From HR Manager to Specialist

HR transformation from traditional HR work to the “Orderer – Supplier model” and the impact of transformation on HR manager job in a Nordic telecom company - a Case study.
Abstract

The actual change in the business world has the growing demand to be cost effective and concentrate on core business to be able to survive in the global competition. To build up world wide business services and to be able to manage in the global business all the parts of the company have to be streamlined to serve the main function. It has also put the support functions of the companies under evaluation. They have to be cost effective and add value to the business, otherwise they are useless.

As a support function for the business, HR has had its role as a separate specialist area about hundred years. HR has had different phases and different roles depending on the time and size of the company. During the decades the way of doing HR work in companies has varied from centralized to divided and from daily administrative tasks to coordinated development work. HR function has enlarged and got more importance during the last ten or twenty years in different countries in general, but according to the latest surveys most from USA (Ulrich 1997) and Lawler & Mohrman (2003) it has been proved that HR has been in the same mode during too many decades. It has mostly had the administrative role checking money spent for training or days off in working places. The tools have changed and this police work is today mostly executed with IT support.

According to the evaluation in these surveys HR has to change. HR can and it has to add value to the business through management and HR has to get place in the management team to be able to make this happen.

This new trend in restructuring HR has spread to Europe and many big international and global companies in Finland, too, have evaluated their HR function according to this model. During last years this change has been seen going on in some Finnish global companies, not totally but taking parts of the Ulrich model that are suitable for them.

TeliaSonera was in a big change in the end of 2002 when Swedish Telia and Finnish Sonera joined and formed the new global telecom company called TeliaSonera.

As a part of business changes TeliaSonera HR started the changing journey of many years. The basis was the model created by Dave Ulrich (1997) called orderer-supplier model of HR.

As a part of my professional licentiate’s exam as a surveyor, and working in TeliaSonera as the HR manager I have had a chance to attend the changing journey and do this survey. During three years, 2004, 2005 and 2006 there were executed plenty of different partial studies and HR performance surveys where the change of HR was evaluated by client: managers and employees as well as HR staff itself. I was specially interested in the opinions of HR managers towards the change of the content of HR manager job profile in this new orderer-supplier model.

The results are seen in this survey. The journey is still going on but some results can bee seen. The main result is that it takes time to accept the big change in the way of working. If the model is acceptable as such is also evaluated. The coming years and further surveys will show if this direction is adding value as supposed.

Reference words: orderer-supplier model of HR, delivery model, Ulrich model, HR adding value.
Preface

I have been working in the HR field all my adult life, over thirty years. All these years I have been interested in HR and changes in this field. My interest has made me follow the HR trends and I have been lucky to network with plenty of colleagues during the years. The HR manager work has interested me in the long run as my job, and the actual trends to change HR function to work in “Orderer-Supplier” model has been of great interest not least changing the role and content of HR managers’ job as well as other HR professionals’. The thorough transformation in HR, which model came to Europe and Finland from the US by Dave Ulrich, has already had a large effect in bigger Finnish companies. The influence of the change covers already thousands of employees and hundreds of HR professionals in these companies. The consequences of this new model on HR professionals have not been largely investigated in Finland yet. I have tried to describe the case of HR transformation in the company I work in HR field. As a professional licentiate study I do hope I have been able to describe the change process and some implications of it to the field involved. My warmest thanks go to Professor Annikki Järvinen and Professor Pekka Ruohotie in the University of Tampere, who have been my primary supervisors and support in my studies. I also thank TeliaSonera giving me a possibility to do this work of my educational interest. And I do thank my son Eero helping me in writing techniques, as well as all the friends encouraging me to get this work finished.

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Varpu Välimaa
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Introduction

In this introduction I will tell about the aim and target of the study, the theoretical agenda and also define some terms in this HR area.

1.1 The aim and the target of the study

Global competition, information technology, new knowledge, the growth of knowledge workers, and a host of other business environment changes are forcing organizations to constantly evaluate how they operate. They are using new technologies, changing their structures, and improving work processes to respond to an increasingly demanding and global customer base. These initiatives entail fundamental change that has significant implications for the human resources and the HR function of organizations. It is obvious that HR management practices should be an important part of the strategy of any large corporation. The annual reports of many corporations argue that their human capital and intellectual property are their most important assets. In addition, in many organizations, compensation is one of the largest costs, if not the largest. In service organizations, compensation often presents 70 to 80 percent of the total cost of doing business. With training costs and other HR management costs added to compensation costs, the HR function often has responsibilities that affect a large portion of an organization’s total expenditures.

The cost of HR is not the only or even the most important consideration for many organizations. Even when HR accounts for very little of the costs of doing business, it can have a significant impact on the organization’s performance. In essence, without effective human resources, organizations are likely to have little or no revenue. Even the most automated production facilities require skilled, motivated employees to operate. Knowledge work organizations depend on employees to develop, use, and manage their most important asset, knowledge. Thus, although a company’s human capital does not appear on its balance sheet, it represents an increasingly large percent of many organizations’ market valuation (Lawler & Mohrman 2003). Despite compelling arguments supporting HR management as a key strategic issue in most organizations, HR executives often are not strategic partners. Instead, the HR function is largely an administrative function headed by individuals whose roles are focused on cost control and administrative activities (Ulrich 1997). Missing almost entirely from the list of HR focuses were key organizational challenges such as improving productivity, increasing quality, facilitating mergers and acquisitions, managing knowledge, and improving the ability of organizations to bring new products to market.
Because the organizations likely saw these areas as important, it must be asked why they were not the most important areas for the HR executives. Most likely, the executives in these firms simply felt that the HR function could not have an impact in these areas (Lawler & Mohrman 2003).

During the 1990’s, a number of studies focused on the HR function. Among other issues, they focused on the competencies of the HR function and its executives, change efforts to revitalize the role of HR in initiatives such as total quality management, and HR services and programs that will position the HR function acting as a business partner. (Lawler & Mohrman 2003). It has also argued that HR function needs to become strategically proactive.

In the Finnish HR discussion (for instance Sydänmaanlakka 2000) they have the same topics: the added efficiency in organizations’, success in global competition, the new competence needs for HR executives in new situations and the new developing areas to work in.

The Finnish HR work has followed the Finnish as well as the international and nowadays global trends and it seems that these changes and challenges will not end. The latest demands for HR adding value to business and becoming strategic on the other hand (for instance Lawler & Mohrman 2003) or the opinions about the uselessness of HR and the needs for outsourcing HR in total and not only payroll or health care have increased the interest of the debate of the status of HR and professionals around HR function. The content of the earlier HR manager job as well as other HR executives’ job has changed a lot. The challenges in the change management area or redundancy negotiations or outsourcing situations, for instance, have become every day work in many Finnish organizations. It demands plenty of new knowledge areas in HR function, not neglecting the know how of feeling management of employees.

The practical target of my study is connected with the big change in my own work place and its HR function dealing with the content of the HR professional’s job and organizing the HR in total. At the same time the company has been bought by a Swedish company and became international company conducted from the Group from Sweden.

The HR function in the old and traditional company where I work, has been very traditional because of its history. The HR function has been under small development work all the time according to the trends in Finnish working life, legislation and other outside situations. The concentrated and divided HR models have varied according to time as well as the content and the actual key issues. As a part
of the big changes in the company strategy in the year 2000 came up the need to create a new HR strategy to support the global business in company.

In the merger in 2003 the company became a global telecom company having the Group function in Sweden and starting a new consolidation of business to meet the global challenges. As an important part of this development was the HR function in total, accepted in a three year development program starting in 2004.

There are several partial projects in this HR development work, but the practical target of this survey of mine is to study the change in HR in total and also the HR manager work during this change. What are the expectations of HR executives and how they are realized in the new orderer-supplier model in the HR? I base my work in the Dave Ulrich model of organizing HR (Ulrich 1997).

1.2 The theoretical agenda

My study is a professional licentiate exam study, the purpose of which is to get familiar with the scientific frame of this education field as well as the development done in a long run, to be able to have a deeper understanding of the meaning of my work area and the larger context it belongs to. The final target is to produce practical benefit to my working unit with this local action research. There are many trials to specify the action research by different investigators and one of the specifications says: action research makes an investigator to solve practical problems at the same time when he is getting new knowledge which has scientific interest.

Susman and Evered (1978) described the action research as a cyclic process, where the cycles: diagnosis, planning, implementing, evaluation and learning go on several rounds.

Agyris et al (1978, 98) say that the investigator in action research field is an inventionist, who is not only describing the world but also changing it. He helps his clients to reflect the world they are creating. The purpose is that they would learn to change the world in the way which is matching with the values and theories they have accepted. (Järvinen P and Järvinen A 2000, 129-130.)

According to Arja Kuula (Kuula 1999) there is no one precise prescription to action research which is accepted by everyone, neither can it be separated by inventory techniques used, because they
vary. According to Kuula action research can be seen eclectic and methodically unlimited way of invent, because it is using all possible methods that inventionists see as relevant.

Concentrating in problem, practical view and the change or at least the target for change are the most central features in action research by Kuula (Kuula 1999).

Action research as a means to investigate the work is the content of Engeström (Engeström 2002).

Engeström says that intervention, not only laboratory testing, is needed when the work is changing and when we want to change the work. It is essential to find out the mechanisms and development possibilities causing features, describing the feature is not enough.

This challenge has been tackled by a pioneer Kurt Lewin during the Second World War by describing the principles of action research (Engeström 2002, 110).

1.3 The basic terms and definitions of the subject

Personnel management in organizations means: getting people, motivating, taking care, developing and pricing them. Personnel management is a series of activities which make it possible to agree with the mutual understanding of the employment conditions between the employees and the organizations and then the will to implement the mutual agreements. (Varila1994, 29.)

The HR management field can be divided in three action parts according to Vanhala, Laukkanen and Koskinen (1994) Human Resource Management (HRM), Leadership and Industrial Relations (IR).

The division is based on the differences in operational work of business management, and, on the other hand depending on the different scientifically discussions and traditions in inventions. Managing people has its origin in organizational psychology and organizational behavior, managing resources has its origin in management and organizational development and finally Industrial Relations has its origin in work sociology.

When referring to Human Resource management, HRM, we often include in it all the business decisions and operations dealing with organization and its employees. In HRM thinking the personnel is seen as a resource, which is handled like any other resources by the business management.
The target in managing HR resources is first of all to ensure, that the company has a proper amount of qualified personnel for its actual need and that the employees are motivated to work for the targets of the company.

Human resource management includes two areas of personnel function: the traditional Personnel Administration and newer Strategic Human Resource Management (SHRM) since 1980. Personnel Administration is usually seen as actual and operational part of HR, taking care of daily HR routines. Strategic Human Resource Management is seen as a long term planning tied to strategic planning of business in the company. (Vanhala, Laukkanen, & Koskinen 1994.)

The term “strategic human resource management” started to compensate the old HR terms because of the strong development of inventories in organizational behavior and organization theories field. At the same time the strategic thinking spread in business life. Tied to the development of humanistic work psychology and organizational development as well as the new quality thinking in American business life this totality gave ground to the human resource management thinking. (Varila 1994.)

The strategic managerial behavior was first understood as a planning policy in business to answer the question: “In which business we are or will be”? (Varila 1994).

According to Sauri the HR Strategy is the way to consider managing business and resources together. It will tie the personnel function to the operational situation of the organization at the moment (Varila 1994, 106). The meaning of HR Administration according to Palm and Voutilainen is to plan the actually needed amount and quality of the personnel; to get, select and introduce it to the company, to keep the personnel using right personnel Manning, payroll function, training, communication and personnel services. HR Administration has to support the business aims and targets (Palm & Voutilainen 1977, 23-24).

HR policy is steering all the personnel functions in the company. It defines the principles in personnel planning, Manning, salary setting, developing, communicating, steering, personal services and redeployment. HR policy has to be seen in written form (Palm & Voutilainen 1977, 58). The operational HR means HR actions in everyday work according to certain rules inside human resources area, taken care by HR professionals and the responsible director. The total responsibility of HR policy planning belongs to management team and the responsibility of HR actions and steering belongs to the management level in the company. (Palm & Voutilainen, 1977, 63.)
Managing human resources means all the functions in the company, that will help to use the human resources efficiently for the benefit of business strategies. It can be divided in three central parts, with which human resources can be formed and redounded, kept up and steered, and develop them. This is especially important in the development phase of the company and also dependant of the finance and the common development of the society (Kauhanen 1993, 17).

Human resource management (HRM) is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices (Bratton & Gold 2003, 7).

Strategic human resource management is the process of linking the human resource function with the strategic objectives of the organization in order to improve performance (Bratton & Gold 2003, 37).

Strategic human resources refers to the process of linking HR practices to business strategy. Strategic HR is owned, directed and used by line managers to make HR strategies happen. Line managers invest in the HR function through strategic HR. Strategic HR creates a process for moving from business strategy to organizational capability to HR practice. HR planning often describes the processes whereby business strategies result in actions. Strategic HR serves stakeholders of the business who want the business to deliver results. HR strategy refers to building an agenda for the HR function and creates a purpose and focus for the HR function. HR strategy serves HR professionals who want to add value to their businesses and it defines the mission, vision and priorities of the HR function. (Ulrich1997.)

Many authorities have tried to define, by narrowing the concept, to distinguish HRM from the topics related, particularly from personnel management. Legge in her review of British and American writing on HRM sees HRM as distinctive in three areas: it gives greater emphasis to the development of the management team than personnel management, it differs from personnel management as an activity for line managers, and it emphasizes the management of corporate culture as a senior management activity. In a similar way Beaumont identifies five major items typically mentioned in the US literature as a part of HRM: Relatively well developed internal labor market arrangements, flexible work organization systems, contingent compensation practices and/or skills or knowledge based pay structure, high levels of individual participation in task related
decisions and finally extensive internal communications arrangements. (Brewster and Hegewish 1994.)

2 The original models and different realizations of the HR models

Philosophy, education, political science, history and fiscal science have always tried to solve the problems of persons in working organizations.

Applied surveys dealing with working life have been able to make a map on human relations in industry and business life. That has created a synthesis between theory and practice as well as built a reliable ground for human resource policy and administration (Palm & Voutilainen 1977, 5). According to the work law the employee accepts the orders of employer and contracts when accepting the work offered. In Finland also the collective agreements of different work areas give the employer certain authority to use the pool of employees. It gives the single employee limited area to make independent decisions of selling his own work force. (Varila 1994, 17.)

Intelligent organization is the one that takes good care of its market value, know how and employees, in a long run. Intelligent organization is a quick learner who can balance between efficiency, learning and well being in a proper way. The personnel is the most valuable resource and that is why this sort of organization has taken in consideration the training, commitment and well being of the personnel. The intelligent organization is built for its people, not vice versa. (Sydänmaanlakka 2000, 20.)

So, merely saying that employees are an important asset is, in itself, both misleading and, in many instances, just plainly untrue. Moreover, the actions of many managers show no adherence to this principle anyway. For example, we all know lots of businesses like restaurants and fast food outlets where, presumably, high levels of staff turnover are accepted as the norm. Consequently, managers do not believe that losing this asset on a regular basis is important enough to undermine the company’s performance. This is why this phrase is so often ridiculed and regarded as a cliché; most employees know exactly what their bosses think of them – because they experience their behavior every day. (Kearns 2003.)
2.1 The history of HR work

In 1883 The US congress published so called Pendleton Act- rule book to unite the HR practices and fight for the patronage system in employing people in the union at that time. This was the law to support the stabilization of the careers of the professionals not to depend on political relations (Sädevirta 2004, 37).

American scientist of HR function and management, Jakoby, has found the first sign of HR area, the social policy well being agents, working in companies as early as in the beginning of year 1900. When the companies became larger, more specialists in managerial and special support areas were needed. According to Jakoby the specialization and coming of the new professions was not more than this process: the new way to start to organize and manage the company resources with company’s own inside management. (Sädevirta 2004.)

2.2 HR-management in some European countries

In Great Britannia the HR area and the practice of personnel management started to grow up at the same time with the US, about in the beginning of 1900.

In British basic industry, like metal-, machinery-, shipping- and minors industry, the traditional specialist work practices were dominant to the 1950 tales. The foremen and special workers had the managerial rights like getting personnel, inducting people and so on. The centralized HR function was in charge of working relations, social aid and alike. In food stuff and textile industry, where the owners had Christian human attitude, the HR function got the status of support function and had plenty to do. (Sädevirta 2004.)

Bratton and Gold define the modern HRM in the UK as follows: Human resource management (HRM) is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices (Bratton & Gold 2003).

Human resource management underlines a belief that people really make the difference; only people among other resources have the capacity to generate value. It follows from this premise that human knowledge and skills are a strategic resource that needs to be adroitly managed (Bratton & Gold 2003). According to Bratton and Gold HRM encompasses a body of knowledge and a set of
policies and practices that shape the nature of work and regulate the employment relationship. Drawing on Squires’ (2001) work, these practices suggest three basic questions: What do HRM professionals do? What affects what they do? And how do HR professionals do what they do? To answer the questions, Millward (Millward et al. 1992) and Ulrich (1997) will identify eight key HRM functions, policies, programs and practices designed in response to organizational goals and contingencies, and managed to achieve those goals. The key HR functions are: planning, staffing, developing, motivating, maintaining, managing relationships, managing change and evaluating. To the second question: What affects what the HR professionals do, the answer is: external context, business strategy and organization.

Bratton and Gold have identified five major HRM models that seek to demonstrate analytically the qualitative differences between traditional personnel management and HRM. These models fulfill the four important functions when studying HRM:

They provide an analytical framework for HRM, they legitimate certain HRM practices, they provide a characterization of HRM that establishes variables and relationships to be researched and they serve as a heuristic device for explaining the nature and significance of key HR practices. These five models are: The Fombrun, Tichy and Devanna model, the Harvard model, The Guest model, the Warwick model and the Storey model. Comparing different HRM models raises a critical question: How does HRM differ from the deeply rooted personnel management model? In the UK in particular, it has proved difficult to arrive at an agreed meaning and significance of HRM. For some, HRM represents a new approach to managing people; for others it is simply a labeling and repackaging of progressive personnel management (Bratton & Gold 2004, 26-27). The review of the HRM models suggests that there are differences between HRM and traditional personnel management and that these differences are not just a matter of semantics.

First, HRM is in theory at least, integrated into strategic planning and according to studies of Hendry and Pettigrew (1990, 36) the strategic character of HRM is indeed distinctive. Second, the HRM model emphasizes the importance of psychological contract. Third, the HRM paradigm explicitly emphasizes the importance of learning in the workplace. Fourth, HRM overall has focused heavily on the individual motivation to achieve individual and organizational goals. Fifth, the theoretical models conceptualize HRM as a proactive central strategic management activity that is different from personnel management, with its implied passive connotations. The strategic planning in the companies has grown rapidly in the 1990’s and there are plenty of models to build up a business strategy. For instance in 1985 Porter made a significant contribution to our
understanding of business strategy by formulating a framework that described three competitive strategies: cost leadership, differentiation and focus. This model allows the firm to choose from four generic business level strategies - low cost leadership, differentiation, focused differentiation and focused low cost leadership - in order to establish and exploit a competitive advantage within a particular competitive scope (Bratton & Gold 2003). The strategic management appears as a cycle in which several activities follow and feed upon another. The strategic management process is typically broken into five steps: mission and goals, environmental analysis, strategic formulation, strategy implementation and evaluation (Bratton & Gold 2003). In a survey dealing with the fourteen European countries in their HR management level and content the results indicate the proportion of companies with an HR presence at the level of the Board and the role that such Board-level HR specialists play in development of corporate strategy. These show significant differences across Europe. In six countries a clear majority of organizations have an HR presence at the top strategic level: as many as seven out of ten organizations in Sweden, France, Spain and Norway. However in some countries, notably West Germany and Italy, the HR function is only rarely represented at Board level. The ranking raises many immediate issues concerning like: the conceptual limitations of the study process, methodological issues and the value of the analysis and also the two key problems concerning the meaning of strategy and the measures of integration (Brewster & Hegewish 1994). Paul Kearns (2003) indicates that: an HR strategy is a conscious and explicit attempt to manage the organization’s human resource to gain a competitive advantage. Kearns is also evaluating the HR stages of maturity in a company with a maturity scale with seven levels. At level zero there is no conscious approach to personnel management, accountability rests only with senior managers and command and control mindset fosters blame culture. At the other end, level six all activities in the organization have a line of sight to strategic objectives. Strategic objectives are owned by all employees and a “not seeking to blame” culture exists as well as innovative approach to continuous improvement. (Kearns 2003.)

2.3 HR management trends in Sweden

The first signs of HR work started in Sweden at the beginning of 1900’s to help the social difficulties of the workers. This was the origin for the society called “Socialarbetare inom Industri och Arbetslivet, in 1922, later called SPF. The society helped to recruit social workers and consultants to companies, later female consultants for female workplaces. After the second World War the male workplaces started to hire male consultants, specially in metal industry. In the 1950’s and 1960’s the spirit of HR work started to get business like features. HR professionals were
educated in the universities, either in social psychology or finance. HR became a popular subject in the Business high schools and the organization to investigate and educate HR issues was established, called PA-Rådet. In the 1970’s the relations to the Unions as well as the new laws were created. This gave the HR professionals less individual freedom and made them to find new ways to do HR work by publishing plenty of HR material for companies and books dealing with different areas of HR (Sädevirta 2004). The next decade HR trend in Sweden was called “HR in service of top management” where HR is felt more demanding and harder than earlier. HR resources are the competencies own by company and the main target is to produce this human competence for the company use. With small steps the Swedish top management has accepted HR to be strategic part of business (Sädevirta 2004).

2.4   HR strategy in American studies

Edward E. Lawler III, professor and Susan Albers Mohrman, a senior research scientist in the Marshall Business School at the University of Southern California have executed, among others, three studies on the HR function and the changes in large corporations by the Center for Effective Organizations during years 1995, 1998 and 2001. Global competition, new knowledge, new information technology as well as the host of other business environment changes are forcing the organizations to constantly evaluate how they operate. These initiatives entail fundamental change that has significant implications for the human resources and the HR function of organizations. It is obvious that HR management practices should be an important part of the strategy of any large corporation. Despite compelling arguments supporting HR management as a key strategic issue in most organizations, HR executives often are not strategic partners.

Survival in today’s world demands that organizations develop the capabilities to compete on many fronts: speed, cost, quality, service, technology, innovation, knowledge management, and new products. Increasingly, the only sustainable competitive advantage is the ability to organize effectively, respond to change, and manage well. Lawler, Mohrman, and Benson’s study in 2001 of the Fortune 1000 provides confirmation of this, showing a significant relationship between the adoption of new management practices designed to increase the firm’s capabilities and its financial performance. In their third study of the human resources (HR) function in the Center for Effective Organizations dealing with large corporations Lawler and Mohrman had a change to focus on measuring whether the HR function is changing and on gauging its effectiveness. The study focused particularly on whether the HR function is changing to become more of a strategic business
partner and whether it is becoming a value-added contributor to organizational performance. It also analyzes how organizations can more effectively manage their human capital. The third study focuses on many of the same corporations that were studied in 1995 and 1998. Thus it allows to compare data during the three times.

The overarching focus of the third study is on how HR organizations are changing in response to the strategic and organizational initiatives that businesses are undertaking. The study examines the extent to which the design and activities of the HR function are actually changing by comparing data from 1995, 1998 and 2001 and also the impact of changes in the HR function on its effectiveness as seen from within the function.

The study focuses in depth on eight areas:

The HR role and activities, the design of the HR function, Shared Service Units, Outsourcing, IT, Talent strategy, HR skills and HR effectiveness. As an example of the results of this study Lawler and Mohrman found: Involvement in strategy is highest in corporations that are in several sectors. Large companies are more likely to have an HR function that is a business partner and more focus on strategy seems to exist when HR is a full partner rather than a minor one. It is possible that most HR functions are in the middle of a transition to being a strategic partner. Promising signs indicate that, with high-quality IT-applications, HR professionals can indeed create the focus and time to be business partners.

As a conclusion of this study Lawler and Mohrman write: The opportunity for the HR function to add value at the strategic level is very great, but this is currently more promise than reality. In order for it to become reality, two things must happen: First, HR executives need to develop new skills and knowledge and second, HR needs to be able to execute the HR management and administration activities effectively. Doing the basics well is the platform upon which the HR organization needs to build its role as a strategic partner. It is critical because it demonstrates the capacity of the HR function to operate effectively as a business, and it can provide the data and information that enable HR to be an effective strategic partner. (Lawler & Mohrman 2003.)

3 Dave Ulrich – model of added value in HR

Dave Ulrich is evaluating HR function on the basis of studies he has been doing during the years. Should we do away with HR or should we keep it? Of course HR should be kept if it creates value to the business and delivers results.
The question “How can HR add value and deliver results”, needs a new way of thinking about HR. In particular, the line managers and HR professionals together can champion the competitive organization of the future. If organization capability has become a source of competitiveness, and if line managers and HR professionals are to be the champions of organization capability, then the new agenda for both HR practices and HR professionals must emerge. Ulrich is suggesting that HR holds the keys to success in overcoming eight major challenges facing executives. Each of these challenges defines why HR matters, requires partnership between operating managers and HR professionals, raises questions about the agenda and role for HR practices and professionals and requires new approach to delivering HR. Collectively, these challenges require that HR practices add measurable value, that HR functions deliver business results, and that HR professionals develop the discipline of a profession, play new roles, and demonstrate new competencies. Fundamentally, the new competitive reality will require new ways of thinking about HR practices, functions and professionals. Competitive challenges ahead are the following:

**Globalization**

Globalization entails new markets, new products, new mindsets, new competencies and new ways of thinking about business. In the future, HR will need to create models and processes for attaining global agility, effectiveness and competitiveness. Effective global competition requires a complex network of global centers of excellence that draw on technologies invented in one locale and shared worldwide. It requires a global mindset: thinking globally but acting locally. Operating managers and HR professionals must create new ways of thinking about organizations. The global organization will be less concerned with geographic proximity than with the virtual leveraging of global resources.

**Value chain for business competitiveness and HR services**

A consistent theme for the competitive future is building and operating organizations that will be more customer responsive. Refocusing HR practices more on the value chain and less on activities within the firm has profound implications: all HR activities are rigorously redefined according to customer criteria.

**Profitability through cost and growth**

Profitability will continue to be a business issue in the future, but the accepted path to profitability will likely change. Increasingly, profitability must come from some combination of increased
revenue and decreased costs. The challenge of achieving growth while reducing costs will push HR professionals to deal with their firms’ inherent paradoxes. Managers and HR professionals seeking profitable growth must find new ways to design and deliver organizational practices.

**Capability focus**

As strategic promises turn into daily actions, organization capabilities need to be redefined to sustain and integrate individual competencies. Less important than who builds the best product today is the question who has the organizational capability to build the best product over and over, adjusting to each global market. In successful organizations, whatever the industry or area, individual competencies are being turned into organizational capabilities. Managers and HR professionals should constantly seek the capabilities necessary for success. They should routinely ask themselves and each other the following questions:

- What capabilities currently exist within the firm?
- What capabilities will be required for the future success of the firm?
- How can we align capabilities with business strategies?
- How can we design HR practices to create the needed capabilities?
- How can we measure the accomplishment of the needed capabilities?

**Change**

Managers, employees, and organization must learn to change faster and more comfortably. HR professionals need to help their organizations to change. As cycle times get shorter and the pace of change increases, HR professionals will have to deal with many related questions, including the following:

- How do we unlearn what we have learned?
- How do we honor the past and adapt for the future?
- How do we encourage the risk-taking necessary for change?
- How do we determine which HR practices to change and which to leave?
- How do we engage the hearts and minds of everyone to change?
- How do we change and learn more rapidly?

**Technology**

Technology will dramatically affect how and where work is done, through teleconferencing, telecommuting, and shared data sources.

**How to attract, retain and measure competence and intellectual capital?**

In this ever changing, global technologically demanding business environment, sourcing and retaining talent becomes the competitive battleground. The most sought after managers will possess the intellectual capital needed to create and distribute the products and services to global business. Traditional measures of success, focused on economic capital, must now be coupled with measures of intellectual capital. Seeking, finding and using such measures will be among the primary challenges facing the HR professionals of the future.

**Turnaround is not transformation**

Many firms have initiated turnaround efforts during years to cut costs or help business. Turnaround, however, is not transformation. Transformation changes the fundamental image of the business, as seen by customers and employees. It focuses on creating mindshare more than market share (Ulrich 1997). To respond to the challenges Ulrich has brought up, firms must create new organizational capabilities that derive from redefinition and redeployment of HR practices, functions and professionals. Line managers and HR managers must create these capabilities jointly. The role of line managers is important, they have to strive for the following goals:

- Understand organizational capability as an essential source of competitiveness
- Participate in the process of designing competitive organizations
- See the organizational implications of competitive challenges

They have to dedicate time and energy to organizational capability and HR professionals must see HR issues as a part of a competitive business equation and articulate why HR matters with business value.

They must be able to talk comfortably about how competitive challenges dictate HR activities (Ulrich 1977). They have to be able to create value for business and the new roles for HR
professionals will have to be defined. In the past few years, roles for HR professionals were often viewed in terms of transition from:

- Operational to strategic
- Qualitative to quantitative
- Policing to partnering
- Short-term to long-term
- Administrative to consultative
- Functionally oriented to business oriented
- Internally focused to externally and customer-focused
- Reactive to proactive
- Activity-focused to solutions-focused.

The roles undertaken by HR professionals are, in reality, multiple, not single. HR professionals must fulfill both operational and strategic roles; they must be both police and partners and they must take responsibility for both qualitative and quantitative goals over the short and long term. For HR professionals to add value to their increasingly complex businesses, they must perform increasingly complex and even paradoxical roles. In his multiple-role model for Human Resources Management Ulrich (Ulrich 1997, 24) describes, in terms of deliverables, four key roles that HR professionals must fulfill to make their business partnership a reality.
**Figure 1. The HR Role in Building a Competitive Organization (Ulrich 1997, 24)**

According to Ulrich’s multiple-role model studies, specific actions have been articulated for each of the four roles:

- **Administrative Expert** is managing guidelines, plans and policies for effectively managing human resources. An administrative expert acts as a consultant in a field of expertise supporting other HR professionals as well as HR clients and also keeps up to date on issues and concerns in a discipline as an expert on that area. **Employee Champion** is speaking for employee needs and management’s concerns about employee relations. An Employee Champion knows employees and anticipate their concerns, needs and issues. He/she is available to employees and assists them with work related concerns. **Change Agent** has to influence and drive organizational change strategies in support of business strategies. He/she also has to manage the pilot’s checklist to help ensure successful change efforts. He/she is to educate the organization about HR trends that affect the business. **Strategic partner** is a person who acts as an integral part of the business team. A Strategic Partner is

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<tr>
<th>Management of Strategic Human Resources</th>
<th>Management Of Transformation</th>
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<tr>
<td>Strategic Partner</td>
<td>Change Agent</td>
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<td>Administrative Expert</td>
<td>Employee Champion</td>
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<td>Management of Firm</td>
<td>Management of Employee</td>
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<td>Infrastructure</td>
<td>Contribution</td>
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speaking for the company’s needs when part of any team is revising existing or developing new HR programs. He/she has to engage a business team in systematic organizational audits that result in establishing clear priorities and will provide HR resources to the business and possess a complete up-to-date understanding of company’s business and implications for HR.

<table>
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<tr>
<th>Role/Cell</th>
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<th>Metaphor</th>
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<tr>
<td>Management of Strategic Human</td>
<td>Executing Strategy</td>
<td>Strategic Partner</td>
<td>Aligning HR and business Strategy: organizational diagnosis</td>
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<td>Resources</td>
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<tr>
<td>Management of Firm Infrastructure</td>
<td>Building an efficient</td>
<td>Administrative Expert</td>
<td>Reengineering Organization Processes: Shared Services</td>
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<td>Management of Employee Contribution</td>
<td>Increasing employee</td>
<td>Employee Champion</td>
<td>Listening and responding to employees: providing resources to employees</td>
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<td>Management of Transformation and</td>
<td>Creating a renewed</td>
<td>Change Agent</td>
<td>Managing transformation and change: Ensuring capacity for change</td>
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<td>Change</td>
<td>organisation</td>
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Figure 2. Definition of HR Roles (Ulrich 1997, 25)
According to Dave Ulrich’s theory and surveys done, they suggest that it is time for the human resources function in general to become more professional. Experiences also provide some insights into the multiple roles that HR professionals must play. At the beginning of this new concept of Dave Ulrich the term HR Business Partner was narrowly defined as an HR professional working with general managers to implement strategy, that is, working as a strategic partner. Based on discussions with HR executives the original business partner – concept has changed and enlarged. Later the more dynamic, encompassing equation replaces the simple concept of business partner.

Business partners exist in all four roles defined in the multiple-role model, not just in the strategic model. So the role of Business Partner is Strategic Partner + Administrative Expert + Employee Champion + Change Agent (Ulrich 1997, 37-38).

The working environment has changed in all the business branches, as Ulrich says. Business requires a complex network of global centres of excellence that draw on technologies invented locally and shared worldwide; rapid movement of products, people, information and the ideas around the world to meet the local needs. Also the telecom business has had the same trends, the consolidation is going on worldwide, the economies of scale require new business decisions, the business logic has changed and the global networking is inevitable. The market is global but the products have to be local and the rapid movements need updated and modern services for the clients outside as well as for the employees in the company to be able to meet the business challenges.

The hypothesis of this study, by Ulrich is: The HR Business Partner – role and the new way of organizing the HR work and roles will add value to a company through strategy execution, administrative efficiency, employee commitment and cultural change.

This new model of organization means, that the HR resources are organized so that the HR Business Partner is a part of the managerial team of the business and the rest of HR specialists are organized in the centers of shared HR services. These centers create a pool of knowledge that the business can exploit and through which the pool can share innovation to the units. This operational survey, case study, was executed in a telecom firm to find out how the Ulrich model will meet the practice, how the change is made and how the line managers and the HR managers have reacted towards the change. The change was prepared and executed in a process starting in 2003 in the Company Group level. The process is still going on in 2007 but the student’s view of the change concerning the work of HR manager is seen in the follow up surveys in 2004, 2005 and 2006, which form the base for student’s evaluation.
4 HR function and development in Finland

In this chapter I review the history of HR function in Finland.

4.1 The history of Finnish HR work

The roots in the historical development of HR strategic thinking base on organizational development and the development of HR function. The historical development of organizational theories is giving the larger frame and the development of the HR function is showing the more concrete frame. A joint summary of these is the five part HR strategy, the parts of which are selecting and steering, performance management, pricing, development and communication (Varila 1994).

4.2 Studies and visions in HR and the new coordination of HR work in Finland

In the development of HR function four different, time devoting traditions exist: the traditions of charity, relations in working life, control and professionalism (Varila 1994). In the beginning of 1900’s HR function was thought to be social activities and philanthropic help to the workers and their families. In large organizations, specially, the management started to invest money in the living of personnel, to support the hobbies and build the nursery homes. The roots of the Finnish HR function extend to the 1930’s. The first actions towards the personnel have been described in the histories of industrial companies and they base on the work of social managers. For instance getting the houses for the employees including the land and house with all its equipments was a part of the work of social manager. Later on the open health care, mortgage loans, workplace lunches, free time activities, personnel magazines and the training came in to be a part of the work of social manager. Some of these old traditions still exists, like the social holidays for indigent employees and families even though organized by outside supplier.

The Finnish labor market policy started to develop in the 1940’s when the organizations of employers and employees started to negotiate with each other about the work related issues, official negotiations starting in 1946. Among these persons grew up the first Finnish HR professionals. On the basis of these negotiations the first laws concerning the work and work life were issued in the 1940’s and after it the collective bargaining in different areas started. In 1960’s some of new laws concerning work life and social security were enacted and social systems created in Finland like work pension law and health insurance law and the common pension system. These social reforms
had the influence on the structure in society so that the social obligations started to be transferred to the society.

During the next decade started the developing of HR function which integrated the social work, health care, employment conditions and contracts, training, personnel planning and sourcing together in the business life. At that time there was published also the collective agreement of communication which ordered the companies to inform their personnel about the HR principles and trends (Inhimillinen tekijä 2000, 20). When coming to the 1980’s the collective agreements spread to cover together with the financial, social and work related questions, also HR policy, cooperation and training-related issues. As late as in the 1970’s the HR function was still steered by working laws and the norms of collective agreements so that the steering came from outside the companies.

Depending on that the HR function had loose connections to the company’s everyday activities or training of the personnel. To grow professionally and change experiences the HR managers and directors established a club in 1964 in Helsinki to help communication in HR issues among professionals. The purpose was to share information and knowledge in meetings and listening professional lectures. This was the origin of HR Society in 1973.

In addition, as a result of industrial training courses, managerial training and cooperation with workers’ training in companies, the society for Training managers was established in 1957 in Helsinki to be a forum for cooperation and professional learning. After the long negotiations and planning period the HR societies, mentioned above, made one common HR society, called the Group for Personnel management – HENRY – in 1990. This new society is central in HR and HR development area in Finland as well as the networker between the professionals in the country, the members having dialects personally and between companies about actual HR trends and issues involved.

The change in working environment, forms of organizations and the profit planning have had influence on HR and management. The client aspect, quality of service and time to market-thinking has come to steer the HR function to be more proactive. Speed and fast reacting will be central success factors in competition. They demand flexibility and adaptation to changes in working attitudes and habits. Flexibility, change and new learning become important in people management. At the same time the power of old rules and commitments is diminishing giving room to action, clients and markets to conduct HR. This means that the HR function is changing from outside norms to inside HR based on activity and actions. (Varila 1994, 113.) The concept of HR started to change since 1960’s. The personnel was seen a resource needing training and development to
improve the performance in the business. At the same time the money invested in personnel was seen as investment. The HR function became an asset to have influence on the culture and corporate image. This made the role of HR function more independent, demanding and important in the company (Varila 1994).

4.3 HR function becoming strategic in Finland

Vanhalu, Laukkanen and Koskinen find out that the status of HR function has become stronger in Finland in 1990’s meaning that HR professionals have been invited to join the strategic planning in the companies. In the multidivisional companies the HR function can be divided to the business units to be more effective. On the other hand this can diminish the impact of HR management philosophy and cause conflicts (Vanhalu, Laukkanen & Koskinen 1994). Kauhanen describes the four levels of business strategy by Staele, according to which the personnel management is an essential part of business strategy and HR management is taking part in developing and creating the product and marketing strategy planning (Kauhanen 1993, 18).

According to Sydänmaanlakka, the strategic management comes from business strategy, vision and targets. Strategy level HR management means that HR function knows the vision, targets and the business strategy, on which basis the HR strategy will be built. The HR strategy defines for instance, factors dealing with human resources, quality, quantity, work place, outsourcing, talents and motivation. It will be dangerous for the total HR function to be just an operational player. The role of HR management should be active partner for the business management in defining the business strategy, because of the importance of talented and motivated employees in any business today.

Kamensky has a vision of future HR trends. The development levels of strategic management can be described according to Kamensky as follows: strategic management in the 1980’s and 1990’s, followed by strategic thinking and behavior in the 1990’s and 2000’s. Now we live by management by interaction, which is a management philosophy and way of thinking through which, a talent to see, understand, develop and steer even more complicated relations of interaction is the central needed success factor of strategic business management. The net of interaction is based on three factors: environment, company and a person (Sydänmaanlakka 2000). Sydänmaanlakka is describing the business management expectations of acting and future HR professionals: they have to be simultaneously actors, developers, change agents and vision makers, like in Ulrich model. The actor takes care of basic HR issues, mainly traditional HR area. The developer is in charge of the
know how, talents and motivation. The change agent is working on change projects and a specialist in change management. The visionary is looking at the future and is the expert in strategic future business management. The different roles form the stairs of HR management. (Sydänmaanlakka 2000, 221-222.) The possibility to outsource the total HR function has also been seen in Finland, not only the outsourcing of payroll or health care and there exists some consultancy firms devoted to this new business. “If the HR function is unable to add value to the business management, it can well be outsourced” says the chairman in HENRY organization in a seminar as early as in 2000 (Inhimillinen tekijä 2000, 135).

5 The Organization where the study was performed

The Swedish telecom company Telia and the Finnish telecom company Sonera were united on the 9th of December 2002 after the stakeholders representing 95% of the stock owners had accepted the offer of Telia hanging the stocks with Sonera. The name of the new company became TeliaSonera. According to its Business concept TeliaSonera provides reliable, innovative and easy-to-use telecommunications services for carrying and packaging of voice, images, data, information, transactions and entertainment in the Nordic and Baltic countries, Russia and selected Eurasian markets. TeliaSonera also provides wholesale carrier services between selected destinations in Europe and across the Atlantic.

Dependent on the market position, TeliaSonera offers a complete service portfolio of a focused range of services. TeliaSonera serves and meets each customer in a way that creates value for money. This ability is based on leveraging size and transforming comprehensive customer knowledge into actions. Due to the merger two telecom companies acting in the most advanced telecom market in the world, became one modern telecom company. TeliaSonera is a new knowledge intensive company, very dependant on the talents and motivation of its employees. These employees are usually very aware of their value and they also know how to make the company even better. That makes it important to offer the employees a chance to attend in developing new solutions and ways to work in important employee issues. It is also important to create the common vision and values to build up a common company. The personnel of a new company covers about 26000 employees (about 42% being female) in Sweden, Finland and the Baltic (TeliaSonera year book 2003).
5.1 The present job profile of the HR manager in Sonera and Telia.

In Finnish companies the HR function is led by a HR director or a HR manager. HR function is usually divided in three basic areas, each having some subareas. Kauhanen (1993, 25) is using the following subdivision: Building and redounding the man power (including personnel planning, staffing and manning, employment issues, and redundancy), keeping and steering the man power (including evaluation, payroll and pricing, personnel services and steering) and developing including training, talents and development.

The change in thinking since 1990’s is seen in the term strategic human resource management (SHRM): the basis of thinking is thesis, that the modern company in this knowledge-based world has to act with and through its personnel if it wants to manage the competitive strategy chosen. In these cases the HR professionals alone cannot be responsible, but the HR management has to be near top management when planning and working with its business strategies. In practice this has led to the fact that large HR units have been dismissed and the HR actions have become a part of line manager’s daily work. In middle size and large organizations there can still exist a small HR team being responsible for forming HR strategy and acting as an in-house consultant for the organization (Kauhanen 2000). This expert can act as a member of management team and be specialist in business strategy issues. The modern, good HR management is one factor in intelligent organizations according to Sydänmaanlakka. They know that the success of the organization is based on talented and motivated employees. In HR management it is about managing people and the main responsibility belongs to line managers. The actual business management expectations towards HR professionals is high, because the success in business is more and more dependent on employees. The expectations are towards performance, know how and knowledge management and the speed is an asset (Sydänmaanlakka 2000). Both Telia and Sonera had their own HR function with own traditional practices and ways of working. Both countries had also group level HR function with HR managers working in the business units supporting managers and also acting on every day HR issues.

In some units the HR manager was acting as a member of management team taking care of total HR function, in some units the role of HR manager was to take care of daily HR issues. The collective HR work has been network cooperation in HR field with common HR models and practices supported by the central concern HR-IT systems.
5.2 Starting the HR strategic work in TeliaSonera and the impact of the fusion to the development of HR work

The Statement of Direction for TeliaSonera HR was given in the beginning of the year 2004 by the management of the Group as a part of 7 Q planning. According to the statement the situation was as follows: TeliaSonera Group was created as a result of two incumbent companies in Sweden and Finland. The Group consists of companies units operating in more than twenty countries. There are both 100% owned companies and joint ventures within the Group. The operating markets vary from mature to merging and the position of the companies in their operating market from a leader to a challenger. There are differences in business structure, product portfolios and services offered. In all markets companies are facing a severe price competition. This starting situation has a remarkable impact on the status and the challenges of the HR function in the following way: The position as an employer in the market differs from company/country to another. The situation in the labor market, the need and possibilities to get qualified employees, differs from country to country.

The HR function is organized following the Group, Profit Center and company structure consisting of the Group, Profit Center and company level units and also operative HR units near the business. The function is managed and steered operationally through the line organization and as a matrix functionally. Many different cultures, both corporate and national, have an impact on HR management. The target of the TeliaSonera HR function is, according to the Vision of the year 2010, to have the best employees in the best Service company called TeliaSonera. This dictates the challenges to HR to be the “best in class” company in HR function, have realized the synergies in HR, work for one company, to align HR work and to create common way of working which can be extended to all parts of the Group. The long term activities to reach the targets deal with the following areas: working methods and tools, working conditions, leadership and the spirit and competence and talents. (Attachment 2)

5.3 People Framework Roadmap: contents, time table and the start of the change

When building up the new strategy of TeliaSonera HR as a part of the common strategy of the Group, the Vision of the year 2010, the Wanted Position in the market in 2005, The Group values and the new Business Concept were the leading guides.
The work started at the end of year 2003, when the above guidelines had been worked out, the basic HR areas had been found as well as the need to start to update the basic processes. The planning included many steps, small and big. Before starting to develop the HR issues the new business concept had been created. There were many rounds in management teams to build up the new vision for the Group for the coming five years. Tied to that was also the plan for wanted position among the other telecom companies in Europe in 2005. Also the values of the new Company were agreed after plenty of workshops and meetings between employer, employees and the union. These targets had a strong influence on the future business concept of the company. What do we do, for whom and how in the future, were the common questions to be answered.

The aim of the People Framework initiative was to answer to these questions by improving the quality and increasing the efficiency of the HR processes in TeliaSonera. This aim included general objectives, efficiency targets, qualitative targets and measures/enablers. The Business cases were seen the basis for defining the HR targets. Start for the planning of HR Service Delivery model showed the key customers and the critical success factors for the business and HR. After many meetings the idea for the first common long term roadmap draft was drawn and allocated. In the fist plan the service delivery model was divided into four service areas which were: 1. Business partnering area in strategic level with HR issues linked to business priorities and objectives. 2. Specialist service area where the work was done in the managerial level and concentrating on HR policies and programmes as well as supporting managers and employees with complex enquires. In these areas the common focus was on added value to the customers. 3. Assisted service area
assisting employees with basic enquires and transacting and 4. Self service area with employees helping themselves to find basic information and transacting independently. These two areas focus on efficiency, consistency and quality.

In the new cross border situation in the company the business challenges had to be created and adapted to the new situation. According to actual client surveys the most urgent and critical business challenges came from the change in the outside business world: telecom area prices were dropping dramatically specially in fixed and mobile voice revenues, telecom industry structure had big world wide changes with new consolidation and new players. At the same time the customer behavior had new trends with low investor confidence and limited user friedliness.

In building the new HR delivery model these business challenges were translated into critical success factors for Company business and for company HR to be answered.

As the result of the critical success factors for the company and business the following five factors were found: customer relations with reliability and quality, simplicity and easiness to use services, innovative services, competence in commercial skills as well as attracting and keeping employees, and competitive cost level as a result of cross border synergies.

The critical success factors found for HR to add value for business were: Ability to provide support for rapid business change, conduct competitive HR administration by securing high HR performance and accurate data delivery for effective people management.

The next step in the process was to find out the specified areas for HR development needs. Where to start and with what urgency? There were workshops for different HR specialists’ teams conducted by members of management team where we tried to identify and bring to the table the issues we found important to handle. The result of this innovative part of the process gave the following chart for the building of long term HR roadmap.
On the basis of these workshops the process team was able to figure out the first draft and time table for the People Framework Roadmap for years 2005 to 2006. This short term roadmap concentrated on following main areas to be built up or developed during the next two years according to company 7Q Planning model. The main areas were to implement common IT-solutions for both Sweden and Finland in fields of compensation, create the process for time and attendance and process for travelling expenses. Also the new common processes were planned for the field of talent management and travel management as well as to prepare the organization for the changes.

According to the statement of Steering Group of the People Framework program HR must become equipped to support best organizational performance by creating an HR platform which:

- Enables cost efficient and secure HR processes and procedures
- Facilitates support in a flexible organizational environment and rapid change
- Facilitates effective people management

The achievements planned by the steering group were stated as follows: By improving the People Framework we want to:

- Improve HR:s ability to meet business’ needs for flexibility, quality and efficiency
- Improve efficiency inside HR
- Realize the benefits from synergies and best practices in HR
- Improve people management
- Create common way of working which can be extended to all parts of the Group

The planned and focused new HR Service Delivery Model and the road map for years 2005 – 2007 called People Framework Roadmap was approved by the steering group chairman in April 2005 to be executed by the end of year 2007. The allocated and focused plan started with many different workshops where the basic of as is situation was found out in different countries and the planning of new parts of the roadmap were built up.


This roadmap shows the parts of the total project as well as the time table planned and executed. The cross border working and the joint working groups were established around different specialists. By the end of the year 2005 the clarification of the forthcoming new entities and working roles was able to be announced and the practical work could be started. In the HR
Governance model the roles and responsibilities in this development work within the HR were divided between TeliaSonera HR Council and the HR management team (Attachment 3).

5.4 The surveys on HR function as a part of People Framework

Before starting the main change plenty of preparation and surveys were executed in different parts of the Group. The main targets were the same as in the process, to build one company step by step. The result of the development journey was planned to have competitive cost level initiatives, focused Service Portfolio, common tools and processes, business exploiting scale advantages, common direction and synergies in all the operational countries and in all the functions belonging to TeliaSonera.

5.4.1 HR Trends as a part of HR agenda

This HR agenda 2004, Human Resource Briefing in January 2004 was executed among 1356 randomly selected managers in Sweden by the research unit of TeliaSonera. According to this survey: The top 10 areas for the HR function are:

- Retaining the key performers: 92, 5%
- Competence planning and profiles: 90, 2%
- Organizational culture & core values: 88, 9%
- Supporting line managers in HR matters: 87, 4%
- Management succession planning: 85, 2%
- Clarify the HR strategy and employee focus: 79, 8%
- HR cooperation with other functions: 77, 1%
- Flexible/effective incentive systems: 74, 2%
- Working as internal consultants: 67, 4%
- Internal mobility: 66, 3%

The most important priorities for the HR function were asked, too. They are:

- Support the line managers in their HR related work: 61, 9%
- Secure the right employees/competence: 48, 2%
- Take measures that support the overall strategy: 37, 8%
- Create a stimulating and developing environment: 37, 8%
Secure that the organization follows the laws 31, 9%
HR focus to contribute the profitability 24, 0%
Promote diversity, ethics and equality 14, 6%

The direction of HR was asked and also the evaluation of the way of working among HR. The style of working in HR was seen to be: operational instead of strategic, reactive instead of proactive, bulk instead of more tailored, employee driven instead of business driven, generalist instead of more specialist.

The most important competencies and capabilities of HR professionals need

Influencing and political skills 61%
Strategic thinking 46%
Ability to deliver target 40%

The main challenges to HR were asked for the near future. These are:

Influencing and political skills 63%
Strategic thinking 48%
Ability to deliver target 40%

According to this survey the HR challenges are: To clarify the strategic role of HR, increase the support to the line managers in their HR work, increase the co-operation between HR and other departments, increase efficiency of HR basic services, have increased choice within benefit and compensation, competence planning, increase the internal mobility, measure and follow up the HR work, take care of management succession and planning and develop the organization’s culture and values.

5.4.2 HR Customer survey in 2004

At the same time and as a part of the total process the research unit of the Group planned and executed the long term customer survey to follow up the situation and results during the big change. HR Customer Survey was done in November 2004 and HR Performance Survey in September 2005.

The surveys were seen needed to give feedback on process performance, to learn more about the new HR role and to understand the expectations of the organization and the business in order to be
more efficient in processes and performance and be able to change according to business needs. The surveys were done as web based among a sample of managers and experts of the Group. The surveys had three focus and analysis areas: the Ulrich model, the values of the Group and “how to meet the customer”. The respondents in 2004 survey were: 1394 managers and experts in the Group selected randomly, and 285 HR experts, including every one working in HR-cost center area. The random selection of the respondents was operated in the company research unit by company researchers.

About the transforming HR – The Ulrich model-related questions in the survey 2004 were grouped according to four strategic perspectives: is the strategic focus right and responding to actual needs, how the HR processes and tools work, how the people are supported and how the change is succeeding and accepted by the groups involved, managers and HR staff.

Picture 4. The Ulrich model related objectives in the HR survey. (TeliaSonera HR survey 2004).

The results show that the strategic focus situation (upper left) was accepted quite well among the answerers: 48% of all managers and 61% of Finnish managers found that HR delivers what has been promised, HR is an essential partner in Company’s business development and the HR data is supporting the business needs. Among the HR staff the comparable results were 61% of all HR staff and 79% of Finnish HR staff.
When asked about the day-to-day processes and easiness to find and use HR tools (left down), about 40% of the managers (total 47% and Finnish managers 39%) found these working well. Among the HR staff about half (total 48% and 54% of Finnish HR staff) found that these tools and processes work well and are easy to find and use.

About the question: HR polices and tools are supporting balance between work and private life and HR provides programs that support professional development and personal growth, the managers’ figures were lower (total 37% and Finnish managers 34%) than figures of HR staff (total 54% and Finnish HR staff 56%).

When asked about the positive and go-ahead spirit of HR and HR’s role in supporting the change the results of managers were 44% (total) and 56% (for Finnish managers) and 61% (total) and 78% for Finnish HR staff. It seems that HR staff has more positive picture about the impact of their work results at that time compared with the most important clients of HR, line managers.

According to Ulrich HR model one key reason for HR to exist is to add value to customers. The next questions were about to recognise and meet the customer and be able to be of help in customer’s needs. The results under show how customers and HR staff evaluated these issues.
Meeting the customer part of the survey consisted of four main issues, first being service minded attitude and easiness to get in contact with HR customers. As seen in the picture above, HR staff answered these to be more positive than the HR customer. As to parts competence, accessibility, HR delivering what it has promised and simplicity in the HR services the results show the same trend. HR staff is thinking they are better in customer cases than the HR customer has answered.

Comparing the most successful attitude and perception of HR between managers and HR staff itself, 69% of managers feel that” HR are easy to co-operate with”. 83% of HR staff, instead, feel that ”We at HR have an important role in change management”.

Picture 5. The answers dealing with meeting the customer. (TeliaSonera HR survey 2004)
Comparing the most negative attitude and perception of HR between managers and HR staff, only 42% of managers feel that “HR goals and strategies are communicated in a clear way” when only 29% of HR staff deal the same opinion. The largest gap between managers and HR staff came up when 47% of managers felt that “Our input as HR representatives is important in strategic business planning”, HR staff’s answer being 73%.

5.4.3 HR Performance Survey 2005

The same survey with the same questions was executed again in September 2005 to find out how the People Framework process had been accepted and the change in HR had succeeded by that time. The overall comments show a declining trend for both HR staff and managers’ answers. The loss of HR goals and strategies seems to cause an uncertainty among HR staff, managers and also employees as a new group of answerers.

Comparing the most favorable attitudes and perceptions of HR between the respondents, the question “HR are easy to co-operate with” gave 68% among the managers (year 2004 answer being 69%), “HR deliver what has promised gave 42% among the employees and “We at HR have an important role in change management” gave 76% (2004 83%) answer among the HR staff.

Most negative attitudes and perceptions of HR between the respondents were question “HR goals and strategies are communicated in a clear way” with 46% (2004 42%) by managers, and 39% by employees. “HR’s goals and strategies encourage creativity and initiative” gave 33% (2004 32%) among HR staff. The question with largest gap between managers and HR staff was” HR representatives come with new ideas” managers’ answer being 25% (2004 28%) and HR staff’s answer being 47%(2004 52%).

In the survey 2005 a brief overview was made on all 24 questions in all the 100% company owned units in different countries. According to the results two things showed up: when comparing the answers of three target groups (HR staff, managers and employees), the answers of HR staff were in all the units the most positive compared with other groups. The most negative answers were given by employees, the managers’ answers being in the middle in each of survey units. The form of the curve was same with the customer groups, managers and employees while the curve of HR staff had it’s own form.
The results of the HR – The Ulrich Model–related questions about transformation were answered as follows. It is seen that both HR staff and managers find the situation in all the areas worse in 2005 than in 2004 and the employees evaluate the transformation situation very low in 2005.

<table>
<thead>
<tr>
<th></th>
<th>Management of Transformation And Change</th>
<th>Management of Employee Contribution</th>
<th>Management of Strategic Human Resources</th>
<th>Management of Firm Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Staff 2005</td>
<td>69%</td>
<td>49%</td>
<td>73%</td>
<td>44%</td>
</tr>
<tr>
<td>HR Staff 2004</td>
<td>78%</td>
<td>56%</td>
<td>79%</td>
<td>54%</td>
</tr>
<tr>
<td>Managers 2005</td>
<td>53%</td>
<td>27%</td>
<td>54%</td>
<td>29%</td>
</tr>
<tr>
<td>Managers 2004</td>
<td>56%</td>
<td>34%</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Employees 2005</td>
<td>35%</td>
<td>22%</td>
<td>42%</td>
<td>28%</td>
</tr>
</tbody>
</table>


The explanation for the situation being worse in 2005 can lay on many changes like new HR processes and tools, unclear work roles as well as the new HR IT-system which did not work well at the beginning. The old system was breaking down but the new was not up and running yet at the same time with plenty of organizational changes in the new situation.

In this survey the above HR- the Ulrich Model–related questions about transformation were also connected to the shared values of the company. Evaluating the change connected to values did not make any difference, the results were in this sector also worse in 2005 than in 2004.

In the survey the service performance was evaluated by all the answering groups and in all the business units. The questions covered the meeting of customer, competence to handle the HR issues in a professional and business like way, accessibility and easiness to operate with, good service to clients and follow up with what has been promised as well as simplicity and easiness in problem solving. The results show the same trend: HR staff evaluates its own service performance to be on much higher level (about 80%) than managers (between 60-80%) and employees, which group of answerers evaluate it to be quite low (mostly between 20-60%).

In all answering groups the results were lower in 2005 than in 2004 which is evident and correlating with the total situation in the organising the company.
5.4.4 The change in HR in 2006 and the four main processes

According to the whole People Framework Roadmap process there were “Four main processes” to be developed and reengineered by the end of year 2007 in TeliaSonera Group HR function. These were: Organizational Readiness process, Common Processes including PIP2 project (People Information project) HR Service Delivery Model and connecting with this the HR Business Partner process.

There was also an Organizational change in HR in Finland as a part of the totality starting on the 1st of September when the HR staff was organized according to the “Ulrich model” to work in orderer-supplier model. The third HR Performance Survey 2006 was also executed in October in 2006.

Four main processes

The Organizational readiness was one of the Change management areas that was regarded to be very important to be successful in the total people information process. Organizational Readiness refers to the readiness level of different end user groups at a specific point in time before a change has been implemented. The readiness level is an estimate of how aware and ready the end user groups are collectively for the coming change and more specifically said, the target groups’ willingness and capacity to change.

Change Acceptance is another term often used in this context. It refers to the acceptance level of different end user groups of the implemented solution or change after it has been rolled out.

Organizational Readiness and Change Acceptance aim to measure the current state readiness/acceptance level of the different target groups and should capture feedback and signals from the end users. Action plans should be developed to respond to this feedback and the assessment results.

The Change Curve/Commitment Curve

The Change/Commitment curve will be used as a measurement scale for the Organizational Readiness and Change Acceptance levels. It has the following 7 levels:
The starting point in change is the contact, when the end user has been in contact with the change, but has not yet taken the information. Awareness means that the end user is aware of the change on a high level. Positive perception means that the end user has formed a positive view of the change. Understanding is the phase when the end user understands what will change and how it will impact him/her. Acceptance means the end user accepts what is decided and planned in terms of implementation and change. Institutionalization means the end user is complying with and taking on the change. Internalization means the change becomes part of normal work.

The commitment curve depicts the behavioral stages individuals go through over time, on their way to the ultimate behavioral goal of internalization. In order for the change to be successful, senior executives must progress further and faster than other persons involved and cascade the message throughout groups and levels within the organization.

In this People Information process the readiness assessment roles and responsibilities were seen very important, because the whole People Framework Process was very dependant on the success of the IT-support and this part of the total change. This is why it was organized in four areas: Organizational readiness approach, preparing the measurement, executing the measurement and
follow-up actions. In all these areas there were certain assessments roles and the responsibilities were divided in global team level and also local level.

The follow-up actions were seen very important because the partial evaluation in the long process was essential for the future actions, adapting the change management plans to results and communicating the results to People Framework Improvement.

As a part of the organizational readiness and partly apart from the customer survey of the year 2004 and the Performance Survey of the year 2005 it was decided to execute a thorough new survey in 2006 for the managers, employees and HR staff about the phase of the big ongoing change. This measurement was processed to have 4 phases: set targets, measure, evaluate results and create action plan.

The targets were set for each end user group, HR, managers and employees. The targets were based on planned communication and training activities with the new HR IT- system. The measurement was planned to measure the knowledge of what is happening with the change, the will to accept the change and the ability to use the new part of the HR IT- system.

The global change management team of TeliaSonera had to evaluate the results by analyzing the outcome of the survey and creating the report that described the change readiness of the end user groups. The communication and training were updated based on the outcome of the survey.

The targets for the measurement groups and the suggested amounts of respondents were the following: All (100%) of the HR specialists and HR managers, 10 % of line managers and 10% of employees, both selected randomly.

**Common Processes**

This part of the People Framework Road map was first to change and build up the HR IT- system (PIP2, People Information Project) to be able to handle all the HR matters in all the TeliaSonera operating countries and second, to build up the main HR processes with the support of this SAP system.

The targets for this common People Information Project were to unite the HR IT- system as a part of One Service Group. This common IT- system will support the common processes over boundaries and the new HR Service Delivery model. It will also enable local as well global HR matters to be handled in the same way. It will meet the needs of business with flexible HR service. The key coverage of the system in the 1st release was: Common SAP master data base, employee
data like name, personnel number, addresses, organizational structure, manager and organizational unit, cost centers, jobs.

The second release of this project included the implementation of the following common personnel processes and ways of working: travelling and expense, compensation and benefits, time and attendance.

At the same time the main HR processes like sourcing/ recruiting process, competence management and development process and performance management process were updated to be supported by the SAP system. The cross-border management process was built up to serve managers with employees in different countries.

The time schedule for this process was to be ready and the other parts of this totality be implemented in all the 100% owned TeliaSonera countries by the end of year 2007.

**HR Service Delivery Model**

HR Service Delivery model as a part of the People Framework concept is the most critical and important part of the change if we regard the change from the point of HR- managers and specialists. According to this Dave Ulrich’s model the HR function is divided so that there will be the orderer in the business called HR Business Partner as a member of the management team or board and the rest of HR is situated in the delivery Center or Center of Excellence (Hunter & all 2006). The basic idea of this model is that HR Business Partner as a part of business is continuously in touch with the business needs and can pass the needs to the Delivery Center to be fulfilled and the services to be supplied.
The HR Service Delivery Model by Ulrich (Ulrich 1997)

The HR Service Delivery Model is including four levels of service: Employee Service Web for self-service for both employees and managers, Employee Service Help Desk for managers to handle the HR matters dealing with employment contracts of their employees with the support of IT specialists. The other services are The Pool of HR specialists meaning the operational team with team leaders of different HR specialist areas as well as the HR policy managers. Fourth level has HR Policy owners of different special areas in HR.

In this model the role and job of HR specialist will replace most of the traditional HR manager role and job. HR Business Partner role is new and planned and executed as a part of HR organizational change in Finland starting the 1st of September in 2006. The HR Business Partner has to be able to act on the strategic level to be able to understand the vision of the business, the 7Q planning fulfilling the needs of business strategy and the actual practical demands to manage the business needs. The role of this strategic HR player as a part of the business management team was thoroughly planned. The field of needed capability for this role was to be some of the following: the relater, the analyst, the intervener, the contactor or the evaluator or the mix of some of these. The capability model shows the chart with the final actions needed in the model with the capabilities needed.
The result areas come from the Company vision in 2010, the strategies from the business needs as well as the actions needed by business. The capabilities of the HR Business Partner can vary and be very different depending on the situation or the development phase of the business.

According to the HR Business Partner model planning, twelve acting HR-managers from the Nordic 100% owned TeliaSonera countries and Lithuanian were invited to the HR Business Partner training course which took part in Sweden with seven workshop days and other studies. As a part of this training the role, content and the capabilities of the coming HR Business Partner job were widely evaluated as well as the influence of the coming change in the daily work on the present HR managers’ job.

### Picture 9. The capability model as a basic tool to create the HR Business Partner role. (TeliaSonera management team material 2006)

<table>
<thead>
<tr>
<th>Result areas</th>
<th>Strategies</th>
<th>Actions</th>
<th>Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ourselves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure:**

- A genuine service company worth being proud of working for
- Strong Vision & Values
- Common direction
- Devoted people: 2 of 3 perceive – we live our values and are committed to our vision

**Foundation**
- Drive & Commitment
- Attitudes/Values

**Achievements**
- Knowledge & Experience

**Capabilities**
- The Relater
- The Analyst
- The Intervener
- The Contractor
- The Evaluator

**Strategies**
- Take the lead in the migration
- Fulfil everyday wishes and obligations with less effort
- Best serve customers
- Easy to use services
- Easy to deal with, to do business with and partner with
- Unparalleled level of simplicity worth buying
- Simplicity – the strongest competitive advantage

**Actions**
- Create new customer needs and go to market
- Expand our market beyond existing
- Define and drive customer-related actions first
- Put the customer in the centre in your own priorities
- Define and launch a simple process for gathering customers’ everyday/simplicity wishes
- Set outside-in standards for all work

**Capabilities**
- Simplicity makes a real difference
- Communication services work together seamlessly and appear as one system
- One Group - Exploit scale advantage
- Focused Service Portfolio (FSP)
- Common Tools and processes
- MPS and N&T - Exploiting scale advantages
- Synergies

**Actions**
- Reward successful change initiatives
- Steer the company using agreed KPI’s (customer information)
- Build simple common Service objectives to follow
- Act as a role model (walk the talk, talk the walk)
- Increase line manager’s responsibility regarding Capability building for future
- Take actions for One Service company

**Result areas**
- A major player in the European service industry
- Cost efficiency above competitors average
- Market shares 2% units higher than the previous year
- Current geographical footprint with financial strength to allow us to play an active role in the consolidation of the European telecom industry
- Create/grow/keep profitability – Nordic/Baltic
- Exploit growth/value – Turkey/Russia/Eurasia
- Complementary acquisitions

**Actions**
- Shorten time to market radically while maintaining good quality
- Create and implement a group-wide internal reward system for simplicity improvements everywhere
- Identify, import and empower best practice areas across company
- Create end-to-end approach towards FSP to create excellent user experience
- Act on behalf of the Group

**Capabilities**
- Find growth opportunities outside normal practices
- Create growth by being different
- Manage CCL with a strong hand
- Set the targets for growth in %, in all relevant areas, make plan and implement and follow up
- Exploit Group synergies, learning and cost
- Actively search for and implement business opportunities (within service)
After this training, two HR Business Partners were nominated in Finland and six in Sweden to work as HR Business Partners according to the model.

Starting the 1st of September in 2006 the Director of HR Service Delivery Centre was nominated in Finland and the new model started to work in practice. In other countries this part of the model was to be executed later. The total plan was handled with the Trade unions as well as the risk analysis (Attachment 4).

5.5 The HR Performance Survey 2006

In TeliaSonera the HR Performance Survey 2006 was executed in October. This was the third successive year to ask line managers, employees and every HR employee in the Group to evaluate the HR performance. The concept of the survey was basically the same as in previous years, including the change in HR. As a part of this study 2006 belonging to my exam I also had a change to attend two meetings in research unit in Stockholm, where the questionnaire was planned. There were some extra questions dealing with the change in HR model. The basically same questionnaire was used as in previous years.
enables the maker to see changes, track trends and use the results to improve the HR work. The analysis was carried out from three main perspectives:

- The new HR Delivery Model (the name of which replaces the Ulrich model)
- Customer oriented performance, including the values
- Efficient tools and processes, the way of working and deliver the services

The target groups for the survey are a randomly chosen sample of managers, a sample of employees and all HR employees in each 100% owned TeliaSonera company. The survey was carried out as a web survey and the results were analyzed by the Head Office Business Controlling researchers.

5.5.1 The Results of the HR Performance Survey 2006

(The survey questionnaire is in attachment 1). The Response rate was changing between the seven units in different countries being between 75% - 100% among HR people and 50% - 75% among managers/employees. As a part of qualified answers there were about 40 comments dealing with HR asking about the existence of HR and the meaning of the function in general.

According to the results it seems that HR knows about the change in HR work and how to organize the new HR Delivery Model, compared with the managers and employees, but the roles, goals and tools are not known so well. In this self evaluation the scores are higher compared with managers and employees.

![Picture 11. The scores of HR compared with other groups (TeliaSonera HR survey 2006).](image_url)
The highs and lows among the managers show that in all the questions HR is evaluating its own performance higher than the client, manager. HR specialists see for instance themselves to take care of clients’ questions in a professional and businesslike way and regard HR to be service minded which opinions the managers do not share.

Compared with the employees HR thinks to have an important role in change management or to provide useful services, which employees disagree a lot.

The questions with positive and negative trends among HR staff compared with managers and employees in three years’ period show that out of 21 questions, the results among HR staff increase with 5% or more on seven questions while eight questions show no noticeable change during three years. The figure also shows that many of the results are lower in 2005 than in 2004. This may be explained by the fact that the change started to show up in speech and planning in 2005 posing a threat and feeling of uncertainty among the staff. The results also show that the HR personnel have started to understand the ambitions of strategic HR level (rise from 55% in 2005 to 69% in 2006).

Out of 21 questions dealing with negative trends among HR staff, the results show decrease with 5% or more on six questions, and eight questions show no noticeable change in three years time. The most radical drop was in question “concerning employee matters, the roles and responsibilities between managers, employees and HR are clear to me” where the decrease was from 74% in 2004 to 46% in 2006. This may tell about the uncertainty also among the HR.

About the trends among employees (measured in 2005 and 2006) the trend is decreasing in every question. Most radical decrease was in the question about the roles and responsibilities between managers, employees and HR, decrease being from 32% in 2005 to 19% in 2006. The same result came up with the questions with trends among managers. Out of 21 questions, the result shows decrease with 5% or more on 13 questions, eight questions show no noticeable change and also here the most radical drop was in the same question about the clearance of the roles between managers, employees and HR being 59% in 2004 and 2005 and 33% in 2006.
The service performance of HR staff was measured during three years. The results show that the service performance in general has remained at a quite steady and same level over the years. In parts: meeting the customer the answer percentage of HR staff was 73% in 2006 (68% in 2005 and 76% in 2004), in competence matters the answer was 77% in 2006 (70% in 2005 and 72% in 2004), in co-operation the answer was 74% in 2006 (75% in 2004 and 2005 and 2004), in service level the answer was 77% in 2006 (73% in 2005 and 81% in 2004) and in simplicity and easiness to co-operate with the results were 64% in 2006 and 2005 (69% in 2004). When comparing the results between profit centers or different companies in different company countries there are differences in service performance maybe due to business cultural differences.

HR tools and information are easy to find, understand and use – part of the questionnaire shows that the HR tools are quite easy to find by HR staff (49% in 2004, 45% in 2005 and 53% in 2006), but to use them has decreased from 34% in 2004 to 25% in 2006, probably because of the new HR SAP system which started in autumn 2006. The trend among managers and employees is the same over the years.

Transforming HR, the attitude towards the change among HR staff in Finland, Sweden and Corporate functions is compared in the survey.
The results show the attitudes in Swedish Corporate Function by which the total change has been planned and executed, in Swedish business unit (TSS) and Finnish business unit (TSF). The Corporate Functions has the full positive attitude towards the new role and its benefit for the company. Also the Swedish business unit is more positive in all the other parts of the questions compared with Finland except the impact of career options for HR staff. It is also seen that in Finland in 2006 the purpose and the need of the change has been well understood (72% favorable) as well as the understanding of the future changes with the tools and services in the new HR model (61%). The impact of the change on the personal career options is not seen so positively (39%). Communicating the goals and strategies goes very low among managers and employees, among HR being about in the same level (32% in 2004, 35% in 2006).

The part in the survey about moving to the new delivery organization was measuring the feelings of HR persons dealing with the content of their work and the impact on their career options in near future. The trend in the results is the same in all the three units. Among HR staff in Finland the
results show that 32% regard they do not know how the work will change and doubt the impact on career options. 7% of HR does not know what is it all about and does not believe it to have positive impact on career options. 32% of Finnish respondents know the change and find it to have positive impact on their career.

In the survey the transforming of HR reveals the comparison between HR, managers and employees in TSF, TSS and Corporate functions. These results show how different groups are aware of the change and the reason for the change.

![Chart](image)

**Picture 14. Tracking change among different functions and groups. (TeliaSonera HR survey 2006)**

HR and managers are well aware of the change in general and also regarding the new tools and services. The advantage of the new tools is also clear to HR staff. Employees are not very aware of the change (42%) and they cannot see the advantage offered by new HR tools at all (12%). This result can be understood because the employees were not so aware of the big picture, the People
Framework project. They had their own daily work and their own personal HR issues in which they were used to get answer and help from their own HR manager. Now they were trained and forced to use web tools and communicate with the new specialists’ unknown pool without no familiar HR manager. It was also difficult for them to see the reason for the change (21%), because they had been used to get the HR service they needed from one familiar person and place.

The new HR service delivery model related areas (evaluated against the values of the company by HR staff) as the part of the survey show how HR staff has accepted the change by this time. The feeling of the actual situation shows: 70% of Finnish HR staff is knowing the new model and so understanding the roles of HR Business Partner and the delivery organization. They also see the benefit of the change and its support to the company.

![Image of survey results]

Picture 15. The acceptance of HR Service Delivery model by HR staff. (TeliaSonera HR survey 2006)

Also the attitude towards the readiness to change including the expectations for career options have been evaluated well (56%). This part of the study shows that the change towards the delivery model has been accepted by most of HR staff in Finland and also in Sweden. It seems that the new level of working as well as the new content for HR has been accepted. Seeing this picture as a summary of the acceptance level of the change in the way HR works projecting onto company’s
values and vision it can be seen that the thorough and persistent work had had positive results and overall acceptance in different parts of the company.

Comparing the opinions of the trends in HR function, seen by three target groups of the study: HR staff, managers and employees over the years (2004, 2005 and 2006) we can see the differences: HR staff is seeing about 1/3 of questions and matters developing to positive direction, 1/3 to negative direction and 1/3 being about on the same level.

<table>
<thead>
<tr>
<th>HR Staff</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>We at HR provide useful services</td>
<td>68</td>
<td>70</td>
<td>78</td>
</tr>
<tr>
<td>We at HR deliver what’s promised</td>
<td>81</td>
<td>73</td>
<td>77</td>
</tr>
<tr>
<td>We at HR have an important role in change management</td>
<td>83</td>
<td>76</td>
<td>77</td>
</tr>
<tr>
<td>At HR we handle client’s questions in a professional and businesslike way</td>
<td>72</td>
<td>70</td>
<td>77</td>
</tr>
<tr>
<td>Our Input as HR representatives is important in strategic business planning</td>
<td>73</td>
<td>63</td>
<td>74</td>
</tr>
<tr>
<td>We at HR are easy to co-operate with</td>
<td>75</td>
<td>75</td>
<td>74</td>
</tr>
<tr>
<td>HR is a service minded function</td>
<td>76</td>
<td>70</td>
<td>73</td>
</tr>
<tr>
<td>We at HR are easy to get in contact with</td>
<td>76</td>
<td>66</td>
<td>72</td>
</tr>
<tr>
<td>HR is an essential partner in TeliaSonera’s business development</td>
<td>61</td>
<td>55</td>
<td>69</td>
</tr>
<tr>
<td>At HR we take feedback into account</td>
<td>65</td>
<td>60</td>
<td>67</td>
</tr>
<tr>
<td>HR provides programs and processes that support professional development and personal growth</td>
<td>58</td>
<td>58</td>
<td>63</td>
</tr>
<tr>
<td>We at HR work very well in supporting change</td>
<td>65</td>
<td>62</td>
<td>59</td>
</tr>
<tr>
<td>HR representatives come with new ideas</td>
<td>52</td>
<td>47</td>
<td>57</td>
</tr>
<tr>
<td>Our HR policies and tools support balance between work and private life</td>
<td>49</td>
<td>45</td>
<td>56</td>
</tr>
<tr>
<td>As HR representatives we always try to find uncomplicated solutions</td>
<td>62</td>
<td>53</td>
<td>54</td>
</tr>
<tr>
<td>... easy to find</td>
<td>49</td>
<td>45</td>
<td>53</td>
</tr>
<tr>
<td>HR’s reported data/information support the business needs</td>
<td>40</td>
<td>42</td>
<td>48</td>
</tr>
<tr>
<td>The roles and responsibilities between managers, employees and HR are clear to me</td>
<td>74</td>
<td>67</td>
<td>46</td>
</tr>
<tr>
<td>... easy to understand</td>
<td>52</td>
<td>48</td>
<td>46</td>
</tr>
<tr>
<td>... easy to use</td>
<td>45</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>HR goals and strategies are communicated in a clear way</td>
<td>32</td>
<td>29</td>
<td>35</td>
</tr>
</tbody>
</table>


Managers (and also employees) see that in over half of the survey questions that were asked the development has been negative by this time and there is no positive development by the end of 2006. It may indicate that HR has been the change agent in this HR development but the personnel as a client is coming after and has not yet learned enough to be able to accept the change. The results also indicate that communication and co-operation as well as training to help managers and employees to use the HR tools can change the situation to more positive direction. For instance, only 15% of managers in 2006 (16% in 2005 and 18% in 2004) see that HR goals and strategies are communicated in a clear way and only 32% of managers in 2006 (42% in 2005 and 2005) see that HR works well in supporting change.
6  Reflection of the study and the results: HR view

These results tell the opinions of many target groups in the change of HR model in TeliaSonera HR during years 2004 –2006. The change is still going on.

The survey tells how different clients have met the change and feel about it. It also tells how HR staff, the partial objective of this change is feeling. As a member of HR staff and as a surveyor I had a chance to tell my opinion in the research unit to get the extra questions for HR staff about the change in the survey that was actualized in 2006. In my opinion, some extra questions were needed to get exact answers about the transformation in HR from HR managers and specialists, to understand the expectations of the employees involved, to know the readiness of HR staff for the new challenges and to come out with the views of HR experts and so have influence on shaping the new role to create commitment and positive ground for the change.

I found this important to be able to plan the new specialists’ teams and the training needed, and get the new model up and running smoothly and fluently. I also found it important to ask how much the HR staff knew of the facts included in the change; the new model, the different roles, the impact on own work etc. The feelings of the change: is it positive or not, how does it impact on every one’s career plans etc, were important to know as well as how to live with the change: have you found your favorite specialist area in the model, do you see any risks in your career planning etc. These questions were taken into account in the survey and were also answered by HR staff in 2006 results. The validity and reliability of this TeliaSonera survey were taken into account by the research unit of the company.

7  The present situation in HR Transformation

In this chapter I will reflect the actual HR situation in TeliaSonera, in some other Finnish companies as well as in some other countries according to the surveys done.

7.1  The present situation in the survey company

The Dave Ulrich model as a part of People Framework process was started in TeliaSonera in 2004 after planning in 2003. The name of the model was changed in 2005 to HR Service Delivery Model according to the further development work of Dave Ulrich. TeliaSonera went on with the plan to the end of 2006. After all the sub plans the new model is up and running in Finland with the HR Service Delivery Centre (now called HR Center) including the Employee Service web and Help
Desk, pool of HR specialists (some of them still called HR managers) as well as the two HR Business Partners working in two of three business divisions. The year 2007 was the year of implementing the common processes and cross border ways of working. The title of HR manager was kept for the “old” HR managers working for certain business units, but the transformation was executed otherwise according to Ulrich model. The structure of Ulrich model is in place but the ways of working, the roles and job contents are still partly renewed and partly old and many of HR professionals are searching the balance between the new and old in their mind and way of working.

7.2 The present situation in Finnish companies

The Finnish companies seem to be divided in two groups: smaller ones go on with the traditional model recruiting HR-managers, HRD-managers and specialists to take care of the whole HR field in the company, while the bigger and global ones try to find new models. This is seen when looking the HR advertisements in papers as well as in the function of HENRY organization. In the survey “The role of HR in today’s organizations” (HENRY organization and Arinso Finland 6/2005) 170 HR professionals answered to HR questions in Finland by email. 76% of respondents belong to management or middle management level in their company. 30% of respondents work in industry, 24% in services and 17% in public sector. 13% of respondents are from big companies (over 5000 employees), 20% from companies with between 1000 and 5000 employees. In this survey it was asked the opinions and experience of the Finnish companies about HR function and HR services for the staff. The purpose of the survey was to find out what is the effectiveness of HR and the amount of the new operating models: self service, HR shared service centers and outsourcing. The companies were asked about the today situation and also future planning.

In general the results show that the new operating models are not utilized effectively in Finnish companies. The self service and outsourcing are in limited and rare use. The companies using integration, self service and outsourcing, had more effective HR function and smaller HR-ratio (HR-specialist/employee).

The most important results of this survey were:

- HR specialists are still working a lot with administrative matters and should move towards the strategic level
- HR service centers are coming: nearly 1/3 of respondents had a service centre, 7% were planning to have one
The service centers supply administrative services, the most common being payroll and administrative HR services. Recruiting and training services are coming.

The use of service centers will cut the time spent in administrative services and makes the HR-ratio better (1:150 instead of average 1:105 in Finland).

ESS (Employee Self Service) was in common use. 2/3 of respondents had this service in use.

Over 20% of respondents had used outsourcing, mostly in salary payment or payroll services the reason for outsourcing being cost cutting. The results strengthen the actual impression of Finnish HR: the most of the time is still in the administrative routine work instead of strategic, innovative and developing HR function. In the future the flexibility, business supporting way of working is making the HR Transformation evident and necessary towards the change where key factors are value adding, client friendly and business supporting HR function.

The same survey was executed also in Holland and Sweden. The results show that HR transformation has been about in the same level and same time table in these countries. HR service centers are in use in 10% of Holland’s companies, nearly in 2/3 of Swedish companies and in 1/3 of Finnish companies. In Holland 40% of respondents have used outsourcing compared with Sweden near 30% and Finland near 20%.

There was a seminar in April 2007 for big companies around Helsinki organized by a consultant firm called “Transforming HR to meet the challenges of tomorrow” with a key speaker from the U.K. telling about the HR Transformation situation in Europe.

According to a key lecturer in Helsinki “The main route to achieve the goal of a strategic, value adding and business-aligned HR function has been through structural change. The dominant influence on the delivery model has been on the work of Dr. Dave Ulrich” (Transforming HR to meet the challenges of tomorrow” 4. 2007). There were 14 outsider attendants in the seminar and 11 (78,5% ) of them expressed in the summary discussion of the seminar the actual need for information about this topic and some of them have already started to transform their HR function in recent years in the companies they work.

7.3 The present situation in some other countries

The profound change in HR function, called HR Transformation has started in US after Dave Ulrich wrote the book “Human resource champions” in 1997. The timing was right for the new thinking in
HR administration because at the same time the new wave of globalization in business started to grow. The new way of thinking and processing HR spread in US where some universities started to study HR as a part of effective Organizations (Lawler & Mohrman 2003). Many of the study structures base on Ulrich model or have been influenced by it. The Center for Effective Organizations at the Marshall School of Business, University of Southern California, has studied HR function for years. “Creating a strategic Human Resources organization” is their third study on the HR function in large corporations. It measures how changes in the business environment affect human resources and consequently, whether HR is becoming a strategic business partner. (Lawler & Mohrman 2003) “As Ulrich (1998) notes, successful HR professionals must deliver results”, write W and J Kahnweiler in “Shaping your HR role”. This book is based on the HR research of Georgia State University 2005 and handling HR from HR specialist’s point of view. Based on Ulrich, Kanhweilers try to create HR career success models for different HR professionals. In the UK, the Chatered Institute of Personnel and Development, London, the institute (CIPD) has commissioned a major two-year study in 2006 with the name “The changing HR function, the key questions”. The main objective of the study is to explore how HR functions and professionals can best be organized to make the most of high performance within organizations. According to the introduction of this study “The HR function and its evolution have been identified as key areas within the CIPD’s research program. Despite a wealth of information that exists on the HR function, its role and its structure, and a vast amount of literature on the link between people management practices and organizational performance, there is little definitive evidence, either from CIPD or from academic researchers, which gives a clear indication of the impact of HR structure and staffing on organizational outcome or performance. In particular, as many organizations embrace and implement the so-called Ulrich model, questions on the extent to which it meets their particular needs and what difference it has made to HR performance, stakeholder satisfaction and HR staff aspirations, have not been answered”.

One of the study themes in this study will be the “changing face of HR”. There the main route to achieve the goal of a strategic, value-adding and business-aligned function has, we believe, been through structural change. The dominant influence on the now, not so new, delivery model has been the work of Dave Ulrich (1995; 1997). He advocated the adoption of HR shared services and role specialization. What emerged is so-called “three-legged” functional design of shared service centers together with business partners and centers of expertise. Centers of expertise with capability in such areas as resourcing, employee relations, reward and training give professional support to business partners, often developing detailed policy for corporate HR and acting as a reference point for
shared service agents dealing with complex issues raised by clients. Corporate HR, according to CIPD findings, small team, is usually responsible for the strategic direction and governance of the function, with a broad policy overview.

This study brings up plenty of questions dealing with HR: What area of work is HR responsible for and how well are these contained within its traditional functional boundaries? What skills are needed to meet the changing HR content? How does HR influence and work with other functions in its work, especially in areas like employer branding, corporate social responsibility and health and wellbeing?

This study will cover the following sub areas of HR: How HR delivers, HR’s relationships with line managers: business partnering, Measurement, Development of HR staff: skills and careers, Conclusions and next steps (Robinson 2006). In 2006 there came a book “HR Business Partners” written by HR senior consultants in England. They have been examining the HR Business Partnering model by Ulrich, and will review the theory behind the role and how that sits with the evolution of thinking around how HR organizes itself. They also evaluate the role of HR shared service center, and have an idea of HR centre of excellence and the role and advantages of outsourcing. They have written about lessons learned in HR Transformation: they argue that organizations appoint too many HR Business Partners without sufficient clarity over their responsibilities and outputs or, wrong people are appointed to the key HR roles. The writers have ten arguments from their experience and also possible solutions for the arguments (Hunter, Sauders, Boroughs & Constance 2006).

8 The further development of Dave Ulrich model

In 1996 Dave Ulrich wrote: I believe that the next ten years will be the HR decade. The increased pace of change required by technology, globalization, profitable growth, and customer demands places work force competence and organizational capabilities at center state.

I believe in patterns. Patterns represent accepted, familiar, and routine ways of getting things done. In many cases, however, HR professionals have developed bad patterns. They have come to their jobs with a set of skills based on outdated assumptions about work.

I also believe that patterns can be changed. New patterns emerge when ideas create new frameworks, new ways of doing work, and new expectations for the work held by both HR professional and clients.
I believe that HR should be judged by its future more than be bound by its past. The future of HR includes new initiatives, programs and agendas. An HR professional from the 1940’s would find it difficult to recognize the HR function of the year 2000 when the focus will be on global management, organizational capabilities, culture change and intellectual capital.

I believe that questions are more important than answers. How does HR add value? Who does HR work with (line, staff, HR professionals, outside vendors)? What are the best metaphors for successful HR professionals? Who is the client for HR initiatives (employees, customers, investors)? When should HR be proactive, reactive or anticipatory? What are the criteria for successful HR practices (financial measures, employee morale, market share)? What are the new tools for HR?

I believe in learning, but both learning and unlearning needs to occur and I also believe that when given an opportunity and direction, HR professionals act professionally. (Ulrich 1997.)

In the same book Ulrich tries to focus for the future of HR:

Human resource practices can, should and must be modified to align with and anticipate business strategy. Human resource departments can, should and must find ways to accomplish necessary transaction work while focusing on work that executes strategy, increases employee contribution and transforms organizations.

Human resource professionals can, should and must become partners with other senior managers by creating value and delivering results. Evaluating the change in HR careers as a part of Ulrich’s model he says: even if only a portion of the possible developments discussed come to pass, careers in HR will change dramatically. Instead of the traditional career model a more apt metaphor in the future may be the career as a mosaic where one’s position in the hierarchy becomes less relevant: in new model a career may be characterized in terms of three dimensions: First: An HR professional may work in one of four locations: at a site, in a business unit, at Corporate HR or outside the function. Second: HR professional can be a specialist or generalist. Third: The career aspect may be contributor, integrator, and strategist. (Ulrich 1997.) Ulrich is going on validating and expanding the strategic role of HR in 2005 after conducting the research on HR competencies. Over fifteen years’ research he sees the essential message for HR still to be: HR must deliver value, in the eyes of investors, customers, line managers and employees. He has created fourteen criteria for adding value in HR. Dealing with the HR roles Ulrich has seen the evolution between the mid 1990’s and mid 2000 roles, but the difference is not remarkable (Ulrich & Brockbank 2005).
The evolution of the HR roles in the book was evaluated in a large publication in www.peoplemanagement.co.uk in June 2005 before CIPD annual conference & exhibition in England in October 2005, where Ulrich was lecturing about the new trends in this book.

In June 2005 there was an interview with Dave Ulrich about the new book of Dave Ulrich and Wayne Brockbank, made by David Creelman of HR.com. In this interview Creelman asked about the future visions and important issues that Ulrich is working on.

Dave Ulrich saw three or four things to be important in the near future in business life. One is a leadership role and he said he feels more and more intrigued than ever with the quality of leadership. The second important thing is employee commitment and a third piece is an HR measurement or score card system. So those are the areas of future topics or investigation.

Lecturing about the new findings and evolution of the HR roles written in the new book Ulrich visited also Stockholm in October 2005. TeliaSonera Group HR management team had a chance to attend this seminar organized by SIFU, Sweden, and get the newest ideas and thoughts from the professor personally. According to this seminar Ulrich’s fundamental messages were: Value is defined by the receiver. Also HR has to master external business realities and create investor intangibles. HR has to be able to build long term connections with targeted customers and audit and create organization capabilities. They have to deploy a clear employee value proposition and invest in people practices, performance and information.

And to the question: how to build up a new HR strategy with right new HR roles, the answer is: create the roles of employee advocate, human capital developer, functional expert, strategic partner and HR leader. These roles originate from Ulrich’s earlier studies and publications.

Ulrich also gives the right questions for HR to three development phases so that when getting the answers they also create value (Ulrich 2005).

9 Conclusions

I have been working in HR field all my adult life and I have been able to see the changes in this work field over years.

When the work with this specified title Human Resources started in Finland it originated from the social type of work with helping employees and their families to settle down to work in factories and companies after the second world war.
Little by little the role of HR developed to be the profession of its own with certain principles and rules (Palm & Voutilainen 1977).

By 1970’s the big companies started to hire HR managers and build HR units and departments with their own tasks among recruiting, introduction and training, payroll and health care. Later on the field of HR related issues was expanding involving wellbeing and communication as well as other support functions.

During years HR professionals became very good and talented specialists and consultants in the human matters. HR managers usually have to deserve the confidence and commitment from their clients, board of management, line managers and employees. They are usually able to handle business related human resource matters as well as individual consulting issues for instance in human, health care, fiscal or professional area.

The trends in HR content as well as in organization have varied being concentrated to head office or split in the units with the changes in responsibilities between HR function and line managers. In a big picture anyhow the HR function has been stable over decades.

By the year 1990, the inside knowledge and power of collective HR function was maybe the strongest in general in Finnish companies.

In the beginning of the new century HR faced the need to change and cut the costs. The first change was to outsource health care services, then payroll and training as well as wellbeing activities and business travelling.

Along with these changes there has been discussion of the total HR function and its role in the company. What is HR for? has Ulrich asked (1997).

Today’s answer is that HR has to deserve its existence and role in this new situation by adding real value to the company. This is done by professional know how and the membership in the management level as the HR business partner for the management team (Ulrich 1997).

According to Ulrich this model will enable the cost effective way of working: the HR business partner has to be continuously able to find out the actual HR area needs of the unit or company and he/she has to get them from inside or outside supplier. If the inside supplier is too slow, expensive or not capable to deliver then the service can be bought from the outside supplier. This competition will make the suppliers cost effective, flexible and capable and at the same time fade away the inside service delivery.
In the future this may change the big HR picture in companies. Is this the way where HR is going? How strong HR function is needed in-house in the future and vice versa: how widely can the HR function be sold or outsourced? Can all the HR issues be bought or leased? How about the big and confidential changes in the companies or competence evaluation, or can for instance the redundancy process or cultural change process be bought?

What is the future of HR manager profession? Who is taking care of the totality in HR, who is coordinating the HR issues, who is coordinating the salary balance, competence pool, career paths or wellbeing of the staff? Who is consulting line managers in their HR needs?

In Finnish working life we have seen part of the answer: there has become plenty of HR consultant companies who sell all HR services to other companies. We will see how this trend will grow or change during coming years.

As to this change in HR in European companies it seems that the same trend is going on. It is seen in Finnish multinational companies as well as in international and global telecom companies. The extent and speed of the change as well as the results can be seen in the long run like in Finland.

Survey Company

As the part of my professional licentiate exam this piece of work is practically oriented. With this work I wanted to show how HR function has changed in the long run in Finland and also to give an example about the change process of HR that is going on in many Finnish companies today and also in some European countries. My aim was to reflect the change in HR in general and specially the change in the job content of HR manager in the transformation. Is it about the change to reorganize the daily job of HR manager or is it about the change in a HR profession? As I see it: HR function has to change in order to add value to the business and HR managers have to work in a new way to earn their existence in a modern company. In the smaller companies it may be possible to have a multi skilled HR manager but he/she has to concentrate on the tasks which add value for the business concerned and be able to outsource HR administrative tasks to be cost effective.

In big companies the value of HR will be added by reorganization and using the orderer-supplier model. In a long run this model will create differences in HR manager’s job description compared with today. Even now there are companies in Finland that have HR Business partners in house working in strategic level and all the rest of HR function is outsourced. There are also companies
that have taken the best of Ulrich model and reorganized the bulk information and administrative services to service centers and kept the HR managers as in-house consultants with their special role. The trend is new in Finnish companies and that is why there are not surveys about the value of this trend yet. The future will show whether the model will change in practice and create added value or not.

9.1 The validity and reliability of the study

The typical “quality indicators” of quantitative research, validity and reliability, especially in the context of social sciences have been profoundly discussed.

Validity refers to the extent to which a measuring instrument provides data that relates to commonly accepted meanings of a particular concept (Babbie: 1979:135 in Luoma, 2000). Taken to a more general level, validity concerns the whole research process. The planning of this long term survey for TeliaSonera HR function has been planned by TeliaSonera research unit with HR management of the Group, where the tools in their work include also the evaluations of both validity and reliability of the studies they execute. The actual research operations were preceded by plenty of discussion, steering group meetings and reflections as well as reflection in different HR sub teams. In this sense also the validity of the concept was to consist of issues of content validity. Reliability refers to the repeatability of the measurements and the permanence of the results obtained.

In this survey the yearly made parts were executed with the same method and tools and under the same research manager. Also the questionnaire had the same questions except the added questions in 2006 for HR to find out their attitude towards the HR transformation, dealing with the closest part of their own work.

9.2 Implications for the future

Current thinking and practice about HR´s role, purpose and structure reveal that HR has been on a transformational journey over last 30 years (Hunter et all 2006). When the word is changing, people have to change, too. The implications of this HR transformation will be evaluated in a couple of years. New HR professionals together with business management will have the answer if the change has been successful or not. Many modern, big and global Finnish companies have also started to reorganize their HR function according to Ulrich model. According to my view many of them are between old and new like TeliaSonera at the moment. So the realization of the hypothesis
about the Ulrich model to add value to the company through strategy execution, administrative efficiency, employee commitment and cultural change will be seen in near future measurements.

Some signs about these like administrative efficiency is already seen in every day HR work in TeliaSonera but employee commitment and cultural acceptance we have to wait and work for.
References


Arinso Finland & HENRY. 2005. The role of HR in today’s organizations. Survey. HENRY. Helsinki.


CIPD (the Chartered Institute of Personnel and Development) & Robinson, V. 2006. The changing HR function, the key questions. 2-year study. London.


Attachment 1, 2, 3 and 4
HR Customer Survey

*Do you think HR in TeliaSonera is a good business partner?*
*Do you think HR is an efficient administrative function and a good service provider?*

You are most welcome to TeliaSoneras’ HR - Customer Survey!

The aim of this survey is to examine your opinion and satisfaction of operations of the Human Resources functions in TeliaSonera.

Recently we have compiled an HR roadmap to support Vision 2010 and WP 2005. The most important question is: "How can HR functions and HR representatives add value to the business, to TeliaSonera employees and managers out in the businesses in the Baltic’s, Denmark, Finland, Norway and Sweden?"

The results of this customer satisfaction measurement will be used for developing and monitoring HR operations in the future.

---

**What is HR?**
When talking about HR (=Human Resources) we mean these areas:
- Human Resources administration
- Competence development & training
- Compensation and benefits
- Health & well-being services
- Resource planning
- ?

HR-functions in Profit Centers are partly centralized and partly organized near business units.

**The HR services near business units are:** Assisting in recruitment processes, competence development and training, well-being and teambuilding projects, implementing of HR policies.

**HR services on Profit Center level are:** Common competence development & training programs, Human Resources IT-services, strategic HR planning and issues concerning labour market agreements and employee image.

---

This is the first measurement, which will be conducted among a sample of managers and employees in the 100% owned companies in TeliaSonera 2004 – 2005.

Your opinion is important - the web-survey will take about 5 minutes of your time.

Of course your answers are anonymous. When sending your answers you admit that your answers are registered.

Thanks for your cooperation!

Name?

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1. **Over the past 6 months, how often would you say you have had contact with HR, or HR related questions?**

   - ○ A couple of times
   - ○ Monthly
   - ○ Weekly
   - ○ Daily

2. **How do you agree with the following**

   - Strongly disagree
   - Strongly agree

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   HR function is easy to co-operate with
HR personnel deals with my questions quickly and professionally

3. How do you agree with the following

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HR delivers what’s promised
HR is easy to get in contact with
I regard HR as a service minded function

4. How do you agree with the following

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There is a go-ahead spirit in HR
HR representatives come with new ideas
HR works very well in supporting change
HR goals and strategies are communicated in a clear way
HR’s goals and strategies encourage creativity and initiatives

5. How do you agree with the following

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HR representatives always try to find uncomplicated solutions
HR takes my feedback into account

6. How do you agree with the following

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Concerning employee matters, the roles and responsibilities between managers, employees and HR are clear to me
HR’s reported data/information support the business needs
HR is an essential partner in TeliaSonera’s business development

7. How do you agree with the following

HR related information and tools are...

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...easy to find
...easy to understand
8. How do you agree with the following

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HR policies and tools support balance between work and private life

HR provides programs and processes that support professional development and personal growth

9. How do you agree with the following

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HR is an excellent service provider

HR is a strategic business partner

HR is an efficient administrative function

HR is an important change agent

Klar

Powered by Easyresearch
Statement of Direction for TeliaSonera HR

1. Present Situation

1.1. TeliaSonera as an employer

The TeliaSonera HR Function is facing great challenges in our way to our Vision 2010.

TeliaSonera Group was created as a result of two incumbent companies in Sweden and Finland. The Group consists today of companies units operating in more than 20 countries. There are both 100% owned companies and joint ventures within the Group. The operating markets vary from mature to merging and the position of the companies in their operating market from a leader to a challenger. There are differences in business structure, product portfolios and services offered. In all markets companies are facing a severe price competition.

This starting situation has a remarkable impact on the status and the challenges of the HR Function.

✓ The position as an employer in the market differs from company/country to another.
✓ The situation in labour market (need and possibilities to get qualified employees) differs from country to country.
✓ The structure of workforce varies among companies.
✓ The ownership structure of different companies has an impact on the way of steering; in 100% owned companies possibility to direct steering, in partly owned companies indirect steering through boards.
✓ The HR function is organised following the Group, PC and Company structure consisting of the Group level HR unit, PC and company level units and operative HR units near the business.
✓ The function is managed and steered operationally through the line organisation (direct line to the business) and as a matrix functionally (dotted line to the corporate HR)
✓ Many different cultures, corporate and national, have an impact on HR management
1.2. HR Function in TeliaSonera Group

One year after the merger the status of the HR function in the Group can be characterised as follows:

✓ The existing HR processes and operational models follow local (company/country) practices.
✓ A lot of different systems, partly overlapping, are used throughout the group.
✓ HR challenges differ depending on the market and the business they are working for and the maturity of the business.
✓ Possibilities to get easily consistent management information, to be able to follow up, steer and benchmark, is missing.
✓ Possibilities for the advantages for economy in scale are not yet handled (need for efficiency).
✓ No common corporate culture so far.
✓ There are a lot of qualified and well-experienced HR professionals in the group.

Common initiatives, which have been started/completed:
✓ Defining and implementing People Framework including among others
  ✓ Common process definitions
  ✓ 7Q Planning
  ✓ Scorecard Process
  ✓ HR Follow up of the Vision and Values
  ✓ Common HR policies.
  ✓ Common HR Policies
✓ Co-operation within the function.
2. The target picture - HR interpretation of the Vision 2010

The best Employees  
In the best Service  
Company

Our Employees are the  
"Employees of Choice"

Our company is the  
"Employer of Choice"

Attractive Employees
✓ The most service and business minded
✓ The most competent
✓ The most efficient
✓ The most committed
✓ The most happy

Working methods and working environment
✓ Processes are streamlined, simple and efficient
✓ Good working conditions reflecting the service culture
✓ Compensation according to performance aligned with the targets
✓ Market competitive compensation
✓ Development opportunities are great and support employees' ambitions to achieve results as well as and personal goals
✓ The company has good reputation and bears its social responsibility

Leadership and freedom to act
✓ Leaders show respect and are respected.
✓ Leaders coach employees and create conditions for freedom to act and to take decisions.

A common service culture based on
✓ Our shared values
✓ Prevails throughout the group; all employees talk about the company with pride and show respect to it and to each other
✓ Is recognized from outside as well (the best service company)
3. Our common challenge

- To be the “best in class” company in HR function.
- To realize synergies in HR.
- To create a perception of “one company”.
- To align HR work and to create common way of working which can be extended to all parts of the Group.

4. Long term activities to reach the target picture

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<thead>
<tr>
<th>Working methods and tools</th>
<th>Common HR Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common HRIS</td>
</tr>
<tr>
<td></td>
<td>✓ Increasing efficiency</td>
</tr>
<tr>
<td></td>
<td>✓ Deploying integration benefits</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Working Conditions</th>
<th>Adapting of employment conditions needed in a genuine service company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Flexible compensation structure</td>
</tr>
<tr>
<td></td>
<td>✓ Reward for performance</td>
</tr>
<tr>
<td></td>
<td>✓ Flexible working methods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leadership and spirit</th>
<th>Visionary Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Empowerment, freedom to act</td>
</tr>
<tr>
<td></td>
<td>✓ Coaching towards a genuine service company</td>
</tr>
<tr>
<td></td>
<td>✓ Spirit (living the values)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competence and talent</th>
<th>Change of the competence structure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Knowledge and skills needed in the genuine service company</td>
</tr>
<tr>
<td></td>
<td>✓ Service attitude and performance</td>
</tr>
</tbody>
</table>

These activities will support the creation of a real service culture, which is critical for becoming a genuine service company.
5. HR Topics to be included in the quarterly plan

Ongoing work in the People Framework implementation focusing on:

✓ Resources and time for the evaluation, decision-making and preparation for implementation of HRIS.
✓ Analysis under the headline “what does it take to become a genuine service company. Continuation of the long-term perspective work.
✓ Vision and Values measurements, analysis of the results and planned actions.
✓ Succession Planning; input of the current situation for corporate co-ordination.
Clarification of existing HR responsibilities

This clarification is to enable improved HR management performance within TeliaSonera regarding some of the responsibility areas:

1) TS HR Council as the designer of TeliaSonera Group HR Strategy and the scope of requested HR Services. It is also responsible for a coordinated deployment of HR resources.

2) Profit centre HR as responsible for local HR Services delivery and owner of each respective delivery organization.

3) Group HR Processes & Delivery Model, as the owner of:
   - People Process, including supporting information systems
   - HR Services Delivery Model
   - HR Function Capability Models
   - HR Services Portfolio

To accomplish this, a competence development strategy will be set up for the HR people concerned.

Being responsible for the delivery model also includes securing full implementation, approval of divergences and follow-up.

The impact of the responsibility and ownership within Group HR Processes & Delivery Model is described in more detail below:

1 People Process

Group HR Processes & Delivery Model is to improve management and efficiency within all people related processes.

Global Process managers are responsible for that decisions are made to secure an efficient and cost effective implementation of HR processes, including ways of working, information systems, guidelines, templates and support.

Within every country there will be a contact person for each process. There can be one person covering several processes. These key persons are the ones who will receive directives and guidelines from the global process managers for securing local compliance.
2 HR Services Delivery Model

Group HR Processes & Delivery Model decides which HR specialist functions will be included within the Model, including what terminology to use.

Group HR Processes & Delivery Model is to decide on directives and guidelines, IT systems and end-user support within the HR Services Delivery Model.

The Employee Services Concept Manager is to decide the structure of the HR services delivery via the web and supported by the helplines. The ESC Manager is also to secure end-user usability by issuing relevant directives and guidelines.

Within all wholly owned companies there are local ESC contact persons who receive the global directives and guidelines. They will secure compliance, end-user support and the distribution of HR services via the web and the Helpdesk.

3 HR Function Capability Models

Group HR Processes & Delivery Model defines skills requirements within TeliaSonera HR, in every area and at every level. These skills are translated into a Capability Model to be followed in each Profit Centre.

The concept of HR Capability Model includes promoting guidelines.

The HR Capability Model is to be the basis for future competence development activities within HR to accomplish the wanted position of roles such as the Strategic HR Director (Business Partner) and HR Specialists.

4 HR Services Portfolio

Group HR Processes & Delivery Model is to decide which HR Services are to be offered to end-users within TeliaSonera wholly owned companies and which terminology to use.

Group HR Processes & Delivery Model will also issue directives and guidelines on which services are to be common and mandatory and which can be managed locally.

Forms for distribution of the HR Services Portfolio are also a part of the Group HR Processes & Delivery Model responsibility.
6 Risk analysis

In connection with this investigation, a review was done of the risks that may exist. For risks or threats that are assessed to be the most relevant, an estimate of risk was done to assess the probability and consequences of each risk/threat.

<table>
<thead>
<tr>
<th>Explanation</th>
<th>Probability</th>
<th>Impact</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>1</td>
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<tr>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Desired clarity in orderer - deliverer roles is not reached, and the effect of increased quality in deliveries is not achieved.</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>We do not find sufficiently qualified leaders for HR's delivery organization, and the effect of the new organization does not reach the increased level of improved collaboration, prioritization and flows that were hoped for.</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Employees in the delivery organization do not accept the new management/control and obstruct change.</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>HR managers do not develop at the desired pace towards HR Business Partners, and are unable to handle the role as orderer in the manner required.</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>The delivery organization is unable to handle its undertakings, and the responsibility distribution between HR managers and specialist units does not function. HR managers are burdened with too many operational tasks, which limits the strategic work that is the HR manager's primary task.</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>The concentration to specific places takes too much energy away from developing the organization, with the result that deliveries and quality suffer.</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Management is unable to plan operations in such a manner that allows handovers from employees at places being closed down to function according to plan. Can lead to loss of competencies as well as deficiencies in the continuity of undertakings for the business line.</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

7 Collaboration with Trade Unions

According to the jointly established plan for ordinary collaboration.