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The Strategic and Operational Roles of Human Resources: An Emerging Model

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The Strategic and Operational Roles of Human Resources: An Emerging Model

Abstract
[Excerpt] Effective human-resources management is one of the most important considerations in creating and maintaining a competitive advantage for a hotel (or, for that matter, any hospitality organization). Indeed, human-capital considerations top the list of current managerial concerns in the hospitality industry. Despite the industry's concern with human resources, however, the HR function is oddly disconnected from the line function. That disconnect is evident on two primary levels. First, we argue that many business leaders fail to fully consider HR influences when making long-term plans. While most executives acknowledge the importance of HR for implementing strategic plans—"making it happen"—we have seen few who formally incorporate HR concerns when developing a strategic direction. While the predominant framework requires consideration of HR strengths and weaknesses during the strategy-formulation process, HR is primarily viewed as an "enabling" function, responsible for implementing "the plan," and thus largely ignored during the initial planning stages.

Keywords
human-resources management, strategic planning, HR models

Disciplines
Hospitality Administration and Management | Human Resources Management

Comments

The Strategic and Operational Roles of Human Resources

An Emerging Model

Human-resources management may be most effective when decisions are made as close as possible to the point where the decision will be implemented.

BY J. BRUCE TRACEY AND ARTHUR E. NATHAN

Effective human-resources management is one of the most important considerations in creating and maintaining a competitive advantage for a hotel (or, for that matter, any hospitality organization). Indeed, human-capital considerations top the list of current managerial concerns in the hospitality industry.[1] Despite the industry's concern with human resources, however, the HR function is oddly disconnected from the line function. That disconnect is evident on two primary levels. First, we argue that many business leaders fail to fully consider HR influences when making long-term plans. While most executives acknowledge the importance of HR for implementing strategic plans—"making it happen"—we have seen few who formally incorporate HR concerns when developing a strategic direction. While the predominant framework requires consideration of HR strengths and weaknesses during the strategy-formulation process, HR is primarily viewed as an "enabling" function, responsible for implementing "the plan," and thus largely ignored during the initial planning stages.

Second, we argue that many HR departments fail to execute even the most basic functions effectively. Many firms' policies and practices are archaic, inflexible, and do not directly benefit those who are most keenly affected by HR actions. Based on those concerns, we advocate the need for a new model of HR—one that should be used as a guide for developing vision, values, and goals, and one that creates a more effective and efficient function for attracting, developing, and retaining quality employees.

[1] Cathy A. Enz, "What Keeps You Up at Night? Key Issues of Concern for Lodging Managers," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 42, No. 2 (April 2001), pp. 38–45.

To explain our model, we will first discuss the manner in which HR can contribute to the strategic-planning process. We then present data that demonstrate the link between HR practices and systems on important business objectives. Finally, we offer some ideas that may change the prevailing paradigm and the operational role of HR in hospitality organizations.

HR and Strategic Planning

Our observations are that HR suffers from a negative image in many hospitality organizations and that, sadly, it has earned that negative image. The following views of HR may be familiar: HR is basically an employee-advocate function and represents the "soft" side of the business; HR is a cost center since it does not generate revenue; HR serves as an administrative-support office and organizes the company picnic; and HR is responsible for implementing strategy, not developing strategy. We could go on, but the point is made: human resources gets much lip service but no respect.

> Sadly, human resources has largely earned the negative image that many hospitality organizations hold.

One of the reasons for this negative image may be the narrow application of the strategic-planning process taken by many business leaders. Too often, the human-resources function is left out of key planning steps. The following comment illustrates our point. A successful hospitality executive and colleague of ours maintains that his primary function is to determine the vision and direction of the firm, and then it's up to HR and other departments to "make it happen." This statement summarizes his views:

> HR as a function does not *per se* have a dedicated role in the strategic-planning process. Corporate strategic planning begins with an external assessment of opportunities and threats and an internal assessment of firm strengths and weaknesses. This process is not driven by a function or discipline formula, but rather by an evaluation designed to determine the relative importance and veracity of assumptions management has made about the industry and the firm. Management combines its fact-based knowledge with its assumptions and beliefs about the business it is evaluating. Strategic planning, at its core, is the process by which the veracity of these assumptions and the relative importance each has to the overall outcome are revealed. Functional executives confound and corrupt the initial stages of the planning process by becoming caught up in interdisciplinary issues that should be subservient to the strategy process they aspire to influence. As such, the CEO is forced to pull the process of formulating strategy away from these executives and rely more heavily on his or her own judgment or a formal strategy group of executives without discipline responsibilities.[2]

In this leader's view, HR plays a subservient and reactionary role in the business-planning process. While this is only one individual's perspective, we've encountered many who share similar views. We contend that HR considerations must be taken into account not only during strategy implementation, but also during the process of developing that strategy. Indeed, the prevailing models of business planning support this contention.

Several approaches can be used to predict a firm's competitive position and develop strategic plans. The traditional SWOT model (i.e., strength, weakness, opportunity, and threat) is based on a matching process such that a firm's strategic direction is based on the fit between external conditions (i.e., opportunities and threats) and internal capabilities (i.e., strengths and weaknesses). Based on this assessment of fit, leaders can then take actions intended to achieve a sustained level of competitiveness—for instance, by using internal strengths to exploit external opportunities and taking advantage of op-

[2] Statement made by the CEO and chairman of a medium-size management company of mid-price hotels.

portunities to motivate change and fix internal weaknesses. Another popular framework, VRIO analysis, extends the SWOT model and maintains that competitive advantage is gained by identifying and exploiting the rare, distinctive competencies of the firm.[3] The VRIO explanation considers a firm's resources—understood in terms of value, rarity, imitability, and organization—as keys to long-term effectiveness. In simplified terms, value is characterized by the firm's internal resources that can be used to respond to external threats; rarity is associated with the scarcity of such resources in the external environment; imitability is based on the ability of competitors to acquire, duplicate, or substitute valued resources; and organization is associated with the firm's structure and systems that are used to extract the greatest degree of value from a given resource.

These and other models (e.g., portfolio assessments, competitor ranking) that can be used to analyze strategic position and develop plans have at least one thing in common: the human element is central to an analysis of internal strengths, resources, and capabilities. Technology, in contrast, is quite imitable and thus should not be considered as a source of competitive advantage. Human capabilities, and the social context in which such capabilities are applied, are difficult and perhaps impossible to copy or transfer to settings outside the focal context. While access to capital, relative market share, brand image, and service quality are all essential to a hospitality business, such concerns would be largely irrelevant if the appropriate human resources were unavailable. Therefore, while HR may not be the most important consideration during the strategic-planning process, this factor cannot be ignored when developing long-range plans.

Evidence for the Strategic Importance of HR

Despite HR's apparent image problem, it remains an essential function. Much has been written about the critical role of HR for achieving business goals and objectives, and there is a growing literature that shows HR policies, practices, and systems are related to a variety of financial and operational success indicators.[4] Indeed, there is some rather compelling evidence that the proper alignment between HR systems and business strategy will enhance a firm's performance.[5] We will complement this literature by presenting two hospitality-specific examples that support the strategic importance of HR for not only implementing long-range plans, but also developing such plans.

Example 1: *Compensation and turnover.* The 2000 Lodging Compensation and Benefits Survey, conducted by Realtime Hotel Reports (now part of Smith Travel Research) and sponsored by the American Hotel Foundation, provides direct evidence for the need to consider HR factors throughout the strategic-planning process. In addition to compensation levels and benefits offered by over 2000 hotels, the survey also gathered information about employee turnover. Turnover is a key concern to many hospitality employers. It can be quite costly,[6] and has been shown to be related to many important outcomes, including profitability.[7] As such, understanding

[3] J.B. Barney, *Gaining and Sustaining Competitive Advantage* (Reading, MA: Addison-Wesley, 1997).

[4] For example, Paauwe and Richardson reviewed nine studies that yielded 22 significant empirical relationships between various HR policies, practices, and procedures, and several measures of firm performance. See: J. Paauwe and R. Richardson, "Strategic Human Resource Management and Performance," *International Journal of Human Resource Management,* Introduction to the Special Issue, Vol. 8, No. 3, pp. 257–262.

[5] Youndt, Snell, Dean, and Lepak, for instance, found that different types of organizational strategy moderated the relationship between two types of HR systems and firm performance. Specifically, Youndt *et al.* found that a "human capital enhancing" HR system (e.g., selectivity in hiring) was most effective in organizations that incorporated a quality-based strategy (versus other strategies). They also found that an "administrative" HR system (e.g., policies and procedures training) was most effective in organizations that employed a cost-based strategy. Thus, this study provided convincing evidence that organizational effectiveness is contingent on the proper alignment of HR systems and overall business strategy. See: M.A. Youndt, S.A. Snell, J.W. Dean, and D.P. Lepak, "Human-resources Management, Manufacturing Strategy, and Firm Performance," *Academy of Management Journal*, Vol. 39, No. 4, pp. 836–866.

[6] See: T.R. Hinkin and J.B. Tracey, "The Cost of Turnover: Putting a Price on the Learning Curve," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41, No. 3 (June 2000), pp. 14–21.

[7] See: T. Simons and T.R. Hinkin, "The Effects of Employee Turnover on Hotel Profits," *Cornell Hotel and Restaurant Administration Quarterly,* Vol. 42, No. 4 (August 2001), pp. 65–69.

HR policies and practices that can contribute to turnover can lead to more insightful strategic and operational decision-making.

An analysis of the relationship between compensation level and total annual employee turnover yielded statistically significant results for the following positions.[8]

Position	N	r
General manager	363	-0.24
Director of sales and marketing	172	-0.20
Sales manager	145	-0.19
Reservations manager	94	-0.19
Controller	125	-0.19
Front-office manager	220	-0.17
Restaurant manager	109	-0.17
Chief engineer	252	-0.11
Executive housekeeper	311	-0.10

While the magnitude of the correlations demonstrates that a great deal of variance in the compensation–turnover relationship remains unexplained, the data suggest that compensation does have an effect on intentions to stay or leave—a finding supported by related research.[9]

Example 2: *Training, turnover, and sales.* The second example is based on an analysis of training, employee turnover, and sales data gathered from a privately held restaurant company that currently owns and operates approximately 115 restaurants and franchises an additional 70 throughout the United States. Complete data for 96 corporate-owned stores were gathered over a 12-month period beginning in January 2001. The primary proposition was that investments in training and employee turnover would be significant predictors of net sales. The training variable was expressed as the number of hours per month dedicated to skill-based programs (e.g., new employee training) and development-based programs (e.g., interpersonal customer service) for line staff. Employee turnover was also measured on a monthly basis (i.e., number of new hires divided by the total number of employees at the end of the month), as was net sales.

After accounting for store-specific effects (e.g., location, size) and time effects, the results from regression analyses of the panel data showed that both training and turnover accounted for significant variance in store sales.[10] These results suggest that if sales are influenced by training and employee turnover, then long-range plans for growth must consider the consequences of HR decisions regarding employee development and retention.

These two examples demonstrate the effects that HR can have on strategic and operational goals. Although researchers and practitioners have yet to fully understand the process by which the various HR policies, practices, and systems might influence long-range effectiveness, the data presented here reinforce the need to consider HR throughout the planning process. However, it's not enough simply to incorporate HR influences more broadly—the HR function must also be reconsidered. We contend that a holistic and collaborative approach to HR is required, one in which the HR function is closely integrated within the strategic and operational elements of the firm. Thus, HR plays a critical role in designing structures, facilitating change, and evaluating progress. This objective requires that firms embrace a new model of HR to achieve and sustain a competitive advantage.

A New Model for Human Resources

The traditional role of HR is more appropriately termed "personnel." In this role, personnel professionals were responsible for recruiting and hiring, compensation- and benefit-program design, negotiating and administering collective-bargaining agreements, policy development, personnel record keeping, and serving as a conduit for employee views and concerns. Over the years, personnel was renamed human resources, and its role in the organization (in addition to its existing functions) became one of integrating people, policies, and cultures. To meet the needs of this role, HR practitioners' responsibilities were expanded to include communications, training, safety, employee relations, and recognition and

[8] All significant at $p < .05$.

[9] T. Simons and C.A. Enz, "Motivating Hotel Employees: Beyond the Carrot and the Stick," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 36, No. 1 (1995), pp. 20–27.

[10] Overall F = 44.32, df1 = 123, df2 = 1085; R2 = 0.82, $p < .01$; standardized beta weights for training and turnover were 0.031 and 0.032, respectively, $p < .01$. These and related results were presented by J. Bruce Tracey and Michael J. Tews at the 2002 Meeting of the Society for Industrial and Organizational Psychology, Toronto, Canada.

reward programs. Along with those additional responsibilities the HR department became responsible for the organization's legal compliance in the ever-expanding area of employment law.

The expansion of the HR function resulted from changes in the way businesses were managed. One such change was the explosion of mergers and acquisitions in the hotel and restaurant industry. In the past 20 years mergers and acquisitions have tested HR practitioners' ability to be flexible, detail oriented, and expeditious in both their support of other business functions and in the decisions they make related to HR issues. These increases in responsibility, occurring alongside changes in the business, transformed HR professionals from generalists to specialists. This metamorphosis also fostered the perception—often promoted by HR—that only "specialists" could handle such complicated issues. The HR model that emerged was one based on the centralization of knowledge, responsibility, authority, accountability, and control within the HR department.

Even as all this was taking place, however, business practices were changing. As a colleague of ours succinctly put it:

> As organizations began to realize that different businesses needed and could afford different types of HR programs and benefits, even within the same corporation, HR began to decentralize, replicating the centralized HR structure at division and even business-unit levels. This had the advantage of supporting differentiated HR for each business, but its redundancies cost a lot of money and the specialist jobs got smaller (i.e., they supported smaller groups of employees) and thus attracted less capable or experienced people.[11]

Added to the complexity of this decentralized approach is the fact that business leaders are under extreme pressure to reduce expenses, increase productivity and revenues, and realign their organizations to become focused on core issues. In the last five years, these changes have led to enormous pressures being placed on businesses to reevaluate the HR function, its role and responsibilities, and how these integrate with the rest of the organization. High-performing organizations today are looking for ways to transfer authority, responsibility, and accountability for HR-related transactions and decisions to line managers and, in some instances, employees. The ramifications of this are enormous. Ironically, we see the most resistance to this change often coming from HR itself.

A Decentralized Foundation

The underlying premise of our model is that all decision-making authority, responsibility, and accountability should be vested in the person who supervises the employee. Thus, decisions related to hiring, promotion or demotion, training, work actions,[12] pay, and scheduling can and should be made by the immediate supervisor of the affected employee. In many cases actions of this kind do require additional approvals from the company's upper echelons. However, the farther away from the source that these decisions are actually made, the less likely it is that real-time and relevant information about the decision and its outcome will be available for the decision maker. It is also important to note that the time it takes to complete the decision-making process is extended in direct proportion to the distance it has to travel through an organization's bureaucracy.

> The new model calls for decision-making authority and accountability to be vested in the person who supervises the employee.

One key construct in our proposed HR model is that HR practitioners will no longer make operational decisions, but rather act as consultants to other business functions by designing, developing, and delivering programs that give line managers the tools and training they need to effectively perform their responsibilities. The following scenarios represent common decisions made by HR practitioners.

[11] As related by: Andrew Geller, principal, organizational development, Unifi Network, a former subsidiary of PricewaterhouseCoopers LLP, Teaneck, New Jersey, April 26, 2001.

[12] These are defined as disciplinary actions, commendations, granting of leaves, and the completion of related paperwork.

Examples of the New HR Model in Operation

Traditional Practice	Suggested Practice under the New Model
Recruitment	
HR departments have become gatekeepers for whom and how many to hire.	As part of the strategic-planning and budgeting process, departments should be responsible for determining and justifying staffing levels. Once identified, decisions on whether to fill positions, and with whom, should be left to the department. The role of HR should be to establish suggested sources for obtaining applicants (both internal and external), designing methods for communicating with applicants using those sources, and developing an applicant-tracking system. HR should also assist line managers in developing appropriate interviewing methods and materials, train the managers to use them, and monitor the process for legal and policy compliance. Information technology now exists to provide managers with self-service capabilities to find and track applicants. At Bellagio, for example, HR designed a self-service system for applicants, which eliminated the need for data input by HR staff and allowed applicants (both internal and external) to update and monitor their application information and status. These systems are always available and can help reduce the workload of the HR staff.
Compensation	
HR departments control both the design and administration of the compensation program.	Salary administration can be managed by line departments through technology, such as the web-based models developed by Melon's HR Solutions group, that provides managers with the data and analytical tools that they need. This gives the responsibility and accountability for these decisions to the departments; HR's role is to provide advice and establish proper control mechanisms to prevent the inexpert (non-specialist) manager from making inappropriate decisions. In this role, HR facilitates the gathering of competitive data and then provides it directly to line managers so they can do their own payroll modeling.
Job Training	
New hires attend an orientation conducted by HR, and then they are given some form of on-the-job training.	All new employees attend a general company orientation that is designed by HR and presented by fellow employees. This will give the new hires a peer perspective and help them to develop relationships with other employees. Department and job training should be conducted by a trained trainer from the new employee's department or job. This trainer should have the added responsibility of evaluating the new employee's performance and conducting any retraining that may be required. HR's role should be helping to create the training materials, training the trainers, and implementing a tracking system to allow managers to monitor course attendance and related performance. Park Place Entertainment, for instance, has developed this type of employee-development system. The HR department has developed scripts and protocols that serve as templates for all training and development efforts. Line managers are primarily responsible for content, giving them more control over the job- and department-specific training needs. An example of this decentralized approach to development is PricewaterhouseCoopers, which has developed on-line knowledge-management systems that give consultants access to problem solutions that have been identified from prior projects and that may have relevance for current client needs. This type of real-time learning enhances the quality and efficiency of project work.

(Note: Examples continued overleaf)

Scenario 1: An employee resigns and the manager needs to fill the vacancy. The process will probably include deciding whether the open position can and should be filled, locating and interviewing applicants, determining whom to hire and how much to pay that person, assigning a start date, conducting training, and determining whether to retain the new employee. In the real world the immediate supervisor will know the most about everything relating to those issues and be in the best position to make the most appropriate and timely decisions. The need for direct HR intervention should be minimal.

Scenario 2: A service employee is not performing up to expectations in spite of being trained and supervised. The organization has documented policies and practices relating to progressive discipline and the issuance of notification to the employee. The supervisor should have full authority to determine the need, timing, wording, and level of notice to be given. While it's practical to assume that this type of decision might require some additional approvals, the managers directly related to the employee's performance are best suited to understanding the issues and nuances involved.

In these situations, usually there are policies and processes that require the involvement of the HR department. Yet in most organizations these decisions are best made in a timely manner by the individuals who know the most about the issues. HR specialists should be involved in this decision-making process, but final decisions would ultimately be made by individuals outside of the HR function.

Our model has drawbacks, perhaps, but some of that relates to the fact that HR information is not always shared with line managers. One drawback is line managers' potential ignorance of the fine points of HR practice and law. The centralization of the HR function occurred in part because there was a belief that the legal and organizational issues involved in making HR decisions were so complicated that it would not be prudent to trust non-HR supervisors to make them.

Moreover, the decentralized model's redundancies could be costly. Under the new HR model the power to make decisions is entrusted to line managers. In this model it is the role of the HR practitioners to assist companies in training managers how to make and implement business decisions and then entrust them with the authority to do so. If such decision-making power is not distributed to line managers, they will not gain the necessary skills to be able to effectively perform their duties. In contrast, if line managers are supported in the HR function, the necessary information will be spread throughout the organization.

The examples at left and on the next page illustrate how HR practitioners can use the constructs of this new model.

In the real world the immediate supervisor will know the most about hiring issues and be in the best position to make the most appropriate and timely decisions.

The responsibilities identified in the tables follow the functions that are traditionally found in HR departments. Organizations with centralized HR functions adopt these "traditional practices" on the theory that they are specialized and should only be conducted by those who are trained and skilled. That approach presupposes that being in HR is the only way to gain that expertise, and further, that this expertise is more important than understanding the operational nuances that exist at the line level. We suggest that HR expertise can be gained by those at the line level more easily than can the nuances of departmental activity be understood by those in HR. The key to transferring these responsibilities to the line level is training the supervisors in how best to perform these duties, providing them with the tools and technology to effectively and efficiently carry out these responsibilities, supporting them with advice, and monitoring their performance. This means that the role of HR changes from gatekeeper and decision maker to trainer and supporter.

Additionally, management should put in place strategies that reinforce the performance of managers who adopt and successfully handle these duties. Indeed, that should be tied to their reviews and total compensation. This is consistent with the goals of **(a)** the organization to have

The New HR Model in Operation (continued)

Traditional Practice	Suggested Practice under the New Model
Record Maintenance	
Managers fill out work-action documents (e.g., wage and job changes, disciplinary notices, and performance reviews) and submit them to HR. These are then checked for accuracy and keyed into a database, and the originals are placed in file folders. Employees also submit information that initiates actions such as vacation requests, address changes, and other general requests. These are routed through HR in a similar manner as the management documents.	Using self-service technology managers and employees fill out and submit transaction data directly to HR or the database, where they are ultimately stored and used. Starwood's on-line "executive dashboard," for example, provides the corporate office with continuous information about a wide range of property-level data that are directly related to strategic goals—from employee- and guest-satisfaction data to occupancy and rate information. In addition, operations managers have direct access to the the data, thus freeing HR from the responsibility of facilitating access requests and generating reports. HR should learn about technology and actively participate in the development of these self-service tools, and then train managers how to use them. Many organizations today are outsourcing HR, payroll, and benefits administration, and are using internet connectivity to facilitate transactions and maintain access to their data. Many are also adopting shared-service approaches that are designed to bring more functionality and service capabilities to line managers and employees.
Management Policies	
Most companies have handbooks and policy manuals that strictly define legal concerns and consistent policies and processes. These materials are often printed and distributed in hopes that employees will keep them in an accessible place and read them when needed. They seek to cover every conceivable circumstance with carefully written rules, policies, and practices.	Replace company-wide rules with concepts that are consistent with local and departmental concerns. Involve line managers in the process of determining these concepts to ensure that they are applicable to the department's needs and concerns. Base the concepts on values and principles rather than rules. Policies and practices should focus on being fair rather than merely consistent. Workers in the 21st century expect to be treated as individuals, and when presented properly these practices have greater acceptance than those that treat everyone identically in every circumstance. Practices of this kind will be easiest for managers to understand, use, defend, and enforce. For example, Le Parker Meridien in New York City has a long history of focusing on values—from "frank and fearless feedback" to "happy but never satisfied"—which are the primary drivers for individual behavior and set standards for accountability and performance. HR should also monitor competitive practices and provide this information to managers. In some cases, this benchmarking information is also available online.
Organizational Structure	
Most companies have a hierarchical design in which decisions are made at the top and then implemented at the bottom of the supervisory structure. While empowerment as a practice has been widely debated, most organizations still maintain practices where authority is vested at the highest levels of this hierarchy.	Companies such as Winegardner & Hammons are flattening their organizational structures and giving line managers the flexibility and authority to make decisions. In other organizations, such as The Boulders in Carefree, Arizona, self-managed work teams are obviating the need for supervisory interventions and allowing trained employees to set the tone and monitor the behavior of their teams. Within both structures, decisions are made in context, with a focus on what is most relevant and important to those involved.

better-trained and -performing managers, and **(b)** most HR professionals to be more of an internal consultant and strategic partner than mere arbiters of proper practice. This new construct allows the line managers to achieve new competencies and control, while giving HR professionals the chance to become more of what they want to be—and should be. The organization benefits from using this new model, because decisions are made more quickly and appropriately, allowing the business to be more focused on its core responsibilities of production and service.

Enabling Technology

Public and private companies alike are driven to make effective decisions and to improve performance through expense control and revenue improvement. Over the past 20 years, tools have been developed to help organizations achieve these goals. This trend began when financial departments discovered online analytical processing (OLAP) tools that allowed them to collate and query information from all of the disparate files in their databases and develop queries therefrom. This *ad hoc* interactive querying capability allowed them to conduct complex multidimensional analyses and more rapidly discern issues that needed to be addressed. This practice provided a means for organizations to control expenses more effectively and thus improve their bottom lines.

The next challenge involved improving revenues beyond the normal realm of sales and marketing. Those same OLAP tools, when applied to complex and disparate customer databases, allowed companies to target their efforts and dollars in ways that maximized revenue opportunities. Today, customer-relationship-management (CRM) systems are helping these companies to better use their resources to satisfy their customers and increase revenues. Much has been written about these practices. For example:

> The new cross-departmental imperative for companies in virtually all industries is to empower decision makers to obtain quick answers to their business questions by immediately acquiring the information they need. The effective sharing, distillation, and analysis of information among such an array of departments—customer relationship, sales, product planning, marketing, and finance, for example—coalesces into an enterprise-wide intelligence that is greater than the sum of its informational parts.[13]

As these practices become perfected, organizations will look for additional ways to improve performance, and we suggest that HR is the next area to which these might be applied. Adding employee-activity data to the practice of interactive and multidimensional analyses will help organizations to truly get the most out of their human resources. To gain this capability, human-resources departments in highly successful organizations "will understand how to use systems and software to solve business problems and will exploit technologies to achieve their business goals."[14] The decision makers in this instance are the line managers, and the decisions are related to the management of their employees; giving line managers the use of a system like this will increase their access to data and give them the ability to make better decisions. This technology

> Under the new model, HR professionals will become internal consultants and strategic partners rather than mere arbiters of proper practice.

will assist them in converting those data into intelligence. It is expensive to store and maintain all of these data, and "until it is put in the hands of business users and brings real value to these business users, the value obtained from that information does not compensate for the cost of maintaining that data."[15] While the initial capital investments required to develop and imple-

[13] B. Liautaud, with M. Hammond, *e-Business Intelligence, Turning Information into Knowledge into Profit* (New York: McGraw-Hill, 2001), p. 5.

[14] Joseph H. Boyett, Jimmie T. Boyett, Row Henson, Heidi Spirgi-Hebert, *HR in the New Economy: Trends and Leading Practices in Human Resources Management* (Pleasanton, CA: PeopleSoft, 2001), p. 28.

[15] Liautaud and Hammond, p. 38.

ment decision-support technology may be high, the operational savings[16] and improved decision quality more than justify the investment.

The appropriate use of technology is critical to the successful transfer of responsibility from HR to the line managers and departments. The use of business-intelligence technology and tools will enhance line managers' skills and decision-making capabilities by giving them the same view that was once reserved for HR staff. Again, the key to this will be the training and support provided by the HR staff.

Some Additional Thoughts

We would be remiss if we didn't offer some thoughts related to the tragic events of September 11, 2001, which occurred during the conceptualization and writing of early drafts of this manuscript. The pressure on management to react to the terrorist acts and their effect on the hospitality industry has been intense. The range of responses to the plunge in business levels was varied and is not germane to our discussion. What is important to note is that swift, intelligent, and decisive actions were required in the wake of the attack. That supports the need to adopt new roles for HR and line managers.

A company's ability to adapt to changing conditions depends not only on its policies, but also on the tools that it provides to those responsible for deciding and implementing its strategies. HR departments worked with their management teams to define the strategies to address issues relevant to the attacks and then helped to implement them. Line managers needed accurate information about business and staffing levels, staff skills and abilities, and financial-modeling capabilities. Having HR and line managers in possession of and trained to use the most-effective tools available will ensure the organization's capacity to meet its needs. This enlightened division of responsibilities will result in the most orderly and informed execution of each group's tasks, and promote teamwork.

It seems to us that the best part of a line manager's job is having the ability to make decisions that are most critical for a department's success. Conversely, the things that managers dislike have to do with the HR department's always telling them what to do. In truth, there are probably times when it would be convenient to pass certain responsibilities to HR, so that line managers don't have to make those decisions or would at least have someone to point to as the culprits. In the end, however, the role of a manager is about responsibility and accountability, and the adage that "the buck stops here" seems to have been written with that in mind. The following requirements will help line managers feel most comfortable in this role:

(a) They have some say in the development of a company's policies and practices;
(b) The company provides them with the tools and training to perform at this level;
(c) There is a clear definition of HR's and line managers' responsibilities;
(d) They are recognized and rewarded for good performance relative to these issues; and
(e) There are programs in place to help when mistakes are made.

If it is true that our future success both at the business level and as HR practitioners lies in the adoption of new ideas and technologies, and that leaner, more-focused organizations are the ones that succeed, it is imperative that this transition to a new HR model occur. To assure that the transition is smooth, we will need to learn from others' errors as well as our own mistakes, and we will need the steadfast support of the organization in maintaining this new set of roles and responsibilities. ■

[16] Alanna Klaussen, senior analyst with Radiant Systems, Inc., has demonstrated that a 2-percent to 10-percent savings in payroll expenses can be realized by adopting decision-support technology.

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