core business and all the other parts in the wheel complement the core. Networking is necessary in order to be able to deliver the other parts to the customers.

3.2 The journey of Cygate

Cygate has been through many big changes during the years. I take into consideration the years that I have worked in Cygate (2007-2014) and 2007 is also when TeliaSonera took the ownership of Cygate so it is a huge milestone.

There has been small and big acquisitions during the years and on top of that also organic growth. This has resulted in that the company grew very rapidly. The growth has resulted in four times the amount of employees in eight years.

This has put a lot of pressure on the HR department as HR hasn't grown in the same phase. We were only two people working within HR until 2010, when the head count had already gone close to 500 people. The workload has been almost unbearable at times and there has not been much room for proactivity or strategic partnership because of the operational pressure. I think the key factor in order to keep HR important to the company has been the influence that the former HR Director has had in form of board member. HR is not seen as something that generates direct income to the company and that is why it has been a struggle to make all the business minded gentlemen to understand the importance of HR processes and the indirect monetary perspective to it.

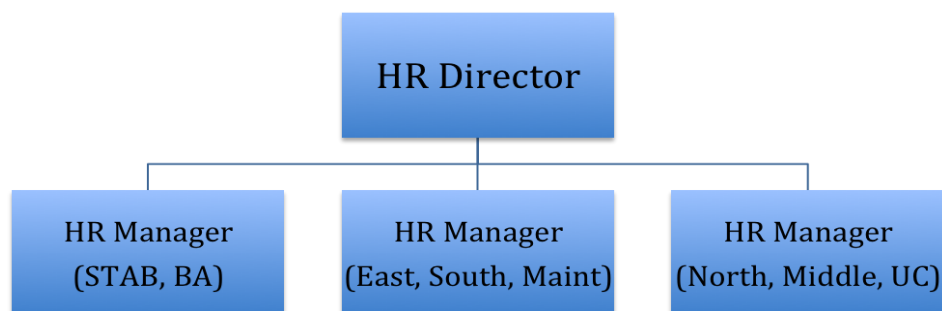
A part from all the acquisitions there has been some major changes that have impacted the company during the last year. There was a smaller scale redundancy based on competency shift in 2013. This was for the first time in the company's history with our last CEO (2003-2013) when this has happened. Even though the owner TeliaSonera has had several redundancies it was something that people in Cygate had hard time to relate to. This unexpected process gave some negative vibes for a couple of weeks. Soon after that there was a very unexpected and fast change of CEO, which has more or less affected the whole company's culture. I would say it still does in different ways.

The biggest change that is going on in Cygate at the moment is the more intense integration going on with the owner TeliaSonera. The goal is to get more synergy effects but the reality is that it takes time and there is a lot of resistance to it, mostly because people experience the integration as losing the freedom and flexibility that have been the key factors for Cygate's success. This is something that the HR department has to work with very closely to the board of leaders and the CEO in order to make the transition as smooth as possible. There will be some challenging years ahead.

Cygate has a new strategy and values, which are part of TeliaSonera's strategy work. This is part of the integration that the two companies are working with. It is one of the biggest challenges that Cygate has ahead and it can have an impact on retaining people. There has been a larger turnover in exits this year than the years before.

3.3 Cygate's HR department

The HR department has grown from one person in 2005 to four people within 10 years. The HR organization includes HR Director and three HR Managers.

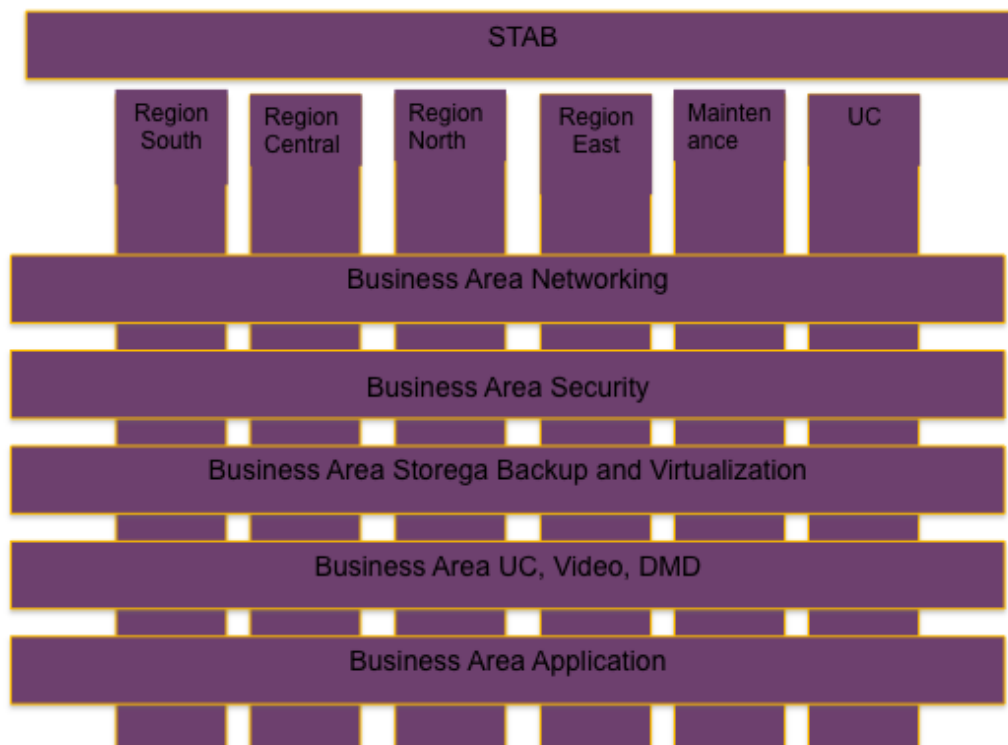


Picture 5. HR organization in Cygate.

Each HR manager has somewhat 230 employees and approximately 30 managers in their regional responsibility areas within the company. Unofficial recommendation in Sweden is approximately 150 employees per HR person. That means that Cygate HR is somewhat overloaded. That is also shown in the analysis of HR in Cygate done by TeliaSonera in 2013.

The conclusion in the analysis was that the workload per HR person was overwhelming. After the analysis there is one person more working within HR, but the company is expanding faster than HR is growing. This will be a challenge in the future when the company's goal is to be closer to 1000 employees within few years.

In the picture below is the matrix organization model of Cygate presented. HR is presented in every board meeting and takes part in discussions for different regions.



Picture 6. Cygate's organizational chart.

Cygate's HR director has been in the company for 6 months and replaced the HR director before, who had worked for the company since 2005. The three HR managers have worked within HR for 8, 5 and 2 years. It is fairly new group and

they are trying to find mutual ways of working both within the group and outside in the company. The manager's are learning to get to know the two new members as well.

3.4 Cultural differences between Finland and Sweden in the context of companies' competencies and well-being from strategic HR point of view

Even though Finland and Sweden are close to each other doesn't mean that the working life is the same. First of all, Sweden and Finland still differ in hierarchy thinking in a way that managers have a higher status in Finland and in Sweden they are seen more as leaders. This also means that ways of working and employee satisfaction may reflect this difference.

Based on personal experience and observation decision making in Sweden is mostly reached by consensus, which means that major part has to agree on the topic. In Finland it is more accepted that a manager makes the decision. This might affect the feeling of being a part of the decision and supporting it all the way. Silent acceptance is quite common in Finland, even though employees tend to talk about these things with each other and express their opinion about the decision, even though they might not be able to change it.

In general, working-life is highly appreciated in both countries and status in the company is important, thus not as important as in e.g. Denmark. Both countries have demanding working environments and there have been historically many redundancies especially in bigger companies, such as Nokia and Volvo. That has put a little bit of fear when it comes to seeing working-life as safe.

People are highly educated in both countries, possibly slightly higher in Finland, where education is somewhat more demanded when applying for jobs.

Well-being in form of work life and private life balance is equally important in both countries, according to my experience.

There is very little literature available, when it comes to Swedish competence management and well-being, but in Finland Laakso-Manninen (2007) has published a study touching this subject from a competence advantage point of view.

4 OBJECTIVES AND GOALS

The hypotheses in this study are based on the former analysis that has given indications to some assumptions and that is the starting point even in creating the objectives in this thesis.

4.1 Objectives of the thesis

The objectives are formulated in the research questions that were already mentioned in the beginning.

The research questions are based on following objectives:

- What does it mean to be strategic HR?
- Is HR seen as more operational or strategic function in the company today both by managers and HR? Is there a need to be more strategic?
- What are the most important tools for HR to become a business partner or to retain the role?
- How is HR strategy aligned with the company's business strategy?

Both the questionnaire and the personal interviews, will give both manager's and HR's view on these questions and hopefully will help the HR organization to get a picture of the current situation and tools to develop in to the wanted direction in the future. As a help in that they will have my analysis and development proposals based on the answers.

4.2 Goals

The main goal with this study is to give Cygate's HR a reality check, both when it comes to the current situation based on answers both from themselves and the managers. There is also a goal of giving some development proposals based on the answers and the theoretical framework. I believe it is crucial for the company's future to guarantee that HR and the managers have the same view on HR delivery model as HR themselves.

It is also important that the purpose of HR, both from strategic point of view and the company's needs is aligned. There is a turning point in many ways, when the HR team is quite new and the company is in transition in form of closer integration with the owner. There are also risks, such as higher amount of resigns than before, which makes it even more important to have common HR goals and actions with the managers in order to retain personnel.

My personal goal is to give Cygate HR a canvas to work with. Something concrete to build a HR strategy and action plans on. I hope my findings will support that work and give some new ways of thinking going forward. I personally, won't be left in the company so this thesis is my heritage to the rest of the HR in a way.

5 DATA COLLECTION

Data collection has conducted by using a survey and interviews. The survey was sent to all managers in Cygate, which is 49 persons and the interview was conducted with three persons who work within HR.

The goal with the questionnaire was to try to support the way to find answers to the research questions below:

- What does it mean to be strategic HR?
- Is HR seen as more operational or strategic function in the company today both by managers and HR? Is there a need to be more strategic?
- What are the most important tools for HR to become a business partner or to retain the role?
- How is HR strategy aligned with the company's business strategy?

5.1 The survey-questionnaire

The survey includes questionnaire included in the survey was given to all managers in Cygate, both line managers and their managers (the members of the board). To have better chances of getting answers back in fast phase, the questionnaire was handed to the managers during a manager meeting.

The questionnaire was developed to gather quantitative data to examine the manager's view on HR and HR's role in the company as it is today. All questions apart from those gathering basic data will be linked to the questions provided in the HR interviews.

The questionnaires consist of a comparatively small number of questions with the goal that respondents can answer them in less than 20 minutes mostly because it is hard to get responses that are time-consuming from the managers.

The opening questions were connected to the manager's years of experience both within Cygate and in working life in general. This gives another dimension to the analysis and can help to see if work experience and time in the company have any impact on how the managers see the importance of HR department. It was not possible to ask age or gender or department to guarantee anonymity.

Items in the questionnaire will ask for responses to be either on a Likert scale (Strongly agree/disagree, agree/disagree and neither agree or disagree) or simple 'agree/disagree' choices. This will accommodate the fact that some issues will require a more nuanced range of responses than others, and also partly provide variety so that respondents will be less inclined to slip into providing responses mechanistically without really considering the question.

The questionnaires will also include some open questions that are connected to four 'yes/no' questions. These questions were phrased in this way to encourage respondents to provide short answers. Connected to yes/no questions there were open questions, where the respondent could choose to answer more thoroughly, why he/she thought yes or no.

Questionnaires were distributed to all managers, under cover of a letter giving a concise explanation of the purpose of the study. Each questionnaire was accompanied by an envelope and respondents were asked to give the answers back in sealed envelope to guarantee complete anonymity of responses.

Each respondent was instructed to return the completed questionnaire in an envelope addressed to the researcher, which will be distributed with the questionnaire. These envelopes were delivered to the researcher.

The questionnaires did not request the name of the employee or any other personal information apart from their working life experience in years both within the company and outside.

5.1.1 Section I: Personal information

In the first section of the questionnaire the managers are asked to tell how many years they have worked totally and how many years in Cygate. No questions about sex or age can be asked because there are so few women as managers and there are only a few younger managers so the confidentiality would disappear.

| | |
|--|---|
| Please indicate your work experience: | YEARS (take the nearest year up or down, no months) |
| 1. Years of experience within Cygate | 8 years (average) |
| 2. Total work experience | 24 years (average) |
| 3. Are you manager to any other managers? | Yes 12 persons No 16 persons |

There were totally 49 managers, who received the questionnaire. 28 managers have given their answers. That gives answer percentage of 57. That makes the survey reliable and it is possible to draw conclusions. The answers consist of 43% managers to other managers (senior managers) and 57 % line managers. The answers are analyzed all together, but in some areas the difference

between the answers will be looked closer into.

As seen above, the managers have worked quite a long time both totally and in Cygate. It means that most of them have long experience and also highly likely have had HR in their former companies as well. That gives them something to compare with, when answering to the questions. It is also realistic to draw conclusions, like the long experience also is a sign of that the managers in Cygate have deep knowledge of what strategy means and how business strategies are planned. That means they know what to expect of a business partner.

5.1.2 Section II: HR's role

In the second part of the questionnaire the managers are asked to have an opinion in different statements about HR's role. The scale used in the questionnaire is called Likert scale, which is a psychometric scale named after a psychologist called Rensis Likert. When responding to a Likert questionnaire item, respondents specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements.

The scale used in this questionnaire is the format of a typical five-level Likert item build up with five possible answers to choose from (strongly disagree, disagree, neither agree or disagree, agree and strongly agree). The value assigned to each Likert item is determined by the researcher, who makes the decision based on a desired level of detail. In this questionnaire I have used symmetric scaling with equivalent distance.

The managers were asked to tick a box in every section and choose the answer that best describes their opinion on the presented statement. As seen in the ta-

ble below, there are total of 28 answers in every category and the highest amount of answers present the strongest opinion among the managers.

| STATEMENT | 1 Strongly Disagree | 2 Disagree | 3 Neither agree nor disagree | 4 Agree | 5 Strongly Agree |
|---|------------------------------------|-----------------------|---|--------------------|---------------------------------|
| I see HR as more operational than strategic function | 2 | 4 | 9 | 11 | 2 |
| HR is an active participant in business planning | 2 | 9 | 6 | 11 | 0 |
| HR helps the organization to achieve business goals | 1 | 5 | 7 | 14 | 1 |
| HR participates in the process of defining business strategies | 1 | 11 | 8 | 7 | 1 |
| HR works to align HR strategies and business strategy | 0 | 5 | 9 | 11 | 3 |
| HR develops processes to link HR strategies to business strategy | 0 | 6 | 9 | 12 | 1 |
| HR's credibility comes from helping to fulfill strategic goals | 0 | 1 | 13 | 11 | 3 |
| HR is participating in important strategic decisions in my organization | 1 | 4 | 10 | 12 | 1 |
| HR adds value to the business | 0 | 3 | 5 | 17 | 3 |

In the other part of section two in the questionnaire there are some questions about the manager's opinion on how strategic HR is in their opinion, how

important it is and how do they think HR sees their own role. Firstly, there are options for yes or no answers and secondly, open questions connected to the made answer choice.

There were different kinds of answers, depending on the level of the manager and it was also seen through how closely they have been worked with HR. Some of the answers were of the same characteristics and some managers had left the open questions blank.

In the first part it is shown that managers mostly agree, but there is almost similar amount in less HR role favorable answers. This means that it is not crystal clear that HR's role is seen as strategic and valuable as it probably should be. There are more "negative" or neutral answers from senior managers'. They do not see HR's role in the same way as line managers. This is partly because of HR is working more closely with line managers and that way can show more strategic features.

| Do you believe that HR is a strategic partner in your organization? | |
|--|-------------------|
| 1. Yes | 16 persons |
| 2. No | 12 persons |

Totally 57 % of the managers think that HR is a strategic partner in Cygate. 43 % does not think that. The difference between yes and no answers were bigger in the line manager's answers. They thought more that HR is a strategic partner than the senior managers did. Senior managers had more or less 50/50 of opinions. This shows that there is a gap that needs to be fulfilled and HR needs to work hard to get more manager's to see the strategic value of HR.

If YES, please state why you believe HR is a strategic partner in your organization:

Line managers:

HR helps in both strategic and operational personnel questions

HR helps with general problems competence planning and recruiting

HR is part of the management teams

HR has an important role in developing processes in order to line the HR strategy with the business strategy

HR has an important role in employment, employer branding and set and measure goals

Senior managers:

HR helps with recruitments, competence management and leadership

HR are easy to approach in different matters regarding e.g. recruitment, personnel and business

HR gives good support in change

HR supports the organization

To be able to support competence management HR needs to be part of business planning

The managers that actually think HR is a strategic partner and have clear vision of what that means in practice. HR's role is appreciated and seen as important part of the organization. In some answers HR is described as a support function to the business and in different processes. Overall, relevant feedback and gives a ground to think that HR should be keeping on working with.

If NO, please state why you believe HR is not a strategic partner in your organization:

Line managers:

HR should be strategic but they are too small a department

HR does not have enough competence of the business

HR is too far from the business

Senior managers:

HR needs to have deeper knowledge of the business in order to become strategic

HR is not active in business strategy planning

HR is not participating in any strategic work

In this part it is clearly seen that there is uncertainty about HR's business knowledge and participation in the strategic work that is identified as a gap. Also the lack of time and the small size of the HR department are mentioned as negative aspects.

Do you believe it is important that HR is a strategic partner in your organization?

| | |
|---------------|-------------------|
| 1. Yes | 23 persons |
| 2. No | 5 persons |

This shows that most of the manager's actually think that it is important to have strategic HR onboard even if some of them think that it is not there yet. HR needs also to believe in this if they want to achieve the role of business partner.

If YES, please state why you believe that it is important that HR is a strategic partner in your organization:

Line managers:

HR areas such as employer branding, competence and well-being are of great importance

People are the most important asset for the company and crucial to the company's success

It is important to know where the company is going and align HR strategy according to it

HR will support the company in reaching goals

The company's knowledge is its value

HR is important to the company to retain, recruit and develop

Senior managers:

HR should have more knowledge of the business, technical parts and economics

Competence, leadership and education are important HR parts

To be able to get support it is important to involve HR

To attract the right competencies, maintain the culture, bridge technical parts with humans

HR could actively support the business planning

More focus on goals rather than administrative hunt

The opinions go apart a little bit and some highlight the fact that HR lacks business knowledge and strategic approach. It is also mentioned that HR has too much focus on administration and spends a lot of time on chasing administration related things. People are seen as the most important asset and that makes HR's role crucial.

If NO, please state why you believe that it is not important that HR is a strategic partner in your organization:

Line managers:

HR is more operational function

Senior managers:

Strategy is the responsibility of the line organization and HR supports that

Here are two manager's that are very straight forward with their opinions of how HR is today and who should answer for the strategy.

Do you believe that HR perceives themselves as a strategic partner in your organization?

| | |
|---------------|-------------------|
| 1. Yes | 22 persons |
| 2. No | 6 persons |

Majority, in this case 22 managers, believe that HR sees themselves as a strategic partner. The explanations vary from that they want to be to that they have strategic role in other context. It is interesting to mirror this against HR's own opinion in the interview answers.

If YES, please state why you believe HR perceives themselves as a strategic partner in your organization:

Line managers:

HR does a good job in educating and supporting managers
 HR works with questions regarding all parts of the business
 HR is actively taking part
 HR used to be more strategic and has taken a step back
 HR is represented in management teams
 HR has a long-term plan

Senior managers:

HR has a strategic position within the owner TeliaSonera
 The way they handle problems
 To be able to get support in different questions
 HR wants to be strategic
 They have the confidence

If NO, please state why you believe HR do not perceive themselves as a strategic partner in your organization:

Line managers:

-

Senior managers:

The collaboration could be better

This part is interesting, because it really shows the essence of the reason why this thesis is written. Managers do not believe that HR sees themselves as strategic. This is obvious and even somewhat underlined in the interview answers of HR. The development proposals are hopefully going to help with changing this

view both for managers and HR. I would say that interacting with business strategy and getting more involved in the business are key factors in this question.

Do you believe that it is important that HR perceive themselves as a strategic partner in your organization?

| | |
|---------------|-------------------|
| 1. Yes | 23 persons |
| 2. No | 5 persons |

If YES, please state why you believe it is important that HR perceive themselves as a strategic partner in your organization:

Line managers:

HR wouldn't perform their best otherwise

To be able to prioritize right

Everybody would like to be important

People are crucial to the company's success

Strategic development of the HR function

To be able to make right HR decisions

HR has the specific competence to be able to help the organization to make the right decisions

HR helps in planning for the right resources

Senior managers:

HR has the right competence in e.g. employee branding, leadership development

HR is needed for the company to function and in achieving goals

To better understand HR and business goals

For happier customers

Once again it is seem important that HR is seen as a strategic partner, by themselves in this question. HR needs to think this is equally important to be able to fulfill the strategic role in the company and convince the managers.

If NO, please state why you believe it is not important that HR perceive themselves as a strategic partner in your organization:

Line managers:

-

Senior managers:

HR has a supportive role in the strategy work

HR is seen as supportive function, which is the reason in this case, that it is not important for HR to be strategic according to the explanation of one of the managers.

5.1.3 Section III: Professional HR competencies

In the third and last section of the questionnaire the managers were asked to choose the closest option to their opinion of HR competencies.

| STATEMENT | 1 Strongly Disagree | 2 Disagree | 3 Neither agree nor disagree | 4 Agree | 5 Strongly Agree |
|--|------------------------|---------------|---------------------------------|------------|---------------------|
| HR's competency is important factor in order to achieve business goals | 0 | 1 | 6 | 17 | 4 |
| HR is important part of recruitment pro- | 0 | 1 | 0 | 9 | 18 |

| | | | | | |
|--|---|----|-----------|-----------|---|
| cess | | | | | |
| HR participates in change management in the company | 2 | 1 | 6 | 13 | 6 |
| HR develops leadership in the company | 0 | 5 | 4 | 15 | 4 |
| HR demonstrates the financial impact of HR activities | 3 | 7 | 13 | 6 | 0 |
| HR defines and communicates HR vision for the future | 1 | 10 | 3 | 11 | 3 |
| HR educates and influences managers on HR issues | 1 | 3 | 4 | 16 | 4 |
| HR focuses on the quality of HR services and processes | 0 | 4 | 6 | 14 | 4 |
| HR has experience in key business areas | 1 | 7 | 9 | 11 | 0 |

The third section demonstrates different HR competency areas. The answers show that managers have confidence in HR when it comes to these different competencies, even though it is not a huge difference to neutral or in a couple of questions even to the more negative answers. Most of the managers are clearly somewhat uncertain about the HR vision and the financial impact of HR activities.

Recruitment process is the most clearly understood part of HR work. It is also the most time consuming and one of the most important parts of the current HR work in Cygate. So, I would say it is aligned with the picture that the managers have.

5.2 The survey- interview

The interview was conducted within the HR department, which in this case were three persons of four, one HR director and two HR managers. They all have very different work experience.

The HR director has worked within HR for almost 20 years but in Cygate only six months. One of the HR managers has worked in Cygate for 12 years but within HR only four years. The other HR manager has worked within HR for a couple of years, mostly with recruitment and in Cygate for three months.

5.3 Interview questions

The interview was conducted one on one and it took about 15 minutes per person. I interviewed the HR Director and both of the HR Managers (excluding myself, but I will have my opinions included in the analysis). The participants were asked the following three open questions:

- 1. How would you describe strategic human resource management?**
- 2. What is your experience with the linkage between organizational (business) strategy and human resource management in this company? If not, how would you change it?**
- 3. Do you see HR as more operational or strategic function today and why? What do you think the managers think?**

The first question is to stimulate a genuine response about and the knowledge of SHRM based upon their knowledge. The intention was to encourage respondents to speak freely about their knowledge and experience of SHRM.

The second question was to find out if strategic human resource management is linked to the company's business strategy. Elaboration of how SHRM was practiced completely depended on the participants and their organizations' experiences. The rationale behind this question was that although many organizations link business strategy and HRM they might be unaware that their organizations practiced SHRM.

The third question is to see how HR sees them selves today when it comes to being more operational or strategic and how do they think the managers see them. That is also in comparison to the answers in the questionnaire to the managers.

This is actually the most interesting question, because it is the ground to the possible gap that might exist in the company. It is not easy to create value as HR, if your own point of view of your delivery model differs from that of the managers.

5.4 Interview answers

The answers were interesting and gave good ground to the analysis. It is important to see if HR and the managers share their view on both HR work and its strategic importance. The answers from HR will give their point of view to the research questions.

Question 1: How would you describe strategic human resource management?

The definition of SHRM is that HR works close to the business. That means that HR as function should add value to the business primarily through

understanding the business, profitability and the economic challenges that the company has ahead. As long as HR is seen as a cost for the company it needs to be involved in the work that generates profit. One example would be to find right persons to right positions in a cost effective way.

HR should also make sure that the right price is paid for the right competencies (salary discussions). HR also coaches and supports the management in developing their personnel to be more cost efficient.

Being strategic HR also means that people that do not generate profit are not been retained and that it is done in an efficient and fast way. SHRM means that HR helps the business to be proactive by taking part in the change management work. SHRM includes also making sure that leadership in the company drives the business onwards by coaching their employees.

SHRM is about planning the future e.g. by recruitment process and being part of business strategy planning and combining that with the HR strategy work. Everything operational becomes strategic in the end when decisions made today affect the future.

SHRM means that HR is part of the business and business decisions and processes, that way HR can influence the decision from the beginning and not afterwards. An active role in the management teams is important. Working strategic means that HR makes impact into the company e.g. in form of efficiency.

2. What is your experience with the linkage between organizational (business) strategy and human resource management in this company? If not, how would you change it?

There is an ambition to be part of business strategy, but today HR is not part of it. HR is too far apart from the business and could be a lot more involved in the business strategy.

Some suggestions to make this better would be taking part in other meetings than just management team meetings in order to get deeper knowledge of the issues that line managers and employees struggle with. It would also give a change for HR to present their agenda and make sure it is clear for everyone.

HR processes (recruitment, performance management, leadership development, coaching etc.) are linked to the business in some way and as long as there is humans linked to the business there is a connection between HR and business strategy. That thought is not clear for everybody in the company. There is a huge difference in between managers; some see us only as administrators and some as support to the business.

Results of HR work speak for themselves and set the view on HR. There are more efficient ways of administrating HR processes that could be taken into consideration.

In today's HR work in Cygate there is no linkage between HR strategy and business strategy. There was a clearer linkage before. HR has started with the work by participating in management team meetings. It is also important to have relations with managers and be active in learning about the business in order to understand how HR can add value in gaining the set goals.

3. Do you see HR as more operational or strategic function today and why? What do you think the managers think?

HR is more operative function as it is today, though with an ambition to be more strategic. The reason for not being more strategic is either that the conditions are not given or taken.

Most of the managers understand the purpose of HR, but not always the way HR works, meaning focus on demanding administration from the managers. The understanding for all type of HR work would definitely become higher if HR was a strategic business partner.

All HR related decisions are part of the strategy. It is a bit two faced with HR work, there is a part that is administrative and then there is a strategic work part. HR work will never be 100 % strategic. Approximately 50 % of the managers see HR as strategic partner.

HR is more operational as it is today. HR is not there yet when it comes to being strategic business partner. Managers need to get more knowledge of the HR work in order to understand it, respect it and see the strategic role of HR in the company. HR needs to step up when it comes to knowledge of the business and having mandate. Most of the managers do not see HR as strategic partner today.

6 ANALYZING THE RESULTS

The findings offer useful insights into the Human Resources work and if it is seen as more strategic or operational today. Managers (both line and senior) agreed on the importance of HR being more strategic and involved in both business strategies and the business itself. The fact is that the answers show, that not all of the manager's think that's the case today, especially the senior ones.

Managers also think that it is important that HR see themselves as strategic partner and not only operational. I think the answers are aligned with HR's own view on wanting to see themselves as a strategic partner, but also realizing that they are not there yet. There is a very relevant finding to work further with. Where in the four roles by Ulrich HR wants to be and be seen the most?

HR has quite a realistic picture of their role. They think that they are not strategic all the way, but also see the strategic dimension in all the operational work that is done. There isn't really expectations of becoming 100 % strategic either. The HR has also a realistic picture of what they are expected to deliver and how their role is seen today and is wished to be. They also are aware of their competencies and how HR processes can add value to the overall business.

If we look at the answers by reflecting to Dave Ulrich's model of the four roles of HR, it is obvious that Cygate's HR still struggles with spending too much time as administrative expert and less as strategic partner and change agent. Being employee champion is something that I would say is also quite strong part of the HR role in Cygate. It is more of personal experience than obvious in the given answers.

If we reflect the answers and my personal experience to the growing need of competence development and well-being mentioned in the theory part (Laakso-Mannila 2007), I would say that HR understands their role in this, but they lack time and resources to act proactively. In the end it is all about people, attracting them, retaining and developing them and in some cases finding ways for exit, if wanted results are not delivered.

If we look at the requirements of the future competencies by Laakso-Mannila (2007) there should be big emphasis on the strategic side of the four HR roles, combined with the change agent. When future demands require fast pace competency development and changes it should be the main focus and have clear connection to the whole company's strategy. This together balancing the well-being part and having healthy work life vs. private life balance, HR should also have relatively big emphasis on the employee champion role as well.

As said before, to become a business partner, HR should have all of the four roles, but in my opinion there should be prioritization. Administration will always be part of HR tasks, but it shouldn't be the focus area, it should just function automatically. In bigger companies there are HR organization parts that primarily work with only administration, which gives more strategic playground to rest of the HR organization.

The four roles of HR in Ulrich's model are even seen in the answers of the respondents. There is a strong administrative role still hanging over HR's reputation in the organization and HR is not yet seen as strategic as they are expected to be.

Some of the managers have though seen strategic features as well and most of

them think it is important that HR has a strategic role. Mostly line managers were more positive in their view on how strategic HR is today. Most of the line managers thought that HR is somewhat strategic, but still lacks some business knowledge and that is one of the main reasons why HR still is seen more operational than strategic. Many line managers work very closely to HR, within recruitment, rehabilitation, administration, negotiations, redundancies, acquisitions and so on.

Senior managers were more skeptical in their answers and they were generally more of the opinion that HR is more operational and supportive than strategic function. Still, they seem to see it important that HR would be more involved in the daily business and have more strategic approach. HR is not naturally invited to strategic decision forums, but because they now are parts of the management teams it is more natural to get access to these forums. It should be utilized in the right way from both sides in order to get the best synergies for the company's best interest.

Most of the line managers feel at least that they get the support they need and want. A few line manager's experience that HR doesn't have enough time to help them and that the HR department is too small in comparison to the company's size. This is something that needs to be seen more closely into, with the knowledge that there is fast growing planned ahead and it is expected that the company's personnel is planned to grow from 700 to 1000 within two years and the administrative burden that occupies loads of HR's time.

There is a huge difference in personalities of the line managers and their group size. Some are very independent and want to do most of the tasks without any help. Some want to discuss various details and get support all the way. In daily discussions with line manager's it has seemed that they are happy with the

support they get and the quality HR delivers. Overall, HR is appreciated among line managers. There are few that have other expectations and would rather need an assistant in different administrative tasks than HR support. That is a false approach I would say and needs to be clarified with these particular managers.

HR thinks more that they already are working strategically than overall picture from the manager's thoughts give. HR representatives are members in every regions manager team; they are involved in different types of change management activities from early on, mostly because these need to be negotiated with the trade unions. HR also takes part in business cases, when Cygate is part of a bidding process. HR is very involved in acquisitions as well, actually has a central role in taking over companies including personnel. I understand that it might be hard for some managers to see, because they do not always know what kind of issues HR is involved with.

Both HR and manager's lack some of the main ingredients of Huselids theory of how organizations that can effectively influence the behaviors and motivation of their employees through human resource management systems and that way will be able to increase their performance and viability. It is not clearly seen in the discussions or in the answers in the questionnaire that both parties understand the importance of motivating people in order to become more successful as a company. That view is of grate importance and should be the core in strategic HR thinking.

Also the importance of Laakso-Mannilas (2007) achieving competitive advantage through competence management should be something to bring up in the management teams. That is something that every company wants to achieve and if it is clearly proven how to gain that type of success it should be in both managers and HR's interest to find the best way there.

Very rarely have I seen pure theories been used in companies as they are in books, but selling the idea shouldn't be a problem. It is up to the company to formulate their own way there according to the basic idea, which is something for the HR to think about and drive.

At one time there was a note that it was better before, meaning that HR functioned better with the old group setting. That is actually very positive, that it only was one person referring to that. It gives the new group better self-confidence and they can concentrate on right actions when it comes to becoming a business partner.

Many managers emphasized the importance of people, which is the core of human resources. That is nice to see in a very business-driven company, that they actually see the value of human capital and not just money aspects. They have realized the importance of recruiting right, developing and retaining right competencies and that HR can bring value to these processes.

I have to say that the journey from 2007, when I started as HR in Cygate until today has been interesting and it has taken a lot of energy to get the manager's to realize, how HR can bring value to the business. The answers show that they slowly have become more positive and understanding towards HR. The more mutual HR issues there have been the more understanding they have, I would say.

The survey and the interviews gave some different perspectives to the research question what it does it mean to be strategic HR. HR themselves think it is almost everything they do and managers see it more as understanding the business and being involved in strategic planning and questions. Both think that

it is important for HR to be strategic, although HR thinks it is not possible to become 100% strategic.

The second research question, if HR is more operational or strategic function today and if there is need to be more strategic was also answered by both managers and HR. It is still so, that HR is seen a little too operational as it is today. It is mostly because of their small size and role that includes being so called HR services as well as a business partner. Both managers and HR agree that it is important that HR increases the strategic part.

The third research question was about the most important tools for HR to become a business partner or to retain the role. Actually, this question is not clearly answered either in the survey for managers or in the HR interview. The main finding attached to this question was the need for HR to understand the business in order to become strategic partner. I would say the tools are included in form of suggestions in the development plan and based on the answers and reflections from the survey.

The last research question was: How is HR strategy aligned with the company's business strategy? There was a direct question connected to this in the survey and most of the managers agreed upon that HR works to align HR and business strategy. However, it also was almost the same amount of managers who didn't agree or disagree, which means they were uncertain if it is the case. So, it is not clear enough in the organization yet and there is some work to do for HR to align these strategies.

All and all, the findings answer to the research questions and it is obvious that there is still a lot for HR to do in order to reach the position of appreciated business partner in the company.

7 DEVELOPMENT PROPOSALS

There are some questions HR should ask themselves to be able to start the work of becoming a recognized strategic partner in the company. Which of the Ulrich's four HR roles are the most important, strategic partner, administrative expert, change agent or employee champion? Is it more important for Cygate's HR to be strategic or operational as it is today? What is the current situation and which of the roles are important to put more effort on and how? These should be the starting questions when creating the HR strategy and goals.

Surprisingly, there was a gap between the view on HR's role from senior managers` and HR's own point of view. That I would say is where HR should put it's effort on to begin with. The fact that is not seen in the enquiry is the difference in the opinions compared with how HR looked like before with the former HR director and two persons and how it looks like now with new HR director and three HR managers.

Only one manager's answer refers to this by expressing that it was better before and HR is losing their role in the company. True or not, it is important to make sure that it isn't the case in other manager's minds and take some actions to strengthen the strategic role of HR in Cygate. This work should start with the board of leaders, where it was more relevant that HR is not seen as a business partner.

Preferable actions could be for example strengthening participation in different business meetings in different levels. By that meaning not only being part of leader boards, but also being involved in line manager's own meetings or business plans. This way both senior managers and line managers would see that HR is willing to understand their everyday struggles and also getting deeper knowledge of the business in different parts of the company.

It is important that HR builds good relationship with the managers, both to get more detailed knowledge of the business and the everyday struggles and also to gain trust in a higher level. Monthly/quarterly/yearly meetings booked with both line managers and senior managers could be one way to approach this.

It is also important that HR is more visible to the company. That can be handled in many different ways, but some suggestions could be physically sitting closer to business and not as a group in own area far from where it all happens. This might automatically be something that is going to be different in 2016 when the whole company moves to a building closer to the owner TeliaSonera. There will not be any rooms or private tables and people will have mobile working places every day. It will be quite challenging to HR in the beginning, mostly because of the need of privacy in forms of sensitive discussion topics and private meetings with employees and managers. In the end it still might be a better way to both of the development proposals, see the business closer and to be seen more.

It could be a good idea to somehow measure the opinions of managers again at some point. That would give an indication of weather HR is going to the wanted direction or not. The questions will be accessible to HR if they will see it interesting in the future. If the same questions are not an option then there are other ways to find out where HR is heading. Asking straight in the board meetings or sending a short questionnaire to all managers through an internal system or an email if it is not important to have anonymous answers. The risk of getting a fewer answers is of course higher in that case.

HR also needs to take a discussion how they are moving forward and what the goal is. Is it preferred or even possible to be seen as business partner with today's HR challenges? The strategy of going forward as HR at Cygate should be linked to the overall HR strategy on higher level. An action plan including some of the suggestions here would probably be a good starting point to develop HR to the preferred direction after the goals are set. Having a good co-operation and understanding of HR's contribution in the management groups should be crystal clear. To make sure of that HR has a slot in every meeting, where they can present important issues and not be prioritized, which often is the case.

With these words I hope that HR in Cygate, will have some ideas how to go further with their journey. I wish them all the luck and hope to see some further development during the becoming year.

REFERENCES

Literature:

Beaumont, P.B. (1992), The US human resource management literature. *Human Resource Strategies*, 20.

Becker, Brian E. & Huselid, Mark (1998) High performance work systems and firm performance: A synthesis of research and managerial implications. *Research in Personnel and Human Resources Management*, 55-58.

Beer, Michael & Eisenstat, Russel A. (2000) The silent killers of strategy implementation and learning. *Sloan Management Review*, 41(4), 29.

Delery, John E. & Shaw, Jason D. (2001) The strategic management of people in work organizations: Review, synthesis, and extension. *Research in Personnel and Human Resources Management*, Vol 20, 174, 506.

Holmgren, Ulrika (2013) TeliaSonera's HR analysis study for Cygate.

Huselid, Mark (1995) The impact of human resource management practices on turnover, productivity, and corporate. *Academy of Management Journal*, 38(3), 635.

Kaufman, Bruce E. (2001a) The theory and practice of SHRM and participative management: Antecedents in early industrial relations. *Human Resource Management Review*, 11(4), 341.

Kaufman, Bruce E. (2001b) Human resources and industrial relations: Commonalities and differences. *Human Resource Management Review*, 11(4), 356.

Laakso-Manninen, Ritva & Viitala, Riitta (2007) Competence management and human resource development. A theoretical framework for understanding the practices of modern Finnish organisations. *HAAGA-HELIA Research 1. 2007*,6-14.

Linstead, Stephen , Fulop, Liz & Lilley, Stephen J. (2004) *Management and Organization: A Critical Text*, 497-500.

Lovell, Ken (2009) Strategic human resource management: what does it mean in practice? DBA thesis, Southern Cross University, 29-35.

Lundy, Olive & Cowling, Alan (1996) *Strategic Human Resource Management*. PhD Thesis. Queen's University of Belfast.16-17.

Purcell, John & Ahlstrand, Bruce W. (1994) *Human Resource Management in the Multi-Divisional Company*. Oxford University Press, 1st edition, 63.

Shaikh, Moshin (2011) *A study on the strategic role of HR in IT industry with special reference to select IT/ITES organizations in Pune city*. University of Pune, 2.

Ulrich, Dave (2007) *Human Resource Champions: The next agenda for adding value and delivering results*. Harvard Business Press, 46-50.

Electronic sources:

<http://www.businessdictionary.com/definition/strategy.html#ixzz3Ln1R8nE5>

Appendix 1: Questionnaire managers

This appendix is the questionnaire sent to 49 managers in Cygate. 28 answers were received. The questionnaire includes several questions about the manager's work experience, the manager's view on HR as strategic partner and HR's role and competency.

Strategic HR Management Questionnaire: Manager Version

You have been selected as a participant in this thesis study that aims to clarify the role that human resources (HR) play in your company. By participating in this questionnaire you will provide valuable information that can be used to determine the current role of HR in the company and make valuable recommendations regarding the developing of HR.

The questionnaire is completely anonymous. For the study to give valid results, it is important that you answer all the questions as honestly and truthfully as possible. The answers must reflect your own opinion and perception. Please answer all the questions and statements.

Thank you for your willingness to participate in this study. It is greatly appreciated.

SECTION I: PERSONAL INFORMATION

Please provide us with some information about yourself:

| | |
|--|--|
| Please indicate your work experience: | YEARS (take the nearest year up or down, no months) |
| 1. Years of experience within Cygate | |
| 2. Total work experience | |
| 3. Are you manager to any other managers? | Yes <input type="checkbox"/> No <input type="checkbox"/> |

END OF SECTION I

PLEASE CONTINUE TO SECTION II

SECTION II: HR'S ROLE

Listed below are descriptive statements about HR.

For each statement, please indicate if you agree or disagree that HR displays the behavior described by typing a cross in the applicable box.

Use the following responses:

| | | | | |
|---------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Dis-agree | Disagree | Neither agree nor disagree | Agree | Strongly Agree |

| STATEMENT | 1 Strongly Disagree | 2 Disagree | 3 Neither agree nor disagree | 4 Agree | 5 Strongly Agree |
|---|---------------------------|--------------------------|---------------------------------------|--------------------------|--------------------------|
| I see HR as more operational than strategic function | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR is an active participant in business planning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR helps the organization to achieve business goals | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR participates in the process of defining business strategies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR works to align HR strategies and business strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR develops processes to link HR strategies to business strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR's credibility comes from helping to fulfill strategic goals | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR is participating in important strategic decisions in my organization | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| HR adds value to the business | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|

Do you believe that HR is a strategic partner in your organization?

1. Yes

2. No

If YES, please state why you believe HR is a strategic partner in your organization:

| |
|--|
| |
|--|

If NO, please state why you believe HR is not a strategic partner in your organization:

| |
|--|
| |
|--|

Do you believe it is important that HR is a strategic partner in your organization?

1. Yes

2. No

If YES, please state why you believe that it is important that HR is a strategic partner in your organization:

| |
|--|
| |
|--|

If NO, please state why you believe that it is not important that HR is a strategic partner in your organization:

| |
|--|
| |
|--|

Do you believe that HR perceives themselves as a strategic partner in your organization?

1. Yes

2. No

If YES, please state why you believe HR perceives themselves as a strategic partner in your organization:

| |
|--|
| |
|--|

If NO, please state why you believe HR do not perceive themselves as a strategic partner in your organization:

| |
|--|
| |
|--|

Do you believe that it is important that HR perceive themselves as a strategic partner in your organization?

| |
|--|
| |
|--|

| | |
|--------|--------------------------|
| 1. Yes | <input type="checkbox"/> |
| 2. No | <input type="checkbox"/> |

If YES, please state why you believe it is important that HR perceive themselves as a strategic partner in your organization:

| |
|--|
| |
|--|

If NO, please state why you believe it is not important that HR perceive themselves as a strategic partner in your organization:

| |
|--|
| |
|--|

END OF SECTION II

PLEASE CONTINUE TO SECTION III

SECTION III: PROFESSIONAL HR COMPETENCIES

Listed below are descriptive statements about HR.

For each statement, please indicate if you agree or disagree that HR displays the behavior described by typing a cross in the applicable box.

Use the following responses:

| | | | | |
|--------------------------------|-----------------|---------------------------------------|--------------|---------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Dis- agree | Disagree | Neither agree nor disagree | Agree | Strongly Agree |

| STATEMENT | 1 Strongly Disa- gree | 2 Disagree | 3 Neither agree nor disagree | 4 Agree | 5 Strongly Agree |
|--|--|--------------------------|---|--------------------------|---------------------------------|
| HR's competency is important factor in order to achieve business goals | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR is important part of recruitment process | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR participates in change management in the company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR develops leadership in the company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| HR demonstrates the financial impact of HR activities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR defines and communicates HR vision for the future | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR educates and influences managers on HR issues | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR focuses on the quality of HR services and processes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| HR has experience in key business areas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

END OF QUESTIONNAIRE

THANK YOU FOR YOUR PARTICIPATION

Appendix 2: Interview questions HR

This appendix is the interview questions to Cygate's HR department including one HR director and 2 HR managers. The questions are connected to the overall picture of HR as strategic partner and complementary to the questionnaire in appendix 1.

Questions presented to HR personnel in form of one on one interview:

1. How would you describe strategic human resource management?

2. What is your experience with the linkage between organizational (business) strategy and human resource management in this company? If not, how would you change it?

3. Do you see HR as more operational or strategic function today and why? What do you think the managers think?