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THE EVALUATION OF HUMAN RESOURCE MANAGEMENT IN
SELECTED LARGE ORGANIZATIONS IN QUÉBEC

by

Jean-Claude Provost

A Thesis
Submitted to
The Faculty of Graduate Studies and Research
McGill University
Montréal, Québec
in Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
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Abstract

The purpose of this descriptive study is to examine how some large organizations selected for the quality of their human resource management (HRM) practices evaluate their human resource (HR) function, and to investigate the purpose and usefulness of HRM evaluation within these organizations. Five questions are investigated:

1. Who decides whether or not to evaluate the HR function?
2. What are the objectives of HRM evaluation?
3. What is the focus of HRM evaluation?
4. What are the means used to evaluate HRM?
5. What is the impact of HRM evaluation on the direction of human resource management within the organization?

Despite the growing strategic importance of human resource management, there is still little research evaluating its effectiveness. Most participants consider that their organization does not systematically evaluate HRM. Most use indirect or informal methods. This confirms that systematic HRM evaluation is not a priority for most organizations. Some Vice-Presidents, Human Resources (VPHR) expressed disappointment with this situation and indicated that the necessary resources were not available.

Within the limited sample of 10 organizations, the HRM evaluation practices are diversified. The extent of HRM evaluation is surprising given the reservations and modesty expressed by the participants. Most organizations have evaluated multiple HRM policies, programs or services representative of multiple sub-systems within the HRM system.

The high-impact HR function uses performance measures to support its business plans and to convincingly communicate the benefits of its contribution to the stakeholders, especially senior management. Despite a strong continuous improvement culture and the participation of the VPHR in strategic decision making, measuring HRM effectiveness and benchmarking against the best HRM practices is not a systematic process in most organizations.

Résumé

L'objectif de cette recherche descriptive était d'analyser comment les grandes organisations réputées pour la qualité de leur gestion des ressources humaines (GRH) évaluent la GRH et leur fonction ressources humaines. Cinq questions sont abordées:

1. Qui décide de l'évaluation GRH?
2. Quels sont les objectifs de l'évaluation?
3. Quel est l'objet de l'évaluation?
4. Quelles méthodes d'évaluation sont utilisées?
5. Quel est l'utilité et l'impact de l'évaluation sur la direction de la GRH au sein de l'organisation?

Malgré l'importance stratégique de la gestion des ressources humaines au sein de leur organisation, la plupart des vice-présidents, ressources humaines interrogés estiment que l'évaluation GRH est généralement indirecte et informelle. Le manque de ressources explique en partie l'importance secondaire accordée à l'évaluation GRH.

Les pratiques d'évaluation sont nombreuses et variées parmi les 10 organisations étudiées, ce qui contraste avec l'opinion initiale exprimée par les participants. La plupart des organisations évaluent plusieurs politiques et programmes représentant les divers sous-systèmes GRH.

La fonction ressources humaines performante utilise divers indices de réussite pour mesurer l'atteinte de ses

objectifs et communiquer ses réalisations à ses clients et multiples constituantes importantes, en particulier la haute direction. Malgré une culture organisationnelle valorisant l'amélioration continue et le rôle stratégique joué par le vice-président, ressources humaines, l'évaluation systématique de l'efficacité et de la contribution de la GRH au succès de l'organisation occupe encore une importance secondaire dans la plupart des organisations.

Introduction

Rationale

Many executives underestimate the magnitude of their investment in human resource management (HRM). Many managers, including human resource (HR) managers, consider the HRM contribution to organization effectiveness intangible. Many mission statements proclaim, "Our employees are the major strength of our organization," yet the human resource department staff and budget are often the first to be cut in difficult times.

As Fitz-enz (1980) observed:

Few human resources managers--even the most energetic--take the time to analyze the return on the corporation's personnel dollar. We feel we aren't valued in our own organizations. We complain that management won't buy our proposals and wonder why our advice is so often ignored until the crisis stage. But the human resources manager seldom stands back to look at the total business and ask: Why am I at the bottom looking up? The answer is painfully apparent. We don't act like business managers--like entrepreneurs whose business happens to be people.

(p. 41)

More recently, Fitz-enz (1994) observed that "HR has lost track of the times." Most HR departments still see

their raison d'être as designing, developing, delivering and maintaining services, from pushing applicants through a hiring line to pushing data through a computer. Only in the past year or two have more than a meager few begun to respond with answers related to supporting business objectives. (p. 84)

Hall (1983) observed that the department of human resources, in some organizations, is seen as a low influence staff group removed from the mainstream of decision making, while in other organizations it is an active partner within the corporate management process. Foulkes and Morgan (1977) considered that "a personnel department able to provide timely advice to management on how to shape and use its human resources will have no trouble making its voice heard in executive councils" (p. 149).

Many authors have pointed to the changing and expanding role of human resource management (Fulmer, 1990; Gibling, 1984; Nininger, 1982; Nkomo, 1980; Skinner, 1981; Tichy, Fombrun, & Devanna, 1982; Walker & Moorhead, 1987). Kanter (1983), Kravetz (1988), and Huselid (1994) observed that the organizations most progressive in their human resource management systems and practices enjoyed higher profitability. Frohman (1984) and research published by the Industrial Relations Research Association (Industrial Relations Research Association [IRRA], 1987) showed evidence of the connection between human resource management and the bottom line

performance of the firm. HRM is increasingly viewed as an important and integral part of an organization's strategic planning (Dunphy & Hackman, 1989).

The recent emphasis on total quality management has also raised the question of the need to apply a total quality framework to human resource management (Hart & Schlesinger, 1991). For example, when applied to the HR Department the Baldrige quality framework involves a comprehensive audit designed to assess the department's performance as an independent consultant serving the organization, particularly in terms of the quality of the HRM leadership. The audit also attempts to answer the question: "How well are we really doing in satisfying all our customers?"

Senior executives, as well as human resource managers, need to assess the effectiveness of their HR function and its policies, programs, and resources. Otherwise the chief executive officer (CEO) cannot realistically expect an optimal contribution from the organization's human resources (Bowman, 1986), nor can the human resource executive expect to have a significant influence on strategic planning and decision making. HR executives are not afraid of accountability and evaluation when they see their role as part of the strategic management process contributing to the overall success and well being of the organization.

Despite the growing strategic importance of human resource management (Fombrun, Tichy, & Devanna, 1984; Foulkes,

1986; Lengnick-Hall & Lengnick-Hall, 1988; Schuler, 1992), there is still little research evaluating its effectiveness (Cashman & McElroy, 1991; Huselid, 1994; Jain & Murray, 1984; Katz, Kachan, & Weber, 1985; Tsui, 1987; Tsui & Milkovich, 1987). In Canada relevant research tends to be scarce but increasing (Belout & Dolan, 1993a, 1993b; Cattaneo & Templer, 1988; Wils & Labelle, 1989).

From their survey of HR executives in Québec, Dolan and Harbottle (1989) observed that only 20% of the organizations regularly evaluated their HR activities. Researchers at the Office des ressources humaines du Gouvernement du Québec included as a priority the development of a global and practical approach to human resource management information to measure organizational performance, and to support the principle of the accountability of deputy ministers (Allard, 1992).

Most current personnel/human resource management textbooks stress the importance of evaluating HRM practices and results (Bélanger, Benabou, Bergeron, Foucher, & Petit, 1988; Cascio & Thacker, 1994; Dolan & Schuler, 1994; French, 1987; Milkovich, Glueck, Barth, & McShane, 1988; Schwind, Das, Werther, & Davis, 1995; Sekiou, Blondin, Fabi, Chevalier, & Besseyre des Horts, 1992). Evaluation tools are progressively being developed, and academics are increasingly publishing the results of their research and their measures (Arthur, 1994; Houston & Delevan, 1990; Huselid, 1994; IRRA, 1987; Snell &

Dean, 1992; Straus, 1990; Terpstra & Rozell, 1993). Most HR executives perceive the need for evaluation and control of their practices to ensure quality management, yet implementation lags far behind. There is no clear consensus among HR professionals concerning the desirability and feasibility of measuring their effectiveness. Proper evaluation is perceived as being time consuming and costly, and few organizations feel they can devote the resources required to conduct a HRM evaluation.

Audet (1992) identified the need to conduct further research concerning the effectiveness of HRM policies and practices, with a special focus on HRM results rather than activities.

Statement of the Problem

The purpose of this study is to examine how some large organizations, selected for the quality of their human resource management practices, evaluate their HR function and how the evaluation results influence the strategic direction of HRM within the organization.

This study investigates five areas:

1. Who decides whether or not to evaluate the human resource function?
2. What are the objectives of human resource management evaluation?
3. What is the focus of HRM evaluation?

4. What are the means used to evaluate HRM?
5. What is the impact of HRM evaluation on the direction of human resource management within the organization?

Definition of Terms

Effectiveness: A concept that represents "the extent to which an organization accomplishes some predetermined goal or objective," or "the overall performance of an organization from the viewpoint of some strategic constituency" (Shafritz, 1985, p. 116). The effectiveness of an organization's human resource management system or function can be assessed from different dimensions and from the viewpoint of different constituencies.

Human resource(s) (HR): Collective term for all employees in the organization (Shafritz, 1985). This general term is progressively replacing the terms "personnel" and "manpower".

Human resource accounting: A concept that considers the "employees of an organization as capital assets" (Shafritz, 1985, p. 188). "It is a means of measuring employees' costs and value to an organization" (Tracey, 1991, p. 159).

Human resource audit: Generally refers to the evaluation of one or more aspects of the human resource management function (Shafritz, 1985). It focuses on the evaluation of the human resource activities in an organization (Schwind et al., 1995).

Human resource department: Staff service supporting line management in the performance of their human resource management role. The responsibility for the HR function in an organization is shared between line management and the HR department.

Human resource function: This organizational function is primarily concerned with the "utilization and development of the human resources" in a particular organization (Schwind, Das, Werther, & Davis, 1995).

Human resource management (HRM): According to Shafritz (1985), human resource management transcends traditional personnel concerns, taking the most expansive view of the personnel department's mandate. Instead of viewing the personnel function as simply that collection of disparate duties necessary to recruit, pay and discharge employees, a HRM approach assumes that personnel's appropriate mission is the

maximum utilization of its organization's human resources. (p. 189)

Human resource management evaluation: Formal effort to assess the effectiveness of human resource management in the organization. "A systematic, formal process designed to assess the policies and procedures used, the reactions of the users or clients, and the costs to and benefits obtained by, the organization" (Milkovich et al., 1988, p. 772).

Personnel management: Often considered synonyms for HRM, the terms personnel administration and personnel management have frequently been used interchangeably, since personnel administration has evolved into personnel management. There is, however, a distinction. Personnel administration is "mainly concerned with the technical aspects of maintaining a full complement of employees within an organization," while personnel management "concerns itself as well with the larger problems of the viability of an organization's human resources" (Shafritz, 1985, p. 326).

Significance of the Study

In the Québec educational world, and typically across North America, school boards have their director of personnel and universities have their director or vice-president, personnel/human resources. Yet limited research and

publications exist concerning HRM in educational and institutional settings. Whereas a multitude of basic HRM textbooks are published, few focus on HRM in the world of education (Barnabé, 1981; Castetter, 1986; Harris, McIntyre, Littleton, & Long, 1979). Typically human resource management is taught in one course in university programs for educational administrators. In addition, some administrators may take advantage of occasional seminars focusing on staff relations or other aspects of human resource management.

It should not be surprising, therefore, if the search for research focusing on the effectiveness of human resource management in education is essentially unsuccessful. The only significant exception (Bouchard, Davidson, & Fortunato, 1992) proposed cost effective strategies for managing the human resource function, including the establishment of productivity measures (e.g., cost per hire), and the evaluation of the effectiveness of the HR services and programs in the organization.

The path followed in this research focuses on practices in large organizations outside the educational field, with the intention of learning from their experience and proposing recommendations for further research and practice.

This study is interested in determining the breadth and depth of the practice of evaluating human resource management in large organizations reputed for their HRM practices. In addition, the study will investigate the purpose and

usefulness of HRM evaluation within organizations. The focus is, therefore, on evaluation efforts initiated or sponsored by senior executives or HR managers in support of organizational goals.

This study does not focus on evaluation research conducted by academic researchers, unless mandated by executives for the purpose of achieving the goals of their organization. This research may lead to the identification of HRM evaluation practices that will be feasible and valuable for HR executives in their search for effective HRM.

Organization of the Study

The first chapter of this study presents a review of the literature relating to the HRM territory, strategic human resource management, human resource management effectiveness, and human resource management evaluation.

The review of the literature identifies the elements considered essential to effective human resource management in large organizations, and the range of evaluation processes available to practitioners and researchers who conduct HRM evaluation studies or develop evaluation methods and instruments.

The second chapter describes the methodology, interview guide, surveyed population, and other research procedures, as well as the limitations of the study.

The third chapter presents the survey results and discusses their analysis. The last chapter reviews the findings, presents conclusions, and makes recommendations concerning further research and directions for future practice.

Chapter 1

Review of the Literature

Within the context of this study, the term human resource management (HRM) will be used to represent both personnel management and human resource management. Current textbooks reflect this trend. For instance, Schuler's (1983) Effective Personnel Management became Personnel and Human Resource Management in Canada when adapted for the Canadian context (Dolan & Schuler, 1987) and, more recently, Human Resource Management: The Canadian Dynamic (Dolan & Schuler, 1994). Similarly, Werther's Canadian Personnel Management and Human Resources (Werther, Davis, Schwind, Das, & Miner, 1985) became Canadian Human Resource Management (Werther, Davis, Schwind, & Das, 1990; Schwind et al., 1995), like other recent releases that favour human resource management (Bernardin & Russell, 1993; Cascio & Thacker, 1994; Dessler & Turner, 1992).

Personnel administration, personnel management and human resource management share a relatively short history (Boivin, 1986; Foulkes, 1975; Miner & Miner, 1985). Personnel/human resource management philosophies and practices have evolved with managerial, psychological and organizational theories, and environmental changes (Audet & Larouche, 1988; Hays, 1989; Lundy, 1994). Influenced by modern systems and organization theory, many authors have developed models of HRM systems and

processes (Barnabé, 1981; Beer, Spector, Lawrence, Mills, & Walton, 1984; Bélanger et al., 1988; Dolan & Schuler, 1994; French, 1987; Milkovich et al., 1988; Schwind et al., 1995).

Traditionally HRM has been depicted as "people oriented" (Desatnick, 1979). In addition, human resource (HR) departments are often perceived by chief executive officers (CEOs) and other managers as lacking the general management orientation towards the greater organizational goals and environment (Blake, 1987; Desatnick, 1983; McFarland, 1967; Walker, 1980).

The domain of HRM is constantly shaped by internal and external forces. These pressures point to a strong need to integrate HRM systems into a broader perspective (Fombrun, 1983; Harvey, 1983; Migliore, 1982; Miles & Snow, 1984a; Nininger, 1982; Sweet, 1982; Tichy et al., 1982).

A Model of the Human Resource Management Territory

The model developed by Beer and his colleagues at the Harvard Business School (Beer et al., 1984, 1985) presented a conceptual map of the HRM territory within a general management perspective (see Figure 1). HRM included all managerial actions and decisions affecting the organization-employee relationship. This is consistent with senior executives' expectations that human resource executives should have a general management perspective, and HR executives' aspirations to be part of the strategic decision making team.

The model also recognized that HR specialists and general managers must work in concert towards organizational effectiveness and renewal.

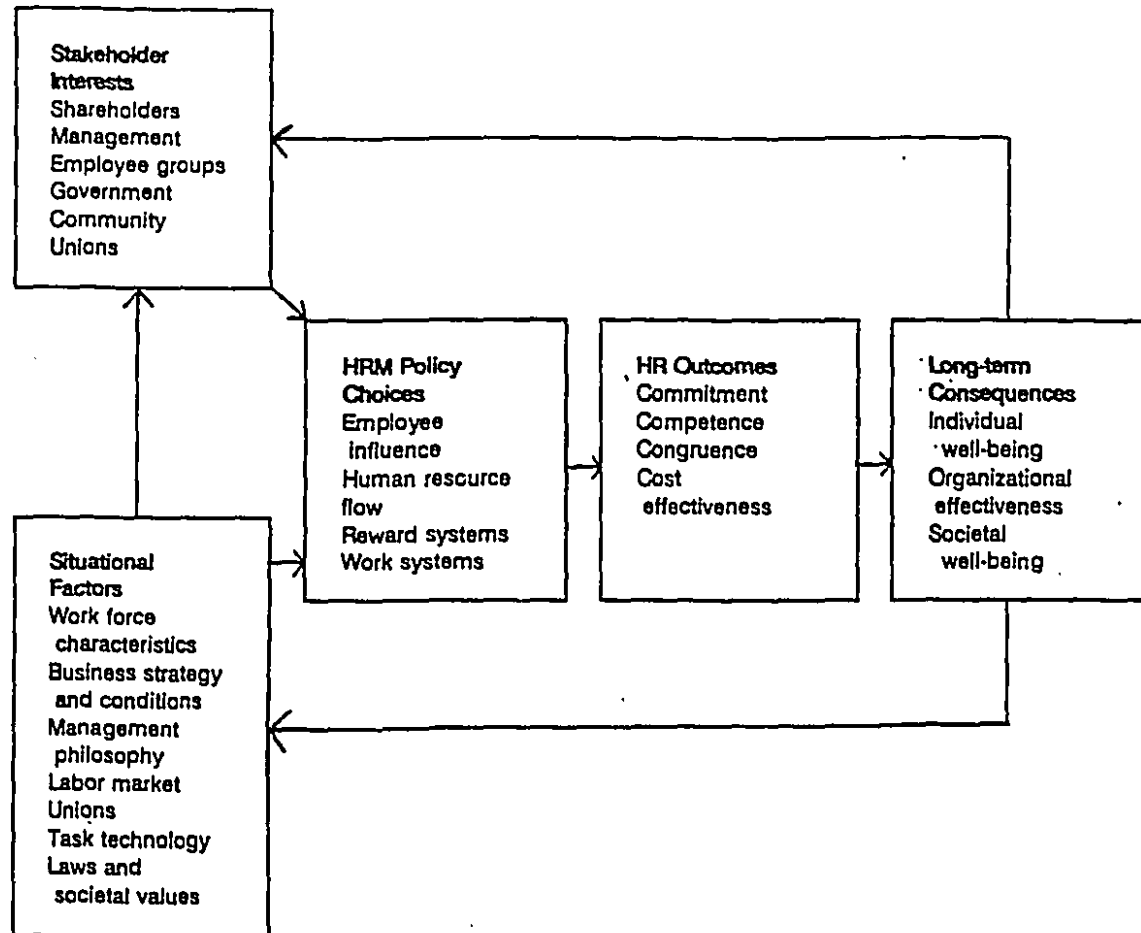
This model grouped the diverse HRM activities into four policy areas: employee influence, reward systems, human resource flow, and work systems.

1. Employee influence systems included all aspects of collective bargaining and labour relations, as well as employee participation.
2. Reward systems covered all aspects of the total compensation mix, including rewards and employee satisfaction, as well as fringe benefits and the maintenance of equity.
3. Human resource flow included planning and managing human resource inflow, internal flow, and outflow from the individual, societal, and organizational perspectives. Issues ranged from evaluating recruiting effectiveness and employee effectiveness, to employee career development and fairness in managing human resource flow.
4. Work systems focused on all aspects of job and organization design and their relationship to quality of work life, organizational values, and culture.

A conceptual map of the HRM territory shows that HRM policies are influenced by both stakeholders' interests and

situational factors inside the organization (internal fit),
and in the environment (external fit) of the organization.

Figure 1
Map of the HRM Territory



Note. From Managing Human Assets (p. 16), by M. Beer, B. Spector, P. R. Lawrence, D. Q. Mills, and R. E. Walton (Eds.), 1984, New York: The Free Press.

HRM policies affect immediate outcomes such as competence and commitment, congruence between individual and organizational goals, and the cost effectiveness of HRM practices. In the long run, positive individual and societal well-being and organizational effectiveness should result. The feedback loop allows for dynamic adjustments to internal and external changes.

Beer's model is consistent with most models of the HRM system (Barnabé, 1981; Cascio & Thacker, 1994; Castetter, 1986; Dolan & Schuler, 1994; French, 1987; Sekiou et al., 1992; Schwind et al., 1995), which typically include human resource planning and development, staffing, performance management, total compensation and rewards, staff relations and collective bargaining, health and safety, and employment equity. These central HRM functions contribute to the strategic goals and success of the organization by attracting, retaining, and motivating an effective work force.

Strategic Human Resource Management and HRM Effectiveness

The recent evolution of HRM has undergone growth stages defined by Cascio and Thacker (1994) as: (a) file maintenance, (b) government accountability, and (c) strategic partner. Since the late 1970s, the HR function has not been exempt from the increasing emphasis on greater cost accountability. However, methods for assessing the costs and

benefits of personnel programs remain little known or used (Cascio, 1991).

At the third growth stage the HR department is expected, as with line management, to control costs and add value to help the organization gain and sustain "a competitive advantage." The HR function is viewed as a business that is expected to be as effective as possible in supporting organizational goals (Desatnick, 1983; Fitz-enz, 1994; Gross, 1989).

HRM is a joint responsibility between line and HR management (Cascio & Thacker, 1994; French, 1987). Strategic decisions must increasingly be based on HR considerations in an age when mergers, technological changes, and global issues are omnipresent (Freedman, 1991). Best sellers like In Search of Excellence: Lessons from America's Best Run Companies (Peters & Waterman, 1982) have highlighted the emphasis on HRM in successful organizations. Huselid (1994) has demonstrated the positive effect of HRM best practices on corporate financial performance.

A survey of opinion leaders (Alper & Mandel, 1984) confirmed the importance of human resources to business success, and identified the most important factors when judging the effectiveness of HR policies and practices as: (a) open communication, (b) high job performance standards, (c) performance-based rewards, (d) effective use of employees'

competencies, (e) encouraging employee creativity and participation, and (f) developing career opportunities.

Using a delphi procedure to obtain information from multiple constituencies, Tsui (1987) identified the most meaningful subjective and objective criteria for evaluating the effectiveness of HR operating departments:

1. level of cooperation;
2. line managers' opinion of HR effectiveness;
3. openness and availability to all employees;
4. employees' trust and confidence in HR;
5. quickness and effectiveness of responses to questions;
6. quality of service provided to other departments;
7. quality of information and advice provided to senior management;
8. satisfaction and dissatisfaction of clients at all levels;
9. HR strategy to support organizational plans;
10. employment equity achievements;
11. average time to fill requisitions;
12. HR department staff/clients ratio.

These criteria were used by Tsui (1987) to compare effectiveness ratings of HR departments from the perspective of multiple constituencies: managers, line executives, employee relations managers, and HR managers. This study pointed to incompatibility and conflict in the expectations of

the multiple constituencies that will impact evaluation efforts.

According to Tsui and Gomez-Mejia (1988), "HR executives must assume responsibility for the effectiveness of both overall HRM and the HR function" (p. I-219). Therefore, HRM effectiveness can only be achieved through the partnership between line managers and the HR function.

The strategic human resource management approach emphasizes the fit between the organization's strategy and objectives, and HR priorities, systems, policies, and actions (Golden & Ramanujam, 1985; Lengnick-Hall & Lengnick-Hall, 1988, 1990; Tsui & Milkovich, 1987). Strategic HRM has become the norm (Buller, 1988; Dyer, 1984; Dyer & Holder, 1988; Evans, 1986; Fombrun et al., 1984; Foulkes, 1986; Gosselin, 1987; Miles & Snow, 1984a; Rothwell & Kazanas, 1988; Schuler, 1990; Walker, 1986; Tichy et al., 1982). Accordingly, human resource planning activities have grown in importance, linking HRM strategies with organizational priorities (Craft, 1988; Heisler, Jones, & Benham, 1988; Schuler, 1992; Walker, 1980).

In higher education institutions, more so than in private enterprises (Nkomo, 1986), the practice of strategic HRM lags behind the theory. "Many academics still react negatively to the concept of planning and management in education" (Stevens-Smith & Ferris, 1990, p. 13), and do not appear to perceive the benefits of strategic HRM approaches.

According to Barnard (1938), "an action is effective if it accomplishes its specific objective aim" (p. 20). More recently, Campbell (1977) concluded that "in the end, organizational effectiveness is what the relevant parties decide it should be" (p. 52). However, "this does not preclude the behavioral scientist from trying to impose his or her own value system as to what constitutes effectiveness (in modelling it), but such an assertion should be recognized for what it is" (Campbell, 1977, p. 52). Goodman and Pennings (1980) observed that the concept of organizational effectiveness is a multi-dimensional construct which is not well defined. Connolly, Conlon, and Deutsch (1980) stressed the importance of multiple constituencies, within and outside the organization, that impact organizational effectiveness. Cameron (1981) identified the major domains of organizational effectiveness in colleges and universities as academic, morale, external adaptation, and extracurricular.

Dolan and Schuler (1987) defined HRM effectiveness as the contribution or value to the organization such as "improving the organization's productivity, quality of work life, and legal compliance" (p. 601).

Boblander and Kinicki (1988), and Argyris (1986) considered that the HR function, like others, has to continuously prove its worth and credibility against three

criteria:

1. how well HR activities achieve their stated objectives;
2. the relationship of HRM results to the financial viability of the organization;
3. how well the HR function adjusts its activities to the availability of human and financial resources.

Tsui's (1987) research suggested that "HR department effectiveness is positively related to overall organizational effectiveness" (p. 66). This is more comprehensive and far-reaching than perceptions of effectiveness focused on recruitment ratios, number of training hours per employee, and other statistics that tend to justify the existence of the HR department and its budget requests to finance a never-ending list of diversified and state-of-the art programs (Tsui & Gomez-Mejia, 1988). Often the HR function is perceived as being ineffective because it produces standard programs or activities rather than a service tailored to the problems of its diverse clients (Bowen & Greiner, 1986).

Foulkes and Morgan (1977) also concluded that "the best personnel policies are like the best organizational strategies. They are contingent upon the particular situation and they depend on the strategy of the company" (p. 146). Truss and Gratton (1994) observed that many of the questions and concerns raised by the early proponents of strategic human

resource management (Beer et al., 1984; Fombrun et al., 1984) remain elusive for academics and practitioners.

Baird and Meshoulam (1984), from their study of 20 corporations, identified five stages of human resource management: (a) initiation, (b) functional growth, (c) controlled growth, (d) functional integration, and (e) strategic integration. They suggested that the key criteria for determining effectiveness is an appropriate fit between the stage of HRM and the needs of the organization.

Meshoulam (1984) analyzed how HR objectives and strategies relate to the needs of the organization and its environment (external fit), and how the components of the HR function support each other in accomplishing the function's objectives (internal fit). Cattaneo and Templer (1990), in their study of a large, stable food manufacturer and a fast-changing major manufacturer of computer-related equipment, concluded that "HRM effectiveness cannot be understood independently of the context of the organization being studied" (p. 30). The work environment is constantly changing (demographically, economically, technologically, culturally), and thus has a dramatic impact on HRM (Coates, Jarratt, & Mahaffie, 1990; Flamholtz, 1986; Toedtman, 1980). Smith-Cook and Ferris (1986), in their study of firms in declining industries, found some evidence of strategic HRM orientation in the high-performing firms.

The importance of top management support in enabling HRM effectiveness is supported by many authors (Baird & Meshoulam, 1989; Murray & Dimmick, 1978; Nininger, 1982). Bouchard et al. (1992) stressed the importance of gaining top administration's support for the HR function, and the need to convince the senior policy makers of the institution that "acceptance of reasonable and important human resources programs is feasible" (p. 37).

Studies have repeatedly shown that senior management expects the HR function to focus on productivity and cost containment (Cascio & Thacker, 1994; Walker, 1986). Malone and Petersen (1977) concluded that "only the CEO can determine the extent to which Personnel is permitted to participate in important matters" (p. 498).

Like Fitz-enz (1980, 1994), Guérin and Wils (1992) observed that the traditional approach to HRM, even in the absence of systematic evaluation, is generally perceived as ineffective (Baird & Meshoulam, 1986; Jain & Murray, 1984). They identified six important contributing factors:

1. lack of objective evaluation of HR effectiveness;
2. lack of clear and coherent expectations from line management;
3. limited senior management support for the HR function;
4. poor image of the HR department;

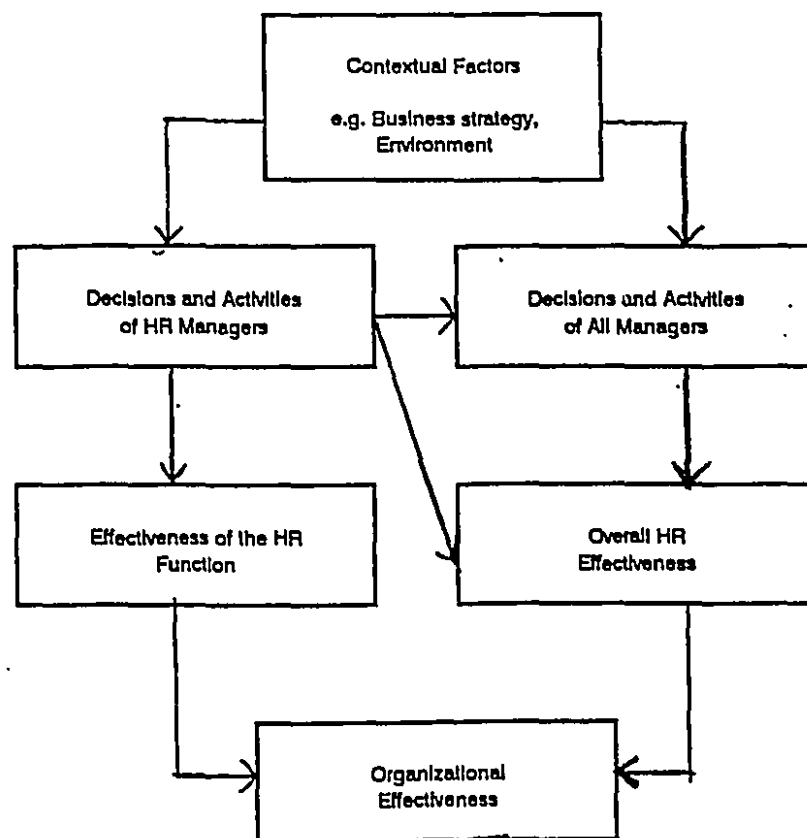
5. inadequate communication between line and HR managers;
6. inadequate competence of many HR specialists.

Kleiner (1990) attempted to define linkages between HRM and organizational performance. His survey of HRM research revealed that there is very little research linking organizational productivity with training and development, performance appraisal methods, or job design. On the other hand, more investigations have focused on the productivity and profitability impact of compensation, recruitment, turnover, employment security, and pensions. From the research surveyed, HRM policies are deemed to have "important quantitative effects on the productivity and profitability of major organizations" (Kleiner, p. 39), but "the current state of knowledge provides no definitive conclusions regarding the effect of specific HR policies on organizational performance" (Kleiner, p. 33). Loney (1989) also observed the extremely limited research results concerning the impact of HRM policies and programs on organizational outcomes. The Industrial Relations Research Association (Industrial Relations Research Association [IRRA], 1987, 1992) has promoted the advancement of research concerning the impact of HRM on organizational outcomes, and other recent studies (Arthur, 1994; Huselid, 1994) have contributed to filling the gap.

Recognizing that HR and line managers should be equally accountable for the HRM contribution to organizational

effectiveness, Tsui and Gomez-Mejia (1988, p. 211) proposed an integrative model of HRM effectiveness (see Figure 2).

Figure 2
Integrative Model of HR Effectiveness



Note. From "Evaluating Human Resource Effectiveness," by A. S. Tsui and L. R. Gomez-Mejia, 1988. In L. Dyer (Ed.), Human Resource Management: Evolving Roles and Responsibilities (p. 211), Washington, DC: Bureau of National Affairs Books.

Cattaneo and Templer (1990) identified four major difficulties in researching HRM effectiveness: "The difficulty of defining the nature of effectiveness; the changing nature of the HRM field; the difficulty of modelling the impact of HRM effectiveness; and the lack of validated measures" (pp. 30-31).

HRM Evaluation

Systematic evaluation uses approaches to gather valid and reliable data to measure the difference between the actual situation and the desired situation (Rossi, Freeman, & Wright, 1979; Rutman, 1984). Schwind et al. (1995) identified five major HRM research approaches:

1. comparative approach, to uncover areas of poor performance by comparing with other organizations;
2. outside authority approach, to set evaluation standards based on research findings or by using consultants to diagnose problems;
3. statistical approach, to analyze HR records;
4. compliance approach, to examine HR policies and legal requirements;
5. management by objectives (MBO) approach, to compare HR stated objectives with actual results.

Ivancevich and Glueck (1986) recommended a scientific approach to HRM evaluation to "reduce the risks of relying too

heavily on opinions or prejudices about people, programs, environmental forces" (p. 768). They suggested four stages:

1. observing the situation;
2. using induction to formulate explanations of the situation;
3. using deduction to generate predictions about the situation;
4. verifying the predictions using scientific methods.

Milkovich et al. (1988) defined the evaluation of the HR function as "a systematic, formal process designed to assess the policies and procedures used, the reactions of the users or clients, and the costs to, and benefits obtained by, the organization" (p. 772). Thus HRM is evaluated to assess how well it helps the organization and the employees achieve their objectives, and ensures that HRM activities "are integrated with each other and with the overall organization objectives" (p. 774).

The basic cycle used to evaluate HRM programs is a feedback loop that begins with the objectives and involves collecting, collating, and analyzing the evaluation data, and reporting the results to the stakeholders, each of whom have different requirements of the evaluation. Easterby-Smith and Mackness (1992) stressed that "most evaluations are usually a waste of time unless one starts by clarifying the purposes they are intended to serve" (p. 42). It is the responsibility

of senior management to establish the general philosophy of evaluation.

Tsui and Gomez-Mejia (1988) stressed the importance of clear objectives to develop appropriate HRM evaluation strategies. They identified four interdependent objectives:

1. Marketing the HR function. Can the results and benefits of HRM programs be measured and presented to senior management in a convincing manner?
2. Providing Accountability. Is the HR function effectively utilizing its human, financial, and material resources? Do HRM services and programs effectively achieve the objectives set, and answer the needs of their clients and the expectations of their champions?
3. Promoting Change. HRM evaluation data provides useful information to identify needs for new HRM policies or services, or to change existing programs which neither satisfy the participants' needs nor support organizational priorities.
4. Assessing Financial Impact. This objective focuses on the cost-benefit analysis of HRM programs, and measures the financial return on human investments such as earnings and productivity gains in relation to payroll costs.

HRM evaluation helps justify the budget and human resources of the HR function. In assessing the effectiveness

of HRM programs and deciding which to maintain, downsize, or develop, HRM evaluation is an integral part of strategic HRM within the organization.

Kossek (1990) considered that the limited emphasis placed on evaluating the impact of HR programs contributed to their failure. Although it is difficult to isolate the specific impact of an HR program or activity on productivity, and to coordinate the evaluation of the various HR activities, "systematic evaluation of the general influence of HR programs is critically important. It can help decision makers allocate future resources, call their attention to ongoing problems, and enable them to develop a unified HR strategy" (p. 52). When done, evaluation frequently tends to focus on HR functions perceived of as being too costly and/or ineffective in terms of organizational results such as training and development, or staffing which has long-term consequences for the organization (Davidove & Schroeder, 1992; Kolenko, 1990).

A large survey of HR executives (Tsui and Gomez-Mejia, 1988) concerning HRM evaluation practices revealed that "large and high-performing firms are more likely to engage in HR evaluation" (p. 198). However, "systematic, periodic evaluation of HR effectiveness does not occur frequently" (p. 200).

Many writers have emphasized the necessity of evaluating organizational strategy (Charan, 1982; O'Connor, 1982). The model developed by Thompson and Strickland (1981) suggested

that evaluation provides opportunities to: (a) review HR strategic positions; (b) re-examine HR policies, programs, and resources; (c) re-examine HR opportunities and initiatives; and (d) plan to alter the HR grand strategy.

Applied to HRM, Tilles' (1963) model for strategy evaluation suggested the following questions:

1. Is there consistency between HR strategy and the other business/institutional strategies?
2. Is HR strategy appropriate for the current internal and external environment?
3. Is HR strategy appropriate, given available resources and the organization's objectives?
4. What are the risks, costs, and benefits associated with the HR global strategy and HRM programs and activities?
5. Does the present HR strategy contribute to the effective integration of the HR policy areas with the stakeholders' interests and situational factors?
6. Are the critical HR issues negotiated at the relevant organizational levels?

Many researchers and HR practitioners have advocated systematic HRM evaluation (Biles & Schuler, 1986; Cascio, 1991; Cattaneo & Templer, 1988, 1990; Fitz-enz, 1980, 1984, 1994; Gordon, 1972; Guérin & Wils, 1992; Guest & Peccei, 1994;

Mahler, 1979; Odiorne, 1972; Tsui, 1984, 1990; Tsui & Gomez-Mejia, 1988; Tyson & Fell, 1986; Ulrich, 1989).

The HRM evaluation literature does not make a clear distinction between the effectiveness of the HR function, the effectiveness of the HR department, the effectiveness of HRM systems and activities, and the effectiveness of the organization's human resources. According to Odiorne (1971), it is difficult to differentiate between an effective HR department and an ineffective one because the HR function lacks "yardsticks of excellence" (p. 51) and often evaluates itself against checklists of activities. These activities are worth little if they do not contribute to organizational goals.

The HRM contribution to organizational effectiveness is a joint effort between line and HR managers (French, 1987; Kuraitis, 1981). Effective HRM is achieved through the cooperative action of many stakeholders, including line executives and employees, together with HR managers and professionals (Tsui, 1987). Can their respective contributions be measured?

The often conflicting expectations of these diverse constituencies makes evaluation difficult, since the different stakeholders prefer different criteria to measure HR effectiveness. The effectiveness of the HR function should be measured as a contribution to the effectiveness of the

different constituencies, but the direct cause-and-effect relationship is generally difficult to prove.

Guest and Peccei (1994) used the concept of integration to identify four models of effective human resource management:

1. Organizational integration, which argues that "HRM will be effective only when human resource strategy is integrated with business strategy" (p. 220). This model is illustrated by the studies of Beer et al. (1984, 1985).
2. Policy integration, which is more concerned with coherence between the HR strategy and the resulting HRM policies.
3. Functional integration, which stresses the importance of a highly professional staff in the HR department as key to HRM effectiveness.
4. Process integration, which focuses on the efficiency and effectiveness of the HR department. In this model, the satisfaction of the internal clients of the HR department is a key effectiveness criterion.

Each of these models pointed to different causes of HRM effectiveness.

Evans (1986) identified concerns with strategic HRM frameworks (e.g., Fombrun et al., 1984) and the model developed by Beer and his Harvard colleagues (Beer et al.,

1984, 1985) that emphasized HRM policies and activities without specifying the evaluation criteria. How can HRM outcomes like commitment, competence, cost effectiveness and congruence, and their unspecified relationship with organizational effectiveness, be evaluated? Evans (1986) suggested four different outcomes to evaluate the effectiveness of HRM policies and practices: (a) internal equity and human relations, (b) competitive performance (external focus), (c) innovation and flexibility (focus on the organization-environment boundaries), and (d) corporate integration essential to large organizations.

Ulrich (1989) identified three models used to assess HRM effectiveness:

1. The stakeholder model, which focuses on the perceived value of HR services by the client constituencies (Straus, 1990; Tsui, 1984, 1988). This model includes the personnel audit (Mahler, 1976, 1979) and the multiple-constituency approaches.
2. The utility model, which focuses on the economic utility of HRM programs and activities (Boudreau, 1988; Cascio, 1991; Spencer, 1986), and financial indices (Driessnack, 1976).
3. The relationship model, which focuses on the impact of HRM practices on the organization's strategic goals and results (Tichy et al., 1982).

Tsui and Gomez-Mejia (1988) proposed three levels of analysis to structure HRM evaluation: strategic, management, and operating levels. They also identified two major approaches to HR evaluation: the audit approach and the analytic approach, each offering several alternative methodologies. Audits may focus on personnel indices and key indicators, or on measures of the reactions of the user constituencies. Quantitative indices, when used in combination, provide useful indications of the effectiveness of HRM policies, programs or activities and their potential contribution to productivity. The service-oriented, user-reaction approach to HRM evaluation focuses on the effectiveness of the HR function, not on global HRM effectiveness.

The analytic approach applies statistical and mathematical models (e.g., cost-benefit analysis) or the scientific method with varying degrees of rigor. Cost-benefit analysis includes human resource accounting (Dawson, 1989; Filios, 1991; Flamholtz, 1985; Rousseau, 1983) as well as utility analysis (Boudreau, 1983, 1988), and the dollar criterion approach (Cascio, 1991; Fitz-enz, 1994). HR accounting attempts to evaluate the value of the organization's human resources. The dollar criterion approach tries to measure the financial impact of organizational behaviours such as absenteeism. Both focus indirectly on global HRM effectiveness.

Utility analysis attempts to evaluate the cost of HR services in relation to the value of the results achieved. Primarily applied to HR selection and training (Swanson & Gradous, 1988), this approach focuses principally on the effectiveness of the HR function.

Scientific experimental design applied to HRM research can focus on the comparative evaluation of separate pilot projects of an HR program and on before-after program effectiveness measures, with or without control groups (Rossi, 1979). The complex analytical framework of the relationship model of HRM evaluation represents exploratory efforts in this direction (Ulrich, 1989).

Benchmarking is a "process that identifies [the] best practices and approaches by comparing a company's functional productivity with other companies" top competitors as well as superior firms in other industries (Weatherly, 1992, p. 42). Organizational benchmarking focuses on direct and indirect staffing costs and efficiency. This benchmarking approach is central to the total quality management approach that has gained momentum in recent years. While for many years HR departments have tried to define their role within their organization's approach to total quality management, more recently the focus has also been on the application of total quality management to HRM. Strategic HRM now includes surveys of client satisfaction with HR services (Hart & Schlesinger, 1991; Ulrich, Brockbank, & Yeung, 1989).

After 1985, before benchmarking became fashionable, the Human Resource Effectiveness Report, prepared by Fitz-enz, President of the Saratoga Institute and the Society for Human Resource Management, presented human assets benchmarks related to organizational effectiveness, benefits, absence and turnover, accession and staffing, and training and development. This report isolated nine factors for benchmarking including communications, proactive client focus, culture consciousness, and relationship building. The 1979 American Society for Personnel Administration--Bureau of National Affairs (ASPA-BNA) survey also offered research data concerning HRM evaluation practices, ranging from effectiveness studies of training programs and recruiting sources to the evaluation of the personnel department.

Benchmarking can also provide useful indicators and ratios of the efficiency (e.g., cost of HR department per employee) or productivity of the HR department (Benimadhu, 1989). An organization's HR department can also be compared with ideal models from textbooks or consultants' recommendations (Cooley, 1994; Gordon, 1972).

Odiorne's (1972) management by objectives approach (MBO) measured goal achievement in relation to the strategic HRM plan and objectives set by HR and senior management (Riley & Sloman, 1991). This approach was applied to training evaluation by McClelland (1994), who recommended the design of

customized instruments to specifically measure each program's objectives with valid data.

Phillips' (1983) model for results-oriented human resource development included the following steps:

1. conduct a needs analysis;
2. identify the purposes of evaluation;
3. select evaluation method/design;
4. determine evaluation strategy;
5. estimate program costs/benefits;
6. design evaluation instruments;
7. collect, analyze, and interpret data;
8. calculate return on investment (ROI);
9. communicate program results.

The MBO approach can be enriched by the use of quantitative indices such as the increase or decrease in injury or illness rates, turnover rates, and absenteeism rates (Lapointe, 1983). Personnel indices can be compared historically and with industry norms to help measure the value of HR programs.

Cost-benefit, human capital, and human resource accounting methods have also been developed (Cascio, 1991; Driessnack, 1976; Fitz-enz, 1984; Flamholtz, 1985; Mercer, 1989; Myroon, 1983; Rousseau, 1983; Spencer, 1986; Strober, 1990). Cost approaches consider the cost of attracting, retaining, and replacing employees, and also consider direct and indirect as well as controllable and uncontrollable costs.

Benefits of HR programs tend to be difficult to attribute to the efforts of the HR department, as causality is hard to demonstrate (Erfurt, Foote, & Heirich, 1992).

Terpstra and Rozell's (1993) study of effective staffing practices provided initial data showing a significant positive relationship between the use of effective staffing practices supported by academic research and bottom-line profits. Huselid (1994), using the human resource management practice sophistication index (personnel selection, performance appraisal, compensation, grievance procedure, information sharing, attitude assessment, and labour-management participation), demonstrated that the use of sophisticated HRM practices has a substantial and positive net effect on corporate financial performance.

"From the standpoint of researchers interested in strategic human resource management (SHRM), the resource-based view of the firm provides a framework for examining the role of human resources in competitive success" (Wright, McMahan, & McWilliams, 1994, p. 322). The resource-based perspective, like utility analysis, offered a framework that views "human resources as a pool of capital" (Wright et al., 1994, p. 322) where the costs of HRM systems and programs are seen as an investment.

Human resource accounting attempts to quantify human resources as assets and HR programs as investments are still limited (Dahl, 1979; Meyers & Shane, 1984; Mirvis & Macy,

1976; Rousseau, 1983; Schmidt, Hunter, & Pearlman, 1982). The potential range of indicators (Dalton, 1981) is limited by the difficulty of defining credible and quantifiable measures such as productivity indicators (e.g., turnover rate and replacement cost, frequency and direct and indirect costs of absenteeism, and calculation of the value added by each HR activity).

Human resource accounting economic indices "often are considered in other approaches" (Schmitt & Klimoski, 1991, p. 247). Davidove and Schroeder (1992) presented formulas to calculate the return on investment of training and development.

HR practitioners are gaining confidence in using human resource accounting systems (Gall, 1988). Filios (1991) proposed a revival of human resource accounting as a managerial tool. Ratios can be used to analyze the effectiveness, productivity, and overall contribution of the organization's human resources as a whole.

This has led to the development of approaches designed to quantify subjective elements such as employee job satisfaction and line managers' satisfaction with the services offered by HR, as measured by surveys (Fox, Ellison, & Keith, 1988; Toulouse & Lesage, 1986) or focus groups, in support of attempts to correlate these indices with global organizational results. While the utility model is readily acceptable to line management, the long-term economic value of HR programs

(e.g., succession planning) may be difficult to quantify (Ulrich, 1989).

According to the Government of Canada's Personnel Management Guide (Treasury Board, 1975), "evaluation of the component personnel management functions can provide a composite picture of the overall effectiveness of personnel management" (p. 42). Their approach included:

1. comparing results with predetermined bases;
2. monitoring HR indicators (e.g., manpower utilization, staff acquisitions and losses, organization climate) using current HR information systems;
3. auditing, including attitude surveys.

Quantitative indices and activity or policy checklists are used in the HR audit approach (Biles, 1986; Gomez-Mejia, 1985; Hercus & Oades, 1980; Kuraitis, 1981; Mahler, 1976; Petersen & Malone, 1975; Schmuckler, 1973; Segal & Quinn, 1989; Sheibar, 1974). The audit approach is generally characterized by audit or self-audit checklists (Gauthier & Lupé, 1975) used by auditors, consultants or HR managers to review the compliance of HR practices against the relevant HR policies or legislation (Ballman, 1987; Bélanger, 1988; Larouche, 1991). However, self-audits and checklists completed by HR managers may be perceived as lacking the necessary objectivity (Schwind et al., 1995).

An audit of the HR function covers all the major HRM areas from staffing, organization development and human resource information systems, to organization control and labour-management relations (American Institute of Certified Public Accountants [AICPA], 1984; Schwind et al., 1995). For each HR sub-function the audit team of HR specialists identifies the people responsible for each activity, reviews the objectives, policies and procedures, samples the records to determine if the policies and procedures are being followed, and prepares recommendations and an action plan to correct errors in objectives and procedures. A similar audit process can focus on managerial compliance with HR policies and work-related legislation such as human rights. Such audits can also include a survey of employee satisfaction concerning compensation and benefits, career planning or supervisory behaviour, and obtain suggestions from employees and managers to improve policies, procedures, and services. A general HR audit by an outside expert can provide an overview of the effectiveness of the HR function (Cooley, 1994).

Auditors, such as the Auditor General of Canada, have integrated HR audits within their comprehensive audit approach, and the self-evaluating approach has been expanded to include client satisfaction and upward feedback surveys. The audit approach is also popular in France (Gauthier & Lupé, 1975; Le Boterf, 1988; Vatie, 1992; Yanat, 1992).

In addition, audits of HR policies and programs are important to the success of mergers and acquisitions, with a special focus on not only compensation, benefits, health, and retirement plans that may have a major financial impact, but also on an inventory of the organization's future human resource needs.

Florkowski and Schuler (1994) have discussed the importance of benchmarking HRM experiences and concluded that: "As firms become more global in order to compete and even survive, all functions need to contribute to their maximum level. For the human resource function this means auditing its functional capacity and responsiveness as extensively as possible worldwide" (p. 845).

Other organizations use employee surveys to measure aspects of the quality of working life as indicators of the effectiveness of HRM policies and programs (Macy & Mirvis, 1976; Katz et al., 1985). This approach grew out of the methodology and instrumentation developed by the Institute for Social Research at the University of Michigan (Seashore, Lawler, Mirvis, & Cammann, 1983). Kanungo and Mendonca (1988) used employee surveys to determine how staff perceived organizational rewards and to evaluate employee compensation.

However, all these approaches to evaluating HRM effectiveness have been limited in practice. Milkovich et al. (1988) considered that HRM evaluation in North America is "often very basic," and its usefulness "quite limited" (p.

773). As Jain and Murray (1984) stated: "the quality of data demonstrating a cause and effect relationship between the adoption of the recommended human resource policies and the long run success of the organization is poor and unconvincing" (p. 105).

Jain and Murray (1984) stressed the methodological obstacles to demonstrating the relationship between HRM and organizational effectiveness. This may be due to the lack of comprehensive frameworks (Cattaneo & Templer, 1988, 1990), or the lack of importance perceived by senior management for the soft side of management.

The literature indicates that objective measurements of HRM effectiveness remain the exception rather than the rule (Cashman & McElroy, 1991; Dolan & Harbottle, 1989; Kolenko, 1990; Kravetz, 1988; Tsui & Gomez-Mejia, 1988).

Although specific bottom-line results may be hard to calculate for HR activities, HR managers and HRM researchers can search in this direction. For instance, Wederspahn (1993) attempted to measure the costs and savings of effective expatriate HRM, and Huselid (1994) analyzed the net effect of HRM best practices on organizations' financial performance.

Focusing on the HR function itself, Cascio (1991) proposed the following questions:

1. How many HR staff are employed by the organization?
2. What is the ratio of HR staff to the organization's workforce?

3. What are the operating costs, considering that the costs of total compensation, space, and equipment are approximately three times the annual salaries?
4. How do these ratios and costs compare with benchmarks and over time?
5. What are the desirable ratios?
6. What has HR done for the organization, and what are the costs-benefits of this HR intervention?

Similar questions were presented as checklists by consultants to help chief executive officers measure HR effectiveness (Korn & Rodman, 1988):

1. Are key HR cost items (e.g., benefits, profit-sharing) regularly examined and controlled?
2. Is your current business plan being implemented without any significant human resource obstacles?
3. Are HR programs--including executive compensation--benchmarked on a regular basis against other companies to assess their quality and competitiveness?
4. Does your HR function consistently demonstrate the capability to design and/or tailor programs to meet specific business needs? (p. 17)

Why is HRM evaluation recommended by most HRM writers yet so limited in practice? Multiple obstacles have been identified (Belout & Dolan, 1993; Cattaneo & Templer, 1990; Gordon, 1972; Tsui & Gomez-Mejia, 1988):

1. lack of consensus concerning HRM effectiveness;
2. unclear purpose and focus of HRM evaluation, and lack of a framework;
3. difficulty in quantifying HRM contribution, costs, and benefits;
4. lack of clear HRM objectives to measure in terms of results;
5. lack of adequate models to guide HRM evaluation;
6. lack of support or interest from senior management;
7. concerns by HR management vis-à-vis evaluation results that may impact on future priorities and resources.

Straus (1990) argued that the lack of an appropriate framework and model to evaluate the effectiveness of public personnel departments impeded the quality of their decision making. "As a result, practitioners evaluate their programs on the basis of hunch and intuition rather than systematic information" (p. 55).

In recent years HRM evaluation focusing on client satisfaction, primarily line management clients, has evolved as an alternative (Beer et al., 1985; Guérin & Wils, 1992). Evaluation using opinion surveys and the multiple constituency approach to the effectiveness of the HR department appears interesting (Straus, 1990; Tsui, 1984, 1987; Tsui & Milkovich, 1987). The term constituency "refers to clients, customers or other stakeholders who depend on, yet exert control over the

HR department" (Tsui, 1987, p. 37). The HR department's environment is conceived of as a network of constituencies with whom the HR department interacts. The typical constituencies of the HR department are line executives and managers, employees, union officers, and government officials. Different constituencies may have different expectations and different criteria for assessing the effectiveness of the HR department (Tsui, 1984).

The Multiple Constituencies Activities and Standards model (Straus, 1990) incorporated evaluations of the HR department by multiple constituent groups, quantitatively measured the evaluation by each constituency of the multiple HR activities, and supported comparisons of the measures with multiple external and longitudinal standards. Therefore, "according to the multiple constituency approach, an important criterion for effectiveness is the extent to which the constituencies' needs and expectations are satisfied by the Human Resource department" (Tsui, 1987, p. 38).

The effectiveness criteria matrix proposed by Tsui and Gomez-Mejia (1988) structured HRM evaluation according to three dimensions:

1. Do the criteria measure the effectiveness of various HRM processes (e.g., recruitment and selection process), or do they measure the manager's satisfaction with the outcome (e.g., on-the-job performance of the candidate selected by

the line supervisor on the recommendation of the HR professional)?

2. Do the criteria focus on global HRM effectiveness, or only on the effectiveness of the HR function?
3. Are the criteria quantitative or qualitative?

The marketing concept, that is service orientation and customer satisfaction, is central to the multiple constituency approach. Client opinion is important in the evaluation of the HR department, but it does not truly measure the link between HR services and organizational performance, nor does it necessarily consider the cost-benefit factor of the services desired by the users.

In conclusion, the framework for HRM evaluation should include qualitative and quantitative effectiveness criteria, and focus on the multiple constituencies at the strategic and operating levels of the organization. The objectives of HRM evaluation should be clear, and the results of the evaluation should be used to achieve evaluation objectives.

Since HRM effectiveness is a multiple criteria concept, the limits of evaluation focusing on a specific criterion must be respected. For instance, "when the objective is assessing strategic fit or the quality of services delivered, the information should be used to improve HR systems and services and not to make budgetary decisions" (Tsui & Gomez-Mejia, 1988, p. 222).

Ulrich (1989) offered concluding guidelines for HRM evaluation:

1. Determine why the evaluation is being done.
2. Define the domain of the evaluation.
3. Establish a baseline of data.
4. Collect honest data and share it widely.
5. React to the evaluation and follow-up with action.

Florkowski and Schuler (1994) recommended the use of "three major assessment methodologies: the multi-constituency perspective; the strategic-fit perspective; and the effectiveness-efficiency perspective" (p. 846).

Chapter 2

Methodology

Population

This study focuses on a small and select group of large Québec-based organizations reputed for the quality and innovation of their human resource management (HRM) practices. This is coherent with a U.S. survey of HRM evaluation practices (Tsui & Gomez-Mejia, 1988) which concluded that large, high performing organizations with an innovative and strategic approach to HRM are more likely to conduct systematic HRM evaluation.

The primary selection criteria was the IRIS award of excellence presented by the Québec Association of Human Resource Professionals (APRHQ). The purpose of the IRIS competition is to recognize innovation and excellence in human resource management in Québec.

This annual competition, first organized in 1985, is open to all organizations interested in presenting their HRM achievements in the following categories: training and organizational development, total compensation, staff relations, and organizational challenges. The projects submitted are evaluated in terms of their contribution to strategic organizational objectives, effectiveness of the implementation strategy, quantitative and qualitative results,

creativity and innovation, and integration with other managerial systems. The jury is typically made up of senior operating executives, senior human resource executives, and a university professor.

Between 1985 and 1992, 44 IRIS awards were presented to 43 private and public organizations. Of these, five organizations no longer exist, either due to bankruptcy or general reorganization following a merger or acquisition. Of the remaining 38, 22 were excluded because they had less than 1000 employees in Canada in 1991.

For the purpose of this study, large organizations have been defined as those with one thousand or more employees in Canada, and a significant operating or head office function in Québec. The 16 large organizations included in this study are distributed as follows: ten organizations in the private sector, four in the public and parapublic sector, and two in the cooperative sector. These organizations encompass a wide variety of economic activity such as manufacturing, finance, transportation and communications, agricultural and food services, and community services.

The senior executive or manager in charge of the human resource (HR) function was invited by letter (see Appendix A) to participate in the study. The initial letter to prospective participants stated the general purpose of the study and was accompanied by a one page document outlining the core interview questions (see Appendix B) used as the

interview guide. This letter was followed by a telephone call to determine if they accepted the invitation to participate in the research project, to answer any questions, and to schedule an interview if they agreed to be involved with the study.

Six organizations declined the invitation for different reasons. In two organizations, the current policy or practice was to refuse requests to participate in graduate research due to time constraints. Two other organizations felt they had little to contribute to this research project. Another organization had recently participated in a similar research project. And one organization, while very interested in the topic, did not satisfy the criterion as a large organization with significant head office or operating units in Québec.

Ten organizations agreed to participate in the study. All participating organizations have a structured HR function. However, the size and structure of these HR departments varies greatly.

At the time of the interviews, the HR function was undergoing a significant soul-searching process in most organizations. The reasons were specific to each organization: a change of Vice-President, Human Resources; a major reorganization; re-engineering of business processes; economic difficulties; changing strategic priorities, or involvement in total quality management.

Typically, the HR function is headed by the Vice-President, Human Resources, or the Director, Human Resources.

In two organizations, the HR function is explicitly part of the portfolio of the Vice-President, Administration. In one organization, the Vice-President, Human Resources is also responsible for Communications. In two organizations, the Executive Vice-President, Human Resources oversees the work of a Vice-President, Human Resources.

For simplicity in this study, the senior manager in charge of the human resource function will be identified as Vice-President, Human Resources (VPHR), regardless of the actual title of the person. Similarly, the Chief Executive Officer, President or Director General will be referred to as President, regardless of the actual title.

In 9 of the 10 participating organizations, the senior human resource management person (VPHR) reported to the President.

The positioning of the VPHR in the top management team is also confirmed by the participation of the VPHR in the executive committee in five organizations. The executive committee, headed by the President, is the team that decides the strategic priorities and oversees the achievement of the strategic and operational plans on an on-going basis.

The title of the senior HR manager interviewed varied for each of the 10 organizations: First Vice-President, Administration; Vice-President, Administration and Secretary General; First Vice-President, Human Resources; Vice-President, Human Resources and Communications; Vice-President,

Human Resources Division (two persons); Director, Human Resources; Assistant Vice-President, Human Resources; and Director, Development. The last two individuals were delegated by their Vice-President, Human Resources for the interview.

Interview Procedure

The interview technique is quite common in descriptive organizational studies (Borg & Gall, 1989; Schmitt & Klimoski, 1991; Seidman, 1991). Interviews were conducted in the office of the participants, or in a meeting room in their organization's premises. To respect the time limitations of the participants, interviews typically lasted 60 to 90 minutes, with the longest interview lasting two hours. Although some interviews began late due to changes in the schedule of the informant, all participants respected the planned duration of the interview without interruptions.

The interviews followed a semi-structured approach (Gorden, 1980; Salkind, 1991) following the interview guide (see Appendixes B and C) and the core questions communicated to the participants at the onset of the study. During the focused interview (Runcie, 1976), probing questions were used to clarify and expand the information obtained from the participants.

Extensive notes were taken by the interviewer using the interview guide framework. Additional documentation was

obtained from some informants, illustrating their internal practices.

Data Analysis

For the purpose of data analysis, and to aid in presenting tables of the data collected, the 10 participating organizations were numbered from 1 to 10. The randomly-assigned numbers do not reflect any alphabetical order, nor the order in which the interviews were conducted, nor the size of the organizations within the sample population.

Limitations

The scope of this study is limited by the participating population. Only VPHRs are included in the study. Ideally, their perspective on HRM evaluation should be considered together with the perspective of other major constituencies such as the president and other senior executives, line managers, non-managerial employees, and the HRM committee of the board of directors.

Although descriptive of 10 organizations, this study is not statistically representative. The participating organizations form a non-random sample of large organizations in Québec reputed for the quality of their HRM practices. Also, the IRIS competition relies on the initial self-nomination of organizations that consider their HRM practices or programs effective. The resulting group of award-winning

organizations appears to over-represent the private sector and under-represent the public and parapublic sectors. Therefore, the findings of this study cannot be generalized to all large organizations in Québec. In addition, the findings cannot be generalized to Canada or North America, even though most of the participating organizations operate across Canada and many have international operations.

Another limitation relates to the difficulty of establishing the validity of HRM evaluation studies, given the gap between prescription and practice (Tsui & Gomez-Mejia, 1988, p. I-205). In addition, the data collected are inadequate to analyze the multiple relationships between the multiple variables and across multiple levels of analysis (Dansereau & Markham, 1990). For instance, the data collected are insufficient to explain the differences (e.g., objectives, diversity, quantity) in HRM evaluation practices across organizations, or the degree of effectiveness of HRM evaluation in the different organizations.

Schmitt and Klimoski (1991) consider that "an investigator can come to better understand the nature and functioning of organizations and the impact of human resources policy and practices through careful descriptive and analytic work" (p. 115). According to Anderson (1990), "while descriptive research is the first and the most elementary level of research activity, it is of major importance for understanding and the accumulation of knowledge" (p. 8).

Pettigrew (1985) argues that "systematic description of the properties and patterned relationships of any process and of the changes in context through which such processes emerge and, in turn, influence that context is a critical form of knowledge for theoretical development and . . . for practice" (p. 242).

The detailed content analysis of the interview data is also limited by the lack of precision of many criteria suggested in the literature to classify HRM evaluation objectives, focus and methods.

These limitations will be reviewed in the recommendations for future research. They should not, however, prevent this study from contributing research findings that may be useful for HRM theory and practice.

Chapter 3

Results and Discussion

This chapter presents the data collected from the participating organizations and attempts to analyze the similarities and differences in their HRM evaluation practices. Before analyzing the diversity of practices among the 10 participating organizations, it is important to position the relative importance of the HRM function within these organizations.

In eight organizations human resource management is considered a strategic priority closely aligned with the organization's strategic goals. This strategic alignment is also evidenced, in five organizations, by the leadership role played by the VPHR in major organizational change efforts such as total quality management or decentralization. It is unclear if this leadership role is primarily a function of the role expected of the VPHR or of the personal leadership exercised by the VPHR.

Table 1 summarizes the strategic positioning of the HR function in the organizations.

Table 1

Strategic Positioning of the Human Resource Function

Strategic HR positioning	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* VPHR reports to President	x		x	x	x	x	x	x	x	x	9
* HR as strategic priority											
aligned to strategic goals	x	x	x	x	x	x	x		x		8
* VPHR on executive committee	x	x		x		x			x		5
* Leadership of VPHR in major											
organizational change	x		x	x		x			x		5
	4	2	3	4	2	4	2	1	4	1	27

Despite the strategic importance of the HR function within their organization, most participants consider that their organization does not systematically evaluate HRM. When the initial contact was made with the respondents, or at the beginning of the interview, participants often stated that their organization did not do much in terms of HRM evaluation and that they were concerned that their contribution to this research would be very modest. However, all were interested in the question of HRM evaluation and hoped to learn from the findings of this research. Only one organization considered HRM evaluation strategic.

Evaluation is typically perceived as being a time consuming, costly, and difficult process undertaken primarily by outside consultants or university researchers. In fact, only one organization had utilized the services of a university researcher to specifically evaluate part of the HRM system (e.g., staffing sub-system).

However, the interviews revealed that the organizations surveyed currently evaluate, or had recently evaluated, various HRM sub-systems more or less systematically.

In five organizations HRM evaluation practices are an integral part of the management process and, therefore, are not initiated for the specific purpose of evaluating HRM effectiveness. In these organizations the VPHR is usually part of the executive committee, and thus regularly reviews and reports on the achievement of HRM short- and long-term objectives on multiple indicators (see Table 2). This approach confirms the partnership between the VPHR and senior line management, who are jointly responsible for the effectiveness of the organization's human resources.

When HRM evaluation is not an integral part of the strategic management process of the organization, HRM evaluation decisions are made by the VPHR.

Table 2

Decision on Evaluation Priorities

Evaluation decision	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* HRM evaluation is integral part of management process		x		x	x	x			x		5
* VPHR decides HRM evaluation	x		x				x	x		x	5
	1	1	1	1	1	1	1	1	1	1	10

However, these categories are not mutually exclusive. The VPHR who reviews the achievement of HRM goals in the executive committee and reports on various indicators of performance is, de facto, setting the direction for HRM evaluation.

HRM evaluation has become part of the strategic management and planning process in the majority of organizations (see Table 3), but only two organizations integrate HRM evaluation into their strategic HRM approach. At this strategic policy development level, the purpose of HRM evaluation is to assess the strategic fit between organizational priorities and HRM policies and resources.

Table 3

Degree of Systematic HRM Evaluation

HRM evaluation	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Part of strategic management			x		x	x	x		x	x	6
* Part of total quality management culture	x	x	x		x	x		x			6
* Part of performance management	x		x	x	x	x			x		6
* Evaluation of specific program	x						x	x	x	x	5
* Part of strategic HRM approach			x						x		2
* Cost recovery of HR budget							x				1
	3	1	4	1	3	3	3	2	3	3	26

Strategic linking is also supported by the emphasis on total quality management. The majority of the participating organizations have adopted a total quality management approach to the continuous improvement of HRM policies and practices. This approach emphasizes the importance of continuous measurement and improvement to satisfy clients' needs. With this approach, HRM evaluation extends to the managerial and operating levels of analysis, focusing on the HR function as well as overall HRM effectiveness.

Six organizations have integrated HRM evaluation within their performance management process. With this approach, the VPHR is evaluated based on the achievement of specific performance objectives for the HR function. Similarly, performance objectives are set for HR managers and professionals and the results evaluated.

Five organizations have focused on the evaluation of specific HRM programs or sub-systems, such as training programs or the selection process.

The performance management process and the evaluation of HRM programs focuses primarily on the management level of analysis.

One organization has taken the innovative path of cost recovery to recoup some of the expenses incurred by its HR function. In this organization all client departments of the HR function are charged for services received, such as training hours or negotiation days. The autonomy thus offered to line management to buy HR support services internally or externally provides direct feedback to the HR function about the satisfaction of their internal clients, and is a quantitative indicator of the cost-benefit evaluation of the services. This cost recovery approach considers the operating levels as well as the strategic levels.

All organizations have multiple objectives in undertaking HRM evaluation (see Table 4). The primary objective of HRM evaluation is to assess the degree of satisfaction of managers

or front-line employees with regards to HRM policies, programs or services (see Table 4). The second most important objective is to assess the effectiveness of HRM programs or to monitor HRM costs within the organization.

Table 4

Objectives of HRM Evaluation

Objectives	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Assess managers' satisfaction	x	x	x	x	x		x	x	x	x	9
* Assess employees' satisfaction			x		x	x	x	x	x	x	7
* Assess effectiveness of HRM program			x		x		x	x	x	x	6
* Monitor HRM costs			x	x	x	x			x	x	6
* Assess satisfaction of clients of HR function					x		x	x	x	x	5
* Review HRM policies/practices vs strategic plan		x	x		x	x		x			5
* Assess quality/consistency of HR service					x	x		x	x		4
* Monitor employee satisfaction/ morale in difficult times	x		x					x			3
* Follow-up on issues identified in prior survey	x				x			x			3
* Assess satisfaction of senior management								x		x	2
* Assess added value of contribution of HR function		x							x		2
* Assess equity			x						x		2
* Audit compliance with policy									x		1
	3	3	7	2	8	4	4	9	9	6	55

Managers and employees are generally perceived as being separate clients whose needs and interests must be satisfied. In some organizations senior management is further distinguished within the management group.

Employee satisfaction, in some organizations, is of even greater importance during challenging periods such as major downsizing, reorganization or changes in organizational culture and values, and thus warrants further monitoring. Evaluation action is also initiated, in some organizations, to clarify problems or issues identified in more general employee surveys or focus groups.

As noted above, six organizations aim to assess the effectiveness of HRM programs, two organizations aim to assess the added value of the contribution of the HR function, and six organizations directly monitor HRM costs such as turnover, accidents, grievances or strike days.

Only two organizations evaluate HRM to assess equity, and one audits for compliance of practices with policies. This is surprising in relation to the emphasis on the audit approach in the literature and the current emphasis on equity issues.

The assessment of the degree of satisfaction of the multiple client constituencies, and the assessment of the quality of the HRM services in the participating organizations, supports both the purpose of marketing the HR function and providing accountability. Assessing compliance with equity regulations is part of the accountability and

image of the HR function. Assessing the effectiveness of HRM programs is part of accountability and facilitates planning for change, along with the review of HRM policies and practices and following up on issues previously identified. Monitoring HRM costs and assessing the added value of the contribution of the HR function contributes to the assessment of the financial impact. All these objectives are interrelated since the assessment of financial impact and accountability contributes to marketing the HRM services. Similarly, promoting needed change contributes to accountability.

Further analysis of the focus of HRM evaluation (see Table 5) helps clarify the objectives of HRM evaluation in the participating organizations.

Table 5

Focus of HRM Evaluation

Focus	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Achievement of organizational objectives	x		x		x	x	x			x	6
* Organizational climate	x	x	x		x			x	x		6
* Staff relations climate/indices	x			x	x	x			x	x	6
* Achievement of performance objectives (HR staff)	x		x	x	x	x				x	6
* Effectiveness of HR function		x	x					x	x	x	5
* Operational results/impact			x	x	x	x					4
* Client satisfaction			x			x	x				3
* Effectiveness of HR staff (e.g., professional behaviour)		x						x			2
* Solving current/potential HRM problems			x								1
* HRM costs									x		1
* Employee complaints									x		1
* Benchmarking with competitors									x		1
	4	3	7	3	5	5	2	3	6	4	42

The diversity and multiplicity of evaluation objectives in all the organizations is once again evidenced. Is the focus of HRM evaluation on the effectiveness of the HR function, or on the overall effectiveness of HRM policies, programs and actions, or on both? All organizations focus primarily on multiple dimensions of the overall HRM effectiveness. Surprisingly, only five organizations also specifically focus on the effectiveness of the HR function or HR staff resources. The HR function and HR staff are important actors in effective human resource management, together with the line and staff managerial team of the organization. Can the contribution of the HR function be separated from the leadership of line managers when attempting to evaluate the effectiveness of the HR function or the effectiveness of HRM programs?

A majority of organizations focus on the achievement of organizational objectives, and four organizations focus on operational results to evaluate the impact of HRM. This is consistent with the fact that six organizations position HRM evaluation as an integral part of the strategic planning process, that the VPHR is part of the executive committee in five organizations, and that HRM priorities are closely aligned with the strategic organizational goals in eight organizations. While there are differences among the organizations in these four dimensions, a group of seven organizations share a common direction.

The importance of the focus on the organizational climate and on the staff relations climate in a majority of organizations is supported by surveys focusing on employee communications, employee morale, organizational values, and job satisfaction. Staff relations indices, including employee complaints, can be related to HRM costs, such as grievances or strike days, which are monitored in six organizations. This indicates that the staff relations dimensions of the HRM system are evaluated, even if the explicit policy is not specifically evaluated.

The regular evaluation of the achievement of performance objectives of the professional and managerial HR staff, including the VPHR, is coherent with the six organizations that consider HRM evaluation to be an integral part of the performance management process. Two other organizations focus directly on the effectiveness of the HR staff in terms of professionalism, quality of service, relevance and appropriateness of the advice, and understanding of the needs and problems of the organization.

Five organizations focus on the effectiveness of the HR function. The objective of these organizations is either to evaluate the value-added contribution of the HR function or to evaluate the effectiveness of HRM programs. This illustrates the difference between evaluating the effectiveness of the HR function and evaluating HRM policies and programs.

What are the HRM evaluation criteria (see Table 6) actually used by the participating organizations?

Table 6

Evaluation Criteria Used

Evaluation criteria	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Managers' satisfaction	x		x		x		x	x	x	x	7
* Effectiveness of HRM program			x		x	x		x	x	x	6
* Bottom line results		x	x	x	x	x			x		6
* Reduction of operational costs		x		x		x			x	x	5
* Employees' satisfaction			x		x		x	x	x		5
* HR clients' satisfaction		x	x				x	x	x		5
* Staff relations indices				x	x	x			x	x	5
* Strategic alignment		x	x		x	x		x			5
* Achievement of strategic human resource planning goals			x		x		x		x		4
* Service quality of HR function					x	x		x	x		4
* Importance of HRM program							x	x		x	3
* Health and safety indices		x			x				x		3
* Legislative requirements			x					x	x		3
* Equity			x						x		2
* Professionalism/credibility of HR staff		x						x			2
* Union's perception	x				x						2
* Degree of HR self-financing							x				1
	2	6	9	3	10	6	6	9	12	5	68

Managerial satisfaction is the criteria used by the largest number of organizations to evaluate HRM effectiveness. This indicates that most VPHRs consider managers to be their primary client, which also reflects the reality that most HR services are offered to managers or communicated to employees by their manager. Therefore, the perception of satisfaction of managers is of utmost importance. No distinction is made within this study between the satisfaction of different managerial levels, or between the satisfaction of line managers and managers of staff departments.

In Table 4 the assessment of managers' satisfaction is identified as the most frequent objective of HRM evaluation. Only two organizations specifically target the satisfaction of senior management. Thus line managers are identified as being among the most important stakeholders for the HR function and HRM evaluation. Non-management employees also emerge as important stakeholders whose satisfaction is measured.

The assessment of employees' satisfaction is also identified as a major objective for HRM evaluation, and the data indicates that employees' satisfaction is considered an evaluation criteria by half the organizations. The importance of employees' satisfaction as an evaluation criteria is reinforced by the evaluation of the satisfaction of the clients of specific HRM programs in terms of communications, simplicity, user friendliness, and related dimensions. Four organizations use the quality of the service offered by the

staff of the HR function as an evaluation criteria. Service indices include accessibility, timeliness of answers, clarity, and completeness of the information. Furthermore, two organizations seek to evaluate the professionalism and credibility of the staff of the HR function as perceived by managers or employees.

This emphasis on client satisfaction is coherent with the importance of the quality management culture stressed in the majority of the participating organizations (see Table 3).

In the majority of the organizations HRM programs are evaluated not only in terms of client satisfaction, but also in terms of their effectiveness. For instance, a training program will be evaluated in terms of the satisfaction of its participants, the satisfaction of participants' managers, and in terms of the actual transfer of skills to the job. However, the evaluation of the effectiveness of specific HRM programs is uneven.

The next most important criteria is bottom line results that can be measured by appropriate productivity ratios or surveys of the satisfaction of the organization's clients. For instance, the satisfaction of the organization's clients can be an indicator of the effectiveness of a training program offered to service representatives, or of the effectiveness of the recruitment and selection process for sales personnel. These organizations focus on the indicators that should be impacted by specific HRM programs or processes. This also

includes the monitoring of operational costs compared to expected cost reduction targets.

Staff relations and health and safety indices are also used as evaluation criteria in half the organizations. Staff relations indices include grievance resolution rates as well as strike days, while health and safety indices include absenteeism and accident rates, severity of accidents, and compensation costs. The focus is on monitoring the achievement of set objectives, such as reducing the number and severity of accidents, or on decreasing contributions to the workers' compensation board. Health and safety is a good example of the importance of a team approach that directly involves employees and managers, together with union representatives and the HR staff, to produce the desired outcome. Positive results in this area will not only be measured in terms of reduced accident rates, but also in terms of organizational climate and satisfaction. However, can the HRM evaluation identify, measure, and attribute the contribution of each key actor to the results?

It is interesting to note that two organizations consider the union's perception as an indicator of the effectiveness of their HR function, and therefore a stakeholder. This criterion may be more important in an organization that is trying to develop a new relationship with its unions, or where union management cooperation is the norm in developing and implementing organizational change such as

total quality management, or HRM programs such as health and safety or training and development. Such recognition of the role of unions in organizational effectiveness, and HR's role in developing a working relationship with the unions, is very healthy and positive.

Another group of evaluation criteria focuses on the quality of the services offered by the HR function, and the professionalism and credibility of the individuals within the HR function. If these four organizations are taken into consideration with the five organizations that focus on the effectiveness of the HR function (see Table 5), a group of seven organizations is obtained that specifically evaluate one or more dimensions of the effectiveness of the HR function.

Most evaluation criteria used in the participating organizations focus on HRM outcomes rather than processes. These HRM outcomes criteria include managers', employees' and clients' satisfaction, bottom line results, reduction of operational costs, staff relations, and health and safety indices. Some criteria (e.g., effectiveness of HRM programs, satisfying legislative requirements) focus on both processes and outcomes. For instance, two organizations specifically described their strategy to evaluate the effectiveness of specific HRM processes (i.e., staffing, training and development), while also being concerned with the results achieved by the associated HRM programs.

More criteria appear to focus on overall HRM effectiveness (e.g., bottom line results, reduction of operational costs), rather than the effectiveness of the HR function (e.g., quality of the service offered by the HR function, professionalism and credibility of the HR staff). However, this survey did not collect specific data from participating VPHRs to determine, for each HRM evaluation criterion, whether the criteria focus on the effectiveness of the HR function, on overall HRM effectiveness, or on both. • For instance, do the managers' and employees' satisfaction criteria relate to the overall HRM effectiveness within the organization, or more specifically to their satisfaction as clients of HR services and HRM programs?

Both qualitative (e.g., clients' satisfaction, service quality, union's perception) and quantitative (e.g., safety indices, bottom line results, self-financing, operational costs) criteria are used, but the lack of specificity of the data does not allow a detailed analysis of this dimension.

Within the organizations surveyed, the diversity of HRM policies, programs, activities or services evaluated during the past five years is limited (see Table 7).

Table 7

HR Policies, Programs, Activities or Services Evaluated During
the Past Three to Five Years

Policy/program/service	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Training and development	x		x	x	x	x	x	x	x	x	9
* Performance appraisal	x		x		x	x	x	x	x		7
* Employee communications	x				x	x	x	x	x	x	7
* Employee morale	x		x		x	x	x	x	x		7
* Cash compensation & benefits	x		x		x		x	x	x		6
* Organizational values	x	x	x		x	x					5
* Staffing	x		x			x			x	x	5
* Career management			x		x	x			x		4
* Employment equity			x		x			x	x		4
* Health/safety costs/programs		x	x					x	x		4
* Job evaluation		x	x					x	x		4
* Human resource planning			x						x	x	3
* Managerial behaviour	x				x				x		3
* Pension plan	x							x	x		3
* Total quality management	x				x	x					3
* Job satisfaction					x			x	x		3
* Rewards & recognition (non-financial)								x	x	x	3
* HR function (e.g. image/staff)		x						x			2
* Pay equity			x						x		2
* Sexual harassment								x	x		2
* Suggestion plan								x	x		2
* Employee assistance program									x		1
	10	4	12	1	11	8	6	14	19	4	89

As could be expected from the review of literature, training and development programs have been evaluated by all but one organization. The extent of the evaluation of training and development varies greatly among the organizations. Supervisory training programs are the primary focus of evaluation, in order to validate their continued relevance and to assess their contribution to personal or organizational effectiveness. The evaluation of participants' reactions to the training (immediate satisfaction ratings) occurs systematically, supplemented by the basic accounting of the number of courses offered, the number of employees trained, or the training hours per employees. More in-depth evaluation of training and development often occurs on an ad hoc basis when managers' or participants' complaints surface, when the demand for a program decreases, or when a program becomes obsolete.

On the other hand, one organization has conducted a large scale study of the systematic application of the training process in the development and implementation of its various programs. Consultants systematically reviewed all training programs developed or administered in recent years to determine if, for each program, a needs analysis had been conducted, if training objectives had been documented, and if participants' reactions had been evaluated at each session.

Another organization systematically reviews its training budget and activities against its human resource planning

objectives in terms of training and retraining to ensure an adequate supply of skilled personnel throughout the organization. The effectiveness of the training is measured in terms of operational results, such as quality of customer service as measured through regular surveys of the clientele.

Another organization has totally reviewed its staff development programs to support new initiatives in terms of client service and total quality management.

After training and development seven organizations focus evaluation on performance appraisal, employee communications, or employee morale. Employee morale is closely related to the focus on organizational and staff relations climate indices. These indices are also associated with job satisfaction and health and safety indicators (see Tables 5 and 6).

Approximately half the organizations have evaluated their cash compensation or benefits programs, their staffing processes and practices, or the organizational values held within the organization. For instance, some organizations have attempted to measure, through employee surveys or focus groups, if the organizational values senior management was trying to convey through training, employee communications or quality management initiatives were known, understood, and accepted or shared at other organizational levels.

Staffing effectiveness is measured by some organizations through employee turnover ratios, or informally through managers' perceptions of the time required to fill positions,

or on the performance of new hires. Recruitment is thus evaluated in terms of its impact on cost effectiveness as well as on its ability to attract and retain employees who fit the desired organizational culture and demonstrate the required knowledge, skills, and abilities. Assessing staffing effectiveness is closely linked to evaluating the effectiveness of the performance appraisal system. Human resource planning, career management, and employment equity results are also evaluated by a core group of organizations.

Health and safety and job evaluation are evaluated by four organizations. Only three organizations evaluate their pension plan or their non-financial rewards and recognition programs. The image of the HR function, pay equity, the sexual harassment policy, the suggestion plan, and employee assistance programs are rarely evaluated.

If the group of participating organizations is considered as a whole, every sub-system within the HRM policy domain has been the focus of HRM evaluation (see Table 7).

Within the human resource flow sub-system, human resource planning is evaluated in three organizations and career management in four. Staffing is evaluated in five organizations and employment equity in four. Training and development is evaluated by nine organizations. Performance appraisal is evaluated in seven organizations.

Under the reward system sub-system, compensation and benefits is evaluated by six organizations, job evaluation by

four, pay equity by two, the pension plan in three, and non-financial rewards and recognition by three.

Under the employee influence sub-system, employee communications are evaluated in seven organizations and the suggestion plan in two. Employee relations appears to be evaluated more indirectly through employee morale (seven organizations) and organizational values (five organizations).

Within the work systems sub-system, health and safety costs and programs are evaluated by four organizations, sexual harassment in two, and the employee assistance program by one.

Table 7 also illustrates the diversity of HRM evaluation practices among the participating organizations. One organization evaluates 19 dimensions and another evaluates 14 dimensions, while two organizations evaluate four dimensions and one organization evaluates only one dimension. Typically most organizations have evaluated multiple HRM policies, programs or services representative of multiple sub-systems within the HRM system. One organization has evaluated at least one dimension of each sub-system, and four organizations have evaluated dimensions of all but one sub-system. The HRM policies associated with managing the human resource flow seem to be emphasized in HRM evaluation, but all systems are partially evaluated. This observation may be limited by the fact that the participants were given the last three to five years as the time frame to review their evaluation practices.

It is possible that a longer cycle would have revealed different observations.

The extent and diversity of the evaluation of HRM policies, programs or services is surprising given the reservations and modesty expressed by the participants at the onset of the interviews.

Since evaluation priorities are generally determined by the VPHR or integrated within the management control process, it is important to analyze who has the responsibility for implementing HRM evaluation (see Table 8).

Table 8

HRM Evaluator

Evaluator	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Staff of HR function	x			x	x	x	x	x	x	x	8
* External consultant	x		x		x	x		x		x	6
* Internal HR & external	x			x	x	x		x			5
* Line management (informal)		x					x		x	x	4
* Management planning process			x			x			x		3
* Internal audit					x				x		2
* Quality teams					x			x			2
* External regulatory agency									x		1
	3	1	2	2	5	4	2	4	5	3	31

As could be expected when most HRM evaluation is decided on and initiated by the VPHR, most HRM evaluation is conducted by professional staff within the HR function. In a majority of organizations the HR staff is complemented by external consultants who either conduct an independent evaluation study, or work in tandem with the internal professionals. The employment of external consultants to conduct the evaluation is a function of two factors:

1. The lack of available staff resources with the appropriate expertise to ensure the validity of the evaluation data, or the desire to develop and increase internal evaluation expertise through the transfer of evaluation expertise and technology from the external consultant.
2. A need for the perceived objectivity an external evaluator can bring in order to enhance the credibility of the evaluation results. Scientific evaluation ought to be conducted by an independent qualified researcher.

Both factors are important. HRM evaluation requires specific knowledge, skills, and abilities not commonly acquired by HR staff either through professional studies or career progression. Therefore, it is usual that the HR function does not have professional staff trained in HRM evaluation. In addition, since systematic and periodic evaluation is time consuming and requires the commitment of resources to plan clear objectives and evaluation criteria to guide the systematic collection of the data required for the evaluation, evaluation resources are often not available internally until HRM evaluation is deemed a priority at a given time. In other words, front-line service to HR clients takes priority given the limited resources available. This is consistent with the earlier observation that most VPHRs believe their organization does little HRM evaluation.

Contracting with independent outside evaluators offers an opportunity to use the services of experienced and knowledgeable professionals or university researchers acting as consultants to the VPHR. Their expertise and time availability is committed to the objectives of a defined HRM evaluation project. Their objectivity is usually credible in the eyes of employees and senior management, thus enhancing the chances of follow-up action on the evaluation results. Would employees and managers answer questions about their satisfaction or problem situations with equal honesty if they were asked by people who might have an influence on their future career because they work in the HR function? Similarly, the credibility of the analysis of the results is important. Would an HR professional objectively analyze and report evaluation results critical of the HR function?

In this research, two organizations contract their complete evaluation project to external consultants, while four organizations occasionally require that external consultants work closely with their HR staff in order to facilitate the development of their own professionals and, at other times, contract out the full evaluation project.

In seven organizations line management plays an important role in the evaluation process, but only three organizations have integrated HRM evaluation within the formal management planning process.

Only two organizations use their internal audit function to evaluate HRM or conduct HR audits as part of their operational or comprehensive audit process. This is surprising given the popularity of HR audits in the literature and the existence of structured internal audit functions in most large organizations.

While six organizations position HRM evaluation as part of the emphasis on a total quality management culture within their organizations, only two organizations involve quality teams in HRM evaluation. This tends to confirm the literature, which indicates that the HR function is only beginning to apply total quality management to itself despite its major involvement in implementing total quality management in operational and service units through training and communication programs.

The data indicates that almost all organizations involve their HR staff, external consultants or regulators, and line management or internal audit in the evaluation process. These multiple parallel streams of evaluation agents probably contribute to the validity of the evaluation process, despite the dominant role played by the VPHR in the process.

The participating organizations use a wide range of evaluation methods (see Table 9).

Table 9

Evaluation Methods Used

Evaluation methods	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Focus groups with employees	x		x	x	x			x		x	6
* Benchmarking with similar organizations	x	x			x	x			x	x	6
* Focus groups with managers	x			x	x			x		x	5
* Regular report by HR function				x	x	x	x		x		5
* Ad hoc employee survey - multi-topics (sample)	x				x				x	x	4
* Benchmarking with reputed organizations	x	x				x					3
* Regular employee survey - multi-topics (sample)					x			x	x		3
* Regular management survey (total population)	x				x		x				3
* Ad hoc employee survey - few topic(s) (select group)					x			x			2
* Expert assessment			x			x					2
* Individual interviews	x							x			2
* Audit					x				x		2
* Managerial advisory group					x					x	2
* Client satisfaction survey			x			x					2
* Regular employee survey - (total population)			x				x				2
* Complaints to internal ombudsperson									x		1
* Employee advisory group					x						1
	7	2	4	3	11	5	3	5	6	5	51

Focus groups are the most popular method used by the participants. Some focus groups convene groups of employees from the same units while others represent a cross section. Other groups focus on the opinion of managerial staff. By definition, focus groups tend to be organized on an ad hoc basis to collect information concerning the needs, satisfaction, or opinion of a group of persons representative of the larger population. Focus groups organized by the HR function may be led by the VPHR, one or more senior HR professionals, or by an outside consultant. In some cases focus groups are also organized by quality teams. Typically focus groups include 10-15 participants who are invited to give their opinion concerning a specific policy or program, its usefulness and effectiveness, and to express suggestions concerning potential solutions or desired direction. Participants are encouraged to be open and honest in a context similar to a brainstorming session that seeks individual contribution and creativity and avoids criticism of the ideas and opinions expressed. Focus groups seek idea generation rather than consensus building and decision making. This simple approach has gained in popularity with the total quality management approach used in the majority of the participating organizations. This ad hoc approach tends to focus on timely specific issues identified through surveys, on quality team discussions of clients' complaints and continuous

improvements, or on new directions emerging from senior management.

Some organizations use the same technique with more stable groups of employees or managers who represent the clients of the HR function. These groups of employees or managers are expected to play an advisory role to the HR function concerning clients' satisfaction and perception of the need for HRM services or changes to HRM policies. In this context a broader consensus is sought to help determine priorities among the concerns or ideas identified, although consensus is not essential since these are advisory rather than decisional groups. These advisory groups tend to be created around specific issues or policies, such as a training and development advisory group whose mandate includes setting future directions and ensuring relevance and client satisfaction.

Surveys are also used in a majority of the organizations for a similar purpose. Ad hoc surveys are slightly more popular than regular surveys, which tend to be of a more general nature covering a wider range of topics. Some surveys are addressed to the total employee or managerial population, while others include a representative sample of the population or a select target group. Multi-topic surveys focusing on a few selected issues are slightly more common, possibly because the resources required to plan, organize, administer, and analyze a survey conducted with either a representative sample

or the total population are relatively the same whether the survey covers very few or many topics. On the other hand, the quantity of useful information is much greater when many topics are covered. In addition, there seems to be a natural tendency to expand the scope of surveys from one year to the next to include new topics of interest, while retaining the existing topics for measurement of changes over time. For instance, an organization may want to measure the degree of employee and managerial satisfaction with salaries and pension benefits on a regular basis, but also add topics to assess satisfaction with, for example, a new non-smoking policy or a revised job posting procedure.

Multi-topic surveys, whether addressed to the total population or a representative sample, are generally developed, administered, and analyzed jointly by the HR function and outside consultants. The objectives, scope, and content of the survey are determined by the VPHR and other senior HR professionals. The wording and validation of the questions is a joint effort to ensure that the language used is understood by the survey participants, and to assess the reliability and validity of the answers. Distribution of the survey questionnaire is generally done by the HR function, with a covering letter from the VPHR or the President explaining the objectives and encouraging employees to participate in confidence. Participants are asked to return the completed questionnaires directly to the office of the

external consultant, who will compile the results. This practice also guarantees the anonymity and confidentiality of the respondents. The use of the external consultant increases the appearance of objectivity of the survey results and reduces the fear of negative consequences if criticism is expressed. External consultants, especially consultants specialized in employee surveys, also have expertise in statistical analysis and wording of questions and can compare the validity of the response rate with results from similar organizations. This was particularly true in the case of one organization that had participated in the development and validation of a survey instrument developed by their industry's association. External expertise is also valuable in interpreting the results, setting hypotheses for further investigation, or suggesting directions for follow-up action. Most organizations conduct separate surveys with the managerial staff and the general employee population, thus allowing an opportunity to focus on both common and complementary issues. When the whole organization is covered by the same survey, the analysis differentiates between the perceptions of the different constituencies.

Ad hoc surveys focusing on a single or a few topics, and conducted with a small select group, tend to be administered by internal resources from the HR function or quality teams. In one organization these small surveys are used in tandem

with focus groups to collect additional information anonymously.

Anonymity and confidentiality is the main difference between the survey approach and the focus group approach. Within the participating organizations, both approaches are used frequently with the same population and cover similar topics. Five organizations employ both evaluation methods, one organization uses only focus groups, and two organizations use only surveys.

Benchmarking with other organizations is used by six organizations. These organizations typically compare themselves with similar organizations from the same or related industries. Benchmarking is facilitated when a strong industry association exists, and when member organizations systematically provide comparative data to the association concerning their operations, staffing levels, operating costs, and other ratios. This systematic information collection offers multiple opportunities for comparison. In other industries such information is collected by consultants for major clients. The VPHRs abstract relevant productivity indices to compare the effectiveness of their organization with their competitors, and to measure their progress or decline against these benchmarks. Within some industries the industry association also facilitates exchanges among VPHRs or other senior HR professionals through surveys of HRM

practices, via HRM committees, and by providing other networking opportunities.

Similarly, specialized consulting firms organize seminars and publish comparative studies of specific industrial sectors that offer relevant benchmarks. The associated networking also presents opportunities for informal benchmarking with other organizations reputed for their effectiveness and HRM practices and innovation. For instance, one VPHR accepts speaking engagements at HRM and business seminars to take advantage of the opportunity provided for discussion with other leading HRM practitioners, and thus is able to evaluate and compare the effectiveness of his own organization. Similarly, most VPHRs are active in at least one HRM professional association and use information from their contacts and professional journals to compare their HRM effectiveness.

Half the organizations regularly report HRM results to senior management or other internal constituencies. Typically this is the situation when the VPHR is part of the executive committee and reports monthly, quarterly and annually on the achievement of annual and long-term HRM objectives. Such strategic reporting includes the achievement of negotiation objectives such as a salary freeze, productivity gain or multi-skilling, or the implementation of a training program to improve customer service, reduce order processing time and increase client satisfaction. This approach focuses on

various HRM ratios and indices identified in Table 6, such as accident rates, staff turnover, or changes in employee demographics.

Only two organizations specifically seek expert assessment to measure their practices with state-of-the-art practices. This expert opinion may be an academic researcher or a reputed consultant. The VPHRs surveyed appear to prefer tapping these sources through informal networking or indirect benchmarking, rather than directly employing the services of external advisers in the HRM evaluation process.

Finally, only one organization uses the direct feedback obtained through complaints to the internal ombudsperson as an evaluation measure.

The data obtained from this research has provided a better understanding of the HRM evaluation practices and criteria used by the participating organizations. Therefore, it is appropriate to review how the evaluation results are utilized (see Table 10), and to analyze if this corresponds to the objectives expected by the VPHRs (see Table 4). These primary objectives are to assess the satisfaction of the clients of the HRM services, to assess the effectiveness of HRM programs, or to review HRM policies and practices.

Table 10

Use of HRM Evaluation Results

Use of results	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Evaluate HRM objectives	x		x		x	x	x	x	x	x	8
* Continue, change, eliminate, add HRM policies/programs	x	x	x		x	x	x	x	x		8
* Review strategic HRM plan			x		x	x	x	x	x	x	7
* Review by executive committee				x	x	x			x	x	5
* Determine satisfaction/need for HRM programs or services			x		x	x		x	x		5
* Discussed with executives for action planning	x			x					x		3
* Budget HRM resources					x				x	x	3
* Used by HRM advisory group to review direction					x					x	2
* Used by quality teams					x			x			2
* Influence line management HRM action			x						x		2
* Influence staff changes			x								1
	3	1	6	2	8	5	3	5	8	5	46

As expected, the HRM evaluation results are used by senior management and the VPHR as support data to evaluate the achievement of HRM objectives and to review the strategic HRM plan. In the majority of the organizations the HRM evaluation results are formally presented to the executive management team and, in half the organizations, the HRM evaluation results are an integral part of the management review by the executive committee. In three of these organizations the results are also specifically discussed with each senior executive for action planning concerning HRM issues. This review of HRM effectiveness within the framework of the strategic plan also focuses on the added-value contribution of the HR function, and on the contribution of HRM policies and practices to organizational effectiveness.

In most organizations the HR function uses HRM evaluation results to determine the degree of satisfaction and to ascertain the relevance of HRM policies, programs or services, and also to decide whether or not to maintain, change or eliminate current program or services. Thus HRM policies and practices are reviewed in relation to the strategic plan, and HRM evaluation results influence the direction and content of future HRM policies and organizational changes. The assessment of the satisfaction of managers and employees at different organizational levels, as well as the satisfaction of other clients of the HR function, is an objective stated by all the participating organizations (see Table 4).

HRM evaluation results influence not only the review of the strategic HRM plan, but also affect the more immediate action planning by HR or line management. For instance, evaluation results support budget allocations or requests for additional resources in three organizations that identified a specific relationship between HRM evaluation and budget decisions. This situation probably exists in other organizations, but research is incomplete in this regard. In at least one organization HRM evaluation results may directly influence staff changes.

In some organizations evaluation results are also used by HRM advisory groups or total quality management teams to review and influence the future direction of HRM services.

Thus most organizations are coherent between their stated objectives for HRM evaluation and the actual use of HRM evaluation results.

Table 11

Communication of HRM Evaluation Results

Communication of results	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Presented to executives	x		x			x	x	x		x	6
* Feedback to participants	x							x			2
* Feedback to line supervisors									x	x	2
* Summary results presented to employees by management			x								1
* Summary results published in internal newsletter								x			1
	2	0	2	0	0	1	1	3	1	2	12

Communication of the results of the HRM evaluation is usually directed by the VPHR who initiated the HRM evaluation process and received the results or report. Only a small minority of organizations communicate (see Table 11) the summary or highlights of the evaluation results to the participants or to the total organization, for instance either through the management hierarchy or the internal newsletter. This open communication approach would support the total quality management culture stressed by six organizations (see Table 3). In most organizations HRM evaluation results tend

to be communicated primarily to the executive management team. This is coherent with the integration of HRM evaluation within the strategic planning and performance management processes in the majority of organizations.

Open communication strategies, similar to the action-research approach, facilitate organizational change when used in conjunction with strategic HRM planning and management. Most VPHRs interviewed view themselves as change agents and leaders in the change process. Most of them are, or recently were, leaders in major organizational and cultural change projects such as the introduction of total quality management, decentralization, retrenchment and productivity strategies, or the enhancement of the client-service orientation.

Keeping in mind that the participating organizations tend to integrate the HRM evaluation within the strategic planning process and the total quality management culture rather than viewing the evaluation as a distinct systematic process, it is interesting to analyze their plans concerning HRM evaluation for the next three to five years (see Table 12).

Table 12

Future HRM Evaluation Plans

Future plans	Organization										Total
	1	2	3	4	5	6	7	8	9	10	
* Continue total quality management approach to HRM	x		x		x	x		x			5
* Continue current approach	x		x		x	x			x		5
* Follow-up on recent evaluation results/action planning			x		x			x	x		4
* No specific plans		x		x			x			x	4
	2	1	3	1	3	2	1	2	2	1	18

A small majority of the organizations indicated that they intend to continue their current approach concerning HRM evaluation. Thus five organizations will maintain their total quality management approach to HRM, including utilizing focus groups, surveys, quality teams, benchmarking, and client advisory groups. Most of these organizations also intend to continue their current approach to HRM evaluation when evaluating their training and development programs or their succession plans, or when conducting the next regular survey. These organizations are also planning follow-up action in response to recent HRM evaluation results, such as initiating

specific action plans to change HRM policies or services, or undertaking a more specific evaluation to clarify concerns or problems identified. On the other hand, four organizations have no specific plans concerning future HRM evaluation.

This confirms that systematic HRM evaluation is not a priority for most organizations. Some VPHRs expressed disappointment with the situation and indicated that the necessary resources were not available. Most seemed implicitly satisfied with their current HRM evaluation effort, under their circumstances.

Chapter 4

Summary, Conclusions, and Recommendations

The purpose of this study was to examine how some large organizations, selected for the quality of their human resource management (HRM) practices, evaluate their human resource (HR) function, and to investigate the purpose and usefulness of human resource management evaluation within these organizations.

This study investigated five areas:

1. Who decides whether or not to evaluate the human resource function?
2. What are the objectives of human resource management evaluation?
3. What is the focus of HRM evaluation?
4. What are the means used to evaluate HRM?
5. What is the impact of HRM evaluation on the direction of human resource management within the organization?

Summary of Findings

Who decides whether or not to evaluate the human resource function?

Despite the strategic importance of human resource management within their organization, most participants

consider that their organization does not systematically evaluate HRM. This corresponds to the findings of Tsui and Gomez-Mejia (1988), who concluded that "systematic, periodic evaluation of HR effectiveness does not occur frequently in American business organizations. . . . Most survey firms use indirect or informal methods for evaluation" (p. 201).

In five organizations HRM evaluation practices are an integral part of the strategic management process and, therefore, are not initiated for the specific purpose of evaluating HRM effectiveness. This confirms the partnership between the Vice-President, Human Resources (VPHR) and senior line management, who are jointly responsible for the effectiveness of the organization's human resources. In the other five organizations the Vice-President, Human Resources takes the initiative for HRM evaluation decisions.

The strategic linking between HRM effectiveness and the strategic management process is also supported by the emphasis on total quality management adopted by the majority of the participating organizations. This approach emphasizes the importance of continuous measurement and improvement to satisfy the clients' needs. With this approach HRM evaluation extends to the managerial and operating levels of analysis, focusing on the HR function as well as overall HRM effectiveness.

What are the objectives of human resource management evaluation?

All organizations have multiple objectives in undertaking HRM evaluation. The main objectives of HRM evaluation are: (a) to assess the degree of satisfaction of managers or front-line employees with regards to HRM policies, programs or services; (b) to assess the effectiveness of HRM programs; and (c) to monitor HRM costs. Only two organizations evaluate HRM to assess equity, and one audits for compliance of practices with policies. This is surprising in relation to the emphasis on the audit approach in the literature, and the current emphasis on equity issues.

The evaluation objectives identified by the participating organizations are coherent with the objectives proposed by Tsui and Gomez-Mejia (1988). The assessment of the degree of satisfaction of the multiple client constituencies, and the assessment of the quality of the HRM services in the participating organizations, supports both the purpose of marketing the HR function and providing accountability. These organizations focus more on multiple dimensions of the overall HRM effectiveness than on the effectiveness of the HR function or HR staff resources.

What is the focus of HRM evaluation?

A majority of organizations focus on the achievement of organizational objectives. This is consistent with the fact that six organizations positioned HRM evaluation as an integral part of the strategic planning process, that the VPHR is part of the executive committee in five organizations, and that HRM priorities are closely aligned with the strategic organizational goals in eight organizations. While there are differences among the organizations on these four dimensions, a group of seven organizations share a common direction.

In the majority of the organizations HRM programs are evaluated not only in terms of the satisfaction of their clients, but also in terms of their effectiveness. Managerial and employees' satisfaction are used as evaluation criteria in most organizations. This emphasis on client satisfaction is coherent with the importance of the quality management culture and the multiple constituency approach.

If the evaluation criteria used in the participating organizations is compared with the matrix proposed by Tsui and Gomez-Mejia (1988), most criteria focus on HRM outcomes rather than processes. These HRM outcomes criteria include internal and external clients' satisfaction and operational results.

More criteria appear to focus on the overall human resource management effectiveness than on the effectiveness of the HR function. However, this survey did not collect specific data to determine whether each evaluation criterion

focused on the effectiveness of the HR function or on the overall HRM effectiveness, or on both.

As could be expected from the review of the literature, training and development programs have been evaluated by all but one organization.

If the group of participating organizations is considered as a whole, every sub-system within the HRM policy domain is evaluated (Beer et al., 1984): employee influence, human resource flow, reward systems, and work systems. However, the scope varies greatly among the participating organizations, from one organization evaluating 19 dimensions to another evaluating only one dimension. Typically most organizations have evaluated multiple HRM policies, programs or services representative of multiple sub-systems within the HRM system. More policies associated with managing the human resource flow are evaluated.

What are the means used to evaluate HRM?

Focus groups and ad hoc surveys are the most popular methods used by the participants. These flexible approaches and benchmarking support continuous improvement efforts.

Most HRM evaluation is performed by the professional staff within the HR department, reporting to the VPHR. Very few organizations either contract with external consultants or use their internal audit staff, and only two organizations involve quality teams in HRM evaluation. This tends to

confirm the literature, which indicates that the HR function is only beginning to apply the total quality management approach to itself (Hart & Schlesinger, 1991).

What is the impact of HRM evaluation on the direction of human resource management within the organization?

Communication of the results of the HRM evaluation is directed by the VPHR who has initiated the HRM evaluation process. In most organizations HRM evaluation results are communicated primarily to the executive management team. This is coherent with the integration of HRM evaluation within the strategic planning and performance management processes in the majority of organizations.

The HRM evaluation results are used by the VPHR and senior management to evaluate the achievement of HRM objectives and to review the strategic HRM plan. In most organizations the HR function uses HRM evaluation results to determine the degree of satisfaction, to ascertain the relevance of HRM policies, programs or services, and to make the necessary decisions regarding maintenance, modification or elimination of existing services. HRM systems are reviewed and HRM evaluation results influence the direction and content of future HRM policies and organizational change. Thus most organizations are coherent between their stated objectives for HRM evaluation and the actual use of HRM evaluation results.

A small majority of the organizations indicated that they intend to continue their current approach concerning HRM evaluation, and four organizations have no specific plan concerning future HRM evaluation. This confirms that systemic HRM evaluation is not a priority for most organizations. Some VPHRs expressed disappointment with the situation and indicated that the necessary resources were not available. Most seemed implicitly satisfied with their current HRM evaluation effort, under their circumstances.

Conclusion

Within the limited sample of 10 organizations the wide diversity of HRM evaluation practices is evident. The extent of the evaluation of HRM policies, programs or services is surprising, given the reservations and modesty expressed by the participants at the onset of the study.

The organizations surveyed in this study are taking value-adding initiatives congruent with the direction proposed by Fitz-enz (1994): "a new vision of HR's purpose, a more effective relationship between HR and its internal customers, and a quantitative performance-measurement system" (p. 84).

The high-impact HR function uses performance measures to support its business plans and to convincingly communicate the benefits of the HR contribution to the stakeholders, especially senior management (Griffiths, 1993). Despite a strong continuous improvement culture and the participation of

the VPHR in strategic decision making, measuring HRM effectiveness and benchmarking against the best HRM practices is not a systematic process in most organizations.

Recommendations

Recommendations for further research.

Organizations are a gold mine of opportunities for HRM researchers. Future research should focus on:

1. empirical validation of current HRM evaluation models;
2. development of evaluation models applicable to HRM evaluation;
3. adaptation of HRM evaluation models, methods, and techniques to the priorities and constraints of HR executives and practitioners;
4. development of pragmatic evaluation instruments that cover the range of qualitative data relevant to strategic HRM issues;
5. evaluation of the validity of HRM evaluation data in relation to different HRM evaluation methods;
6. evaluation of the effectiveness of different HRM evaluation methods in relation to different evaluation objectives and the needs of different constituencies;
7. comparative analysis to determine the degree to which the different constituencies agree on

- evaluation results, and the reasons for the different perceptions of HRM effectiveness;
8. comparison of the significance of the multiple effectiveness criteria;
 9. identification of effectiveness criteria meaningful to multiple constituencies;
 10. analysis of the relationship between the degree of satisfaction of different stakeholders and overall organizational effectiveness;
 11. the design and testing of more precise methodologies, such as fixed effects research design or before-after studies, to help clarify the cause-effect issues related to the linkages between HRM policies and practices and organizational effectiveness;
 12. longitudinal studies of the effects of changes in specific HRM policies over time;
 13. cost-benefit analysis of HRM evaluation;
 14. evaluation of the effectiveness of alternative HRM evaluation practices;
 15. evaluation of the relationship between organizational effectiveness and HRM evaluation practices;
 16. evaluation of the causal relationship between HRM effectiveness and HRM evaluation practices;

17. causal analysis of the gap between prescription and practice concerning HRM evaluation;
18. validation of the findings of this study with a representative sample of large organizations in Québec, and comparative analysis of these findings with other Canadian and American studies.

Recommendations for further study in administration in education.

In the field of education little research, if any, has been conducted concerning HRM effectiveness and evaluation. Initial research should therefore focus on:

1. defining the concept of HRM effectiveness in educational settings. This research could develop from existing models (e.g., Guest & Peccei, 1994; Tsui & Gomez-Mejia, 1988);
2. identifying the key constituencies relevant to HRM evaluation in education;
3. validating the general applicability of HRM evaluation criteria to the education sector;
4. replicating HRM evaluation studies to the education sector;
5. adapting evaluation methodologies to the educational context.

Recommendations for practice.

While HRM effectiveness is increasingly at the core of organizational effectiveness and survival, the gap between prescription and HRM evaluation practice remains important. The evaluation of HRM effectiveness may become a normal part of HRM practice when HRM is perceived as an integral part of the strategic management process.

Therefore, HR executives should assume the responsibility for HRM evaluation by making it an integral part of the HRM process. This would mean integrating appropriate evaluation processes into all stages of the HRM process, beginning with an organizational diagnosis and the development of the strategic human resource plan for the organization (Le Boterf, 1988; Schuler, 1992). This strategic focus also implies that HR executives feel equally accountable for the effectiveness of organizational HRM results as well as the HR function.

Since no single approach to HRM evaluation seems appropriate, executives and evaluation practitioners should focus on the use of multiple quantitative and qualitative evaluation methods, and the multiple constituency approach. The initial identification of the key stakeholders is important to set clear evaluation objectives.

Interested academics should liaise with the research committee of the APRHQ which facilitates networking with the professional community and encourages HRM research activity.

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Appendix A

Votre entreprise s'est méritée, en 198x, le trophée IRIS, présenté par l'Association des professionnels en ressources humaines du Québec en reconnaissance de la qualité de votre gestion des ressources humaines.

Je vous invite à participer à un projet de recherche concernant l'évaluation de la gestion des ressources humaines dans les grandes entreprises québécoises, telle que perçue par les cadres supérieurs responsables de la Direction des ressources humaines.

Bien que cette recherche constitue d'abord l'objet de ma thèse de maîtrise à l'Université McGill, je suis convaincu que vous partagez mon intérêt pour l'impact de la gestion des ressources humaines sur le succès de nos entreprises.

Si vous acceptez de participer à cette recherche, votre contribution représente une entrevue d'une durée approximative de 1-2 heures concernant l'évaluation de la gestion des ressources humaines au sein de votre organisation en termes de stratégies, politiques, pratiques et ressources. En préparation à notre rencontre, vous trouverez ci-joint les principales questions qui seront abordées lors de notre entrevue.

Je communiquerai avec vous sous peu afin de répondre à vos questions et, j'espère, de déterminer un moment approprié

pour notre rencontre à votre bureau ou à un autre endroit qui nous convienne.

Si vous le désirez, le sommaire de la thèse vous sera communiqué et je serai disponible pour discuter des résultats de la recherche, ceci tout en respectant la confidentialité des renseignements fournis par les cadres supérieurs des entreprises lauréates participantes.

Vous remerciant de votre accueil éventuel,

Jean-Claude Provost
Chef de service, rémunération
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Appendix B

CADRE GÉNÉRAL D'ENTREVUE DES CADRES SUPÉRIEURS RESPONSABLES DE LA DIRECTION DES RESSOURCES HUMAINES RE ÉVALUATION DE LA GESTION DES RESSOURCES HUMAINES

1. Quelles sont les priorités et les ressources consacrées à la Gestion des ressources humaines (GRH) au sein de votre organisation (objectifs, structures, ressources humaines et financières)?
2. En général, dans quelle mesure est-ce que votre organisation évalue la qualité et l'efficacité de sa GRH?
3. De façon plus précise, quels politiques, programmes, activités ou services GRH avez-vous évalués au cours des trois à cinq dernières années?
4. Qui décide des priorités d'évaluation?
5. Quels sont (étaient) vos objectifs en matière d'évaluation GRH?
6. Quel est le focus de l'évaluation (e.g., service des ressources humaines, climat organisationnel, comparaison avec vos concurrents, atteinte des objectifs, etc.)?
7. Quels sont les critères d'évaluation?
8. Qui fait l'évaluation?
9. Quels sont les moyens/méthodes d'évaluation utilisés dans votre organisation?

10. Qu'advient-il des résultats de l'évaluation?
11. Quelle influence ont les résultats sur les décisions stratégiques et opérationnelles?
12. Quels sont vos projets concernant l'évaluation pour les trois à cinq prochaines années?

P.S. Toute documentation pertinente à l'entrevue et à tout autre aspect de l'évaluation et de la contribution de la GRH au sein de votre organisation serait grandement appréciée.

Appendix C

General Framework for the Interviews with Senior Human Resource Executives re Evaluation of Human Resource Management

1. What are the priorities and resources allocated to human resource management (HRM) within your organization (objectives, structure, human and financial resources)?
2. In general, to what extent does your organization evaluate the quality and effectiveness of its HRM?
3. More specifically, which human resource (HR) policies, programs, activities or services have been evaluated during the past three to five years?
4. Who decides the evaluation priorities?
5. What are (were) your objectives concerning HRM evaluation?
6. What is the focus of the evaluation (e.g., HR function or department, organizational climate, comparison with your competitors, achievement of the objectives set, etc.)?
7. What are the evaluation criteria?
8. Who does the evaluation?
9. What are the evaluation methods/tools used in your organization?
10. What happens to the evaluation results?

11. What influence do the evaluation results have on strategic and operational decisions?
12. What are your plans concerning HRM evaluation for the next three to five years?

P.S. All documentation relevant to the interview and any other aspect of HRM evaluation and contribution within your organization is most welcome.