



DEPARTMENT OF MANAGEMENT AND MARKETING

**HUMAN RESOURCE LEADERS AS STRATEGIC BUSINESS
PARTNERS IN STATE-OWNED ENTERPRISES IN LAOS**

**“HUMAN RESOURCE LEADERS AS STRATEGIC BUSINESS
PARTNERS IN STATE-OWNED ENTERPRISES IN LAOS”**

BY

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Declaration

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This thesis entitled: “**Human resource leaders as strategic business partners in state-owned enterprises in Laos**” is submitted in partial fulfilment for the requirements for the Unitec degree of Master of Business.

Candidate’s declaration

I confirm that:

- This thesis project represents my own work.
- The contribution of supervisors and others to this work was consistent with the Unitec regulations and policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has been fulfilled any requirements set for this project by Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2014-1022

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ABSTRACT

Due to increasing international competition, rapid advancement in information technology, as well as gradual social and demographic changes, HR practitioners are required to play a completely new role as a strategic business partner. HR professionals are required to be accountable to business and create value by being proactive, long-term oriented and strategic thinkers so as to meet changes head on. Evidence-based studies carried out in the field suggest that when HR professionals demonstrate the competency of a business partner, they can strategically implement HR practices that integrate with corporate strategy, thus leading to the improvement of organisational effectiveness and productivity.

This research study applies a qualitative approach to examine the research question whether HR leaders in Lao state-owned enterprises are strategic business partners, and, if they are not, how can HR leaders in such business units perform the role of a business partner so that they can enhance their contribution to business success? The semi-structured interview was used as a data collecting technique with twelve participants from seven state-owned organisations.

The findings of this study revealed weak support for an affirmative answer to the research question. The HR leaders who participated in this research study did not have full ability to perform the role of business partner. The characteristics of the HR leaders' role appeared to be more administrative than strategic. However, it was found that all of the participants showed an interest in upgrading their roles as business partners regardless of the two major barriers: limited capability and lack of legitimate position power. Therefore, based on the findings the researcher developed a model called "building a strategic HR partnership role" (Figure 4) as a basic guideline for how to enhance the role of business partner in the case organisations. It is strongly recommended that Lao state-owned enterprises pursue the HR transformation as a means to drive competitive advantage. The HR leaders are more able to do value-added work when they get support, perform all business partner roles, and demonstrate the necessary competencies.

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LIST OF ABBREVIATIONS

AEC	ASEAN Economic Community
ASEAN	Association of South East Asian Nations
D	Deputy Manager
HR	Human Resource
HRL	Human Resource Leader
HRM	Human Resource Management
I	Industry
Lao PDR	Lao People's Democratic Republic
M	Manager
OD	Organisation Development
RBV	Resource-Based View
SHRM	Strategic Human Resource Management
SOEs	State-owned Enterprises

Chapter one: Introduction

1.1 Background

In today's increasingly complex and competitive business environment, businesses require ever more input from HR managers at a strategic level so that they can optimise the use of employees to contribute to organisational success as a means of sustaining competitive advantage (Robinson & Robinson, 2005). Ulrich, Younger, Brockbank, Ulrich (2012) reveal that for businesses to respond to the challenging business context, HR professionals are required to play more strategic roles, while maintaining effective operational practices. Ulrich (1997b) in particular highlighted the role of HR as strategic business partner as HR functions shifted from administration to strategy over the last 15-20 years. Ulrich (1997b) explained that the roles of the strategic partner are to contribute to the formulation and implementation of corporate strategy so that HR tasks would be designed to enhance the execution of business strategy (as cited in Bashir & Afzal, 2009). Many would agree that as the role of business partner is more complex, it is very challenging for HR practitioners to demonstrate sophisticated strategic intervention which requires high level skills and competencies (Kenton & Yarnall, 2013). However, Ulrich (2014) suggests that "HR professionals are more able to do this value-added work when the function is accurately structured and when HR professional act, play roles, and demonstrate the right competencies" (p. 6).

In order to survive in the transition toward a market economy, the state-owned enterprise (SOE) sector in Laos is now completely independent from the government in raising and using finance. However, this does not solve the problems of bankruptcy and debts in these enterprises. Still regarding SOEs as a critical sector to the development of the economy, the government has imposed a restructured mechanism to improve functioning of these public entities in economic affairs through effective reorganisation (Ministry of Planning and Investment, 2011).

This SOE reform program of the phase 2011-2015 mainly includes:

- Developing a comprehensive strategic business plan, and encouraging SOEs to drive their business strategically.

- Developing more transparent policy so that they must manage the state's assets responsibly and accountably.
- Focussing on improving efficiency in business operations by improving the areas of finance, organisation, personnel and administration in order for SOEs to corporatise efficiently in business operation.

SOEs in Laos have particular characteristics; they are vulnerable to corruption, do not have concrete and realistic business strategies, and lack competent managers (Quang & Thavisay, 1999). The researcher of this thesis is interested in studying the possibility of deploying strategic human resource management as well as the role of HR business partner as a potential means of enhancing organisational effectiveness in SOEs, thus leading to the thesis title "HR leaders as strategic business partners in state-owned enterprises in Laos".

1.2 Problem description

In 1986, Lao People's Democratic Republic (Lao PDR) began to transform its country by moving from a centrally planned economy to a market oriented economy which permits private investors to contribute to economic development. To operate a free-market system, privatisation and foreign direct investment primarily were encouraged within the region (Bertelsmann Stiftung's Transformation Index, 2012). Even though many state-owned enterprises (SOEs) were privatised, the government still remained ownership of some strategic industries especially in the area of national defence, construction, electricity-generation, aviation, telecommunications, banking and other strategic companies. The government did not pursue full privatisation because SOEs are viewed as the foundation of the economy (Stuart-Fox, 2011). Currently, there are 139 SOEs operating in Laos with a total revenue of US\$2.4 billion or 19,430 billion Kip (Phouthonesy, 2014). Following the private sector, SOEs were the second main contributor to Lao GDP growth in 2011 at 8.2 percent (J&C Expat Service, 2013). Nevertheless, due to lack of comprehensible policy, some large SOEs could not reach their highest performance, which resulted in creating a large portion of non-performing loans in the state-owned banking system in late 1990s. This jeopardised the banking sector's stability and eventually had to be subsidized by government revenue (The World Bank, 2007).

A problem facing SOEs in Lao is the lack of qualified human resources compared to other Asian neighbouring nations resulting from a limited skilled workforce within the country (Kunze, 2013). Those who are highly skilled potentially opt to work with the private sector due to low employees' salaries provided by SOEs (Quang & Thavisay, 1999). Considering the human resource management (HRM) field, the education system in Laos do not adequately provide HR courses at the tertiary level. According to several research reports conducted by Southiseng and Walsh (2010) and Southiseng and Walsh (2013), the researchers recommend that the education system in Laos should comprise HRM related courses such as Human resource development and training and development. Currently, however, there are few effective HR professionals available in the country and this has resulted in poor HR practices.

As Laos is going to be a member of ASEAN Economic Community (AEC) in December 2015, Lao businesses will certainly face both challenges and opportunities under this integrated cooperation in which free movement of investments, goods and services, and qualified worker will be allowed within the region (ASEAN Secretariat, 2012). Even though SOEs would be less affected by the integration than smaller firms because of their deep-rooted connections, state firms particularly those in the industry of aviation, telecommunication, oil, cement, and gas would be threatened by external competitors who are seeking opportunities to expand their businesses in Laos (Pongkhao, 2013).

To be prepared for the AEC, the government is now focusing on reforming SOE units to lead the economy by strengthening the effectiveness and efficiency of the business operations especially in the area of organisation, finance, personnel and administration as emphasised in the Seventh Five-year National Socio-Economic Development Plan 2011-2015 (Ministry of Planning and Investment, 2011). According to the same source, one of the main targets to reform SOEs was to develop a strategic plan for business development especially in the area of increasing production, organisational development, and retaining a qualified workforce to ensure that enterprises can be managed competitively in both regional and international markets.

Recently, the Government adopted a policy allowing the selling of shares of some state companies to local and foreign investors so as to welcome high qualified business partners to assist in managing the companies in a more transparent manner (Phouthonesy, 2014). Although there is a policy that allows hiring qualified managing directors for SOEs, the government would

preserve the chairman positions for government officials since the government still would retain the majority of shares of these companies. One of the policy developers recommended that the management team of state firms should have full rights to operating business management as they see fit, otherwise, businesses would not be run smoothly and might face difficulties when foreign investment enters the country once the AEC is established (Phouthonesy, 2014).

All in all, it can be seen that the major problems that face SOEs are lack of transparency and clear policy (Phouthonesy, 2014; The World Bank, 2007). Moreover, one of the main areas under the restructuring program is to develop human resources and to improve human resource skills within the organisations as to attain long term business goals (Ministry of Planning and Investment, 2011). Therefore, strategic HRM would be one solution that these units should put in place to effectively utilise human resources as a means to achieve sustainable competitive advantages.

During the last 15 years, there has been research regarding human resource development issues in SOEs in Laos conducted by Quang and Thavisay (1999). The study found that none of the studied state firms operated a full range of HR functions. The majority of respondents operated HR functions under other departments like administration, and they believed that human resource management was not as complex as other functions like marketing and production. Moreover, the research revealed that the role of strategic HRM was not valued by top managers in state owned firms. Based on the research findings, Quang and Thavisay (1999) provided the following recommendations:

- Appropriate power should be allocated to personnel work.
- HR departments need to provide a service and HR professionals should be more effective by taking the role of planners, change agents, and consultants to senior executives.
- Top executives should take HRM training courses so that they can create effective HR policies for the firms.
- Human resources planning should be included in the business strategy of the firms.

This suggests that state owned firms need HR leaders who can demonstrate the competencies of business partner in order to influence top executives to see the importance of HR work so that employee needs can be addressed. This could ultimately affect the overall business performance.

However, it seems that the shortage of such leaders has not yet been addressed as the government is urging that HRM is one of the fields that should be developed in the SOE restructuring program (Ministry of Planning and Investment, 2011).

1.3 Research aim and objectives

1.3.1 Research aim

In Laos, particularly in state firms, the human resource management field appears to be viewed as less favourable when compared to other business functions like finance and marketing. Therefore, by conducting interviews and discussing with senior HR professionals of state-owned enterprises regarding the topic of SHRM and business partner role, this research project indirectly aims to raise awareness of the importance of such strategic roles among Lao HR practitioners so that they could make greater contribution to business success in the long term.

Technically, the direct aim of this research is to “**identify the current roles of HR leaders of state-owned firms in Laos so as to assess whether or not they are practising the role of strategic business partners**”.

1.3.2 Research Objectives

To achieve the research aims identified above, this research will be carried out according to the following objectives:

- a. To identify the actual roles of Lao HR leaders practicing in state-owned firms in Laos
- b. To assess the level of Lao HR leaders’ understanding of the role of business partner
- c. To investigate whether Lao HR leaders are practicing the role of a business partner
- d. To examine the level of ability of Lao HR leaders to perform the role of a business partner
- e. To determine the key capabilities of business partner that Lao HR leaders should improve the most.
- f. To determine challenges that might obstruct Lao HR leaders in performing the role of a business partner

- g. To examine the level of willingness of Lao HR leaders to change their roles to business partners.

1.4 Research questions

In light of the research aims and objectives, this study attempts to find solutions to the following over-arching research question “**how can HR leaders in state-owned companies perform the role of a business partner so that they can enhance their contribution to business success?**”, by means of the following research questions:

1. What are the actual roles of HR leaders in state-owned firms in Laos?
2. What are the levels of understanding of the business partner role of Lao HR leaders?
3. What perspective do Lao HR leaders have regarding the role of business partner?
4. What are the real practices of the business partner role in the case study organisations?
5. How do HR leaders demonstrate the business partner capabilities?
6. What would be the difficulties that might prevent Lao HR leaders from practicing the role of business partner?
7. What is the level of willingness of Lao HR leaders to change and become HR business partners?

1.5 Hypotheses

According to the aim and objectives of the research, the hypotheses have been developed as follows:

- H₀₁** The term “HR business partner” is not common for HR leaders in state-owned enterprises in Laos.
- H₀₂** HR leaders in state-owned firms in Laos do not practise the role of business partner.
- H₀₃** HR leaders in state-owned firms in Laos are not equipped with the full capabilities of an HR business partner.
- H₀₄** HR leaders in state-owned firms in Laos are not completely willing to change their roles to become business partners.

1.6 Data Collection

This research study adopted a qualitative research method and used semi-structured interviews as a data collection technique. The reason behind the adoption of this method is to gain insight into the feelings and perspectives of HR leaders in state-owned firms in Laos regarding the topic of business partner roles which could be unfamiliar to those in the Lao HR profession. Therefore, this method allows the researcher to discuss issues with and provide clarification for the participants in case any confusion occurs. As the same time, the researcher can elicit further relevant information to increase the validity and worthiness of data provided by the participants. There were 12 participants taking part in this research all of whom are HR leaders of state-owned enterprises in Laos.

1.7 Outline of thesis

Chapter one outlines the background of the research topic regarding the requirement that HR professionals play more strategic roles in driving competitive advantage for the organisations in an increasingly competitive business environment. This chapter also presents the problem description concerning a number of challenges facing the state-owned enterprises and it is suggested that strategic human resource management and strategic role of HR executives are the potential solutions to the business problem. In essence, this first chapter explains the links between the research aims, objectives and questions and the problem-solution identification.

Chapter two focuses on reviewing relevant literature associated with the research topic. four main concepts—human resource management, strategic human resource management, and the role of HR professionals, and HR transformation and change management—are examined and critically discussed in order to provide a clear picture of the research area and a framework for the research topic. The first concept outlines detail of the evolution of the HR profession which ultimately provided a strong foundation for the concept of strategic human resource management (SHRM). The second concept, SHRM itself, is defined and shown to be different from traditional human resource management. Underpinning theories of SHRM; namely, resource-based view, contingency theory, and configuration theory are discussed so as to provide more clarification to the concept. To implement such a strategic HR model, the strategic role of HR professionals as a business part is examined and this concept is critical to the entire research study. Finally, the

concept of HR transformation and change management are also discussed. These two concepts are important for enhancing the HR professional role to a business partner.

Chapter three outlines the research approach for this research study focusing on presenting a rationale behind the adoption of the qualitative research method and semi-structured interviews for data collection. The research paradigm, the data analysis model and ethical considerations are also explained in this chapter.

Chapter four presents the results of the interviews which have been uncovered through the process of coding and the thematic techniques of data analysis. The research findings are separated into seven parts based on the main seven research questions. All comments and interesting perspectives of the participants are outlined in this chapter.

Chapter five focuses on discussing the results of the findings, and again the discussion addresses all the seven main research questions. Importantly, relevant theory and literature are referred in order to clarify and support the adoption of the research results.

Chapter six summarises all the findings and discussion points. In addition, some important recommendations are provided as to how state-owned firms in Laos could have HR managers who act as business partners so that they could significantly contribute to organisational success. Finally, the strengths and limitations of this research study are also addressed.

Chapter two: Literature Review

2.1 Introduction

The first chapter introduced the overview of the research outlining business problems of state-owned enterprises as well as research aims and objectives. In essence, it demonstrated the need for state-owned organisations to adopt a strategic human resource management model as well as to develop HR leaders who play more strategic roles as business partners in Laos.

This chapter reviews significant literature associated with the research topic to develop a context that responds to the research objectives and questions. The focus of the literature review involves the fields of human resource management and strategic human resource management, and their underpinning theories. Moreover, the concept of HR business partner roles and competencies are critically discussed. Finally, the notion of HR transformation and change management is discussed.

2.2 Human resource management (HRM)

It is necessary to analyse the original concept of human resource management (HRM) as a foundation to the discussion of the term ‘strategic human resource management’ as well as the role of ‘HR business partner’. The term HRM was developed in the 1980s and its use spread from the USA to the UK, and ultimately into Western Europe (Legge, 1995; Martin, 2009). HRM was developed from the term ‘personnel management’ and this can be described as a paradigm shift (Darwish; Martin, 2009; Storey, 1989). This evolution has emphasised key distinctions between the two terms which are addressed in the work of Legge (2005) and Rowley and Jackson (2010). These authors explain that the practises of personnel management are more ad hoc, reactive, operational and are oriented to short term results, whereas the practises of HRM are more integrated, proactive, strategic, and expect long term results. Darwish (2013) suggests that the job responsibilities of personnel managers mainly involved recruitment, payrolls, rewards, promotion, and other daily personnel concerns. Torrington, Taylor, and Hall (2008) view personnel management as being associated with the bureaucratic organisation which focuses primarily on the maintaining organisational stability; hence, aiming to facilitate the smooth flow of the HR process from recruitment to employment relations. By way of contrast,

HRM practices appear to have become more incorporated with overall corporate strategies and objectives allowing HR professionals and the management to effectively maximise the contribution of the workforce (Bratton & Gold, 2012; Legge, 2005).

However, the literature shows that to date there is no consensus regarding the definition of HRM (Collings & Wood, 2009; Paauwe, 2009). While some researchers have defined HRM in the form of skills, knowledge, and competencies (Hitt, Bierman, Shimizu, & Kochhar, 2001), others have focused on the effectiveness of HR department (Teo, 2002). Nevertheless, the mainstream studies define the concept of HRM as the establishment of a mindset of accomplishing organisational goals through employees (Armstrong, 2006; Mullins, 2006). In addition, the majority of HRM studies commonly include the concept of individual HR practices or a bundle of HR practices (Darwish, 2013).

According to Noe, Hollenbeck, Gerhart, and Wright (2006), HRM refers to HR policies and practices such as human resource planning, recruiting, performance management, training and development, compensation, and other important HR practices that influence employees' performance, attitudes, and behaviours which could contribute to organisational high performance. Rowley and Jackson (2010) explain that HRM involve a series of HR interventions and activities that add value to the organisation, promoting the achievement of business goals. Similarly, Härtel and Fujimoto (2010) provide a descriptive explanation that HRM includes all the processes of people management involving HR activities that must be in line with the organisation's strategic directions offering a means to support employees to thrive in order for the organisation to also thrive.

2.3 Concept of Strategic Human Resource Management (SHRM)

From the aforementioned outline of the evolution of HRM, it can be clearly seen that while personnel management was mainly administrative, HRM became more strategic so as to address an increasingly competitive business environment. Many organizations began to realise the importance of human resources as well as human performance as a means to achieve organisational objectives (Nel et al., 2012). This allowed for the emergence of the term 'strategic human resource management' as a sophistication of the HRM model (Mabey & Salaman, 1995).

Since the field of SHRM developed, there have been many definitions articulated. For instance, Ulrich and Lake (1991) defined SHRM as a process of linking HR practices to corporate strategy, while Wright and Snell (1991) defined SHRM in the form of designed organisational systems developed to drive the achievement of competitive advantage through employees. Wright and McMahan (1992) went on to emphasise that SHRM is the model of planned HR activities formulated to drive an organisation to complete its business goals. In the same period, Schuler (1992) described SHRM as all HR practices that influence employees' behaviours in a way to create and execute corporate strategies. Moreover, Truss and Gratton (1994) outlined the concept of SHRM as representing the alignment of HR practices and policy with organisational strategies and objectives, thus creating a corporate culture that encourage flexibility and innovation to foster organisational performance.

However, Mabey, Salaman, and Storey (1998) emphasised the notion of SHRM as a practice of increasing organisational capability to enable the development of innovative corporate strategies. Later, Schuler and Jackson (2007) described SHRM as the integration of an organisation and its people, while Alvesson (2009) focused on the integration of the employment relationships with the implementation of corporate strategies as a means of achieving organisational goals.

Recently, Härtel and Fujimoto (2010) have noted that SHRM is the process of planning and making analytical decisions regarding affective, behavioural and cognitive qualities of employees in order to improve performance, thus SHRM entails developing employment policy and organisational culture that align with the organisation's objectives and environment. Armstrong (2011) captures these points by defining SHRM as a process to use integrated HR activities, policies and strategies to manage people in a way to achieve corporate goals. It can be seen, then, that despite many varied definitions and some researchers having different focuses regarding the framework of SHRM, the key meaning is based on the concept of creating HR activities that support the implementation of corporate strategy in order to achieve organisational goals through people.

2.3.1 Criticism of SHRM

Although there is a growing pool of SHRM literature, the idea is not without criticism. Darwish (2013) goes so far as to say that there is an absence of a clear and precise SHRM definition. More importantly, Darwish (2013) states that many commentators are urging for a new

formulation of SHRM theory for two main reasons. Firstly, it is argued that SHRM has a weak theoretical basis because the HRM concept from which SHRM derived is itself poorly founded theoretically. Secondly, as SHRM has several underpinning theories such as the resource-based view, human capital theory, contingency theory, and behavioural theory, the distinctions between those theories have not been adequately emphasised (Delery & Doty, 1996).

2.3.2 Difference between HRM and SHRM

To further evaluate the definition of SHRM, it is essential to differentiate SHRM from traditional HRM. While there are many similar elements and goals between the HRM and SHRM models such as the process of aligning HR activities with organisational strategies and achieving corporate objectives through human resource, there are several distinctions which make the paradigm of SHRM more elaborate and attractive than it used to be.

Delery and Shaw (2001) differentiate traditional HRM from strategic HRM in two respects. Firstly, SHRM emphasises on the organisational performance level, while traditional HRM focuses on the individual performance level. The focus on different performance levels have been shown in the HRM-performance link. For instance, SHRM practices would expect to produce organisational level results such as better quality of products or services, larger market shares, and higher profit; and the measurement of HR effectiveness would be such financial or organisational performance indicators. In contrast, HRM focuses on employee behavioural performance as indicators. Secondly, under the SHRM model, there are bundles or incorporated entire HR practices that have impacts on organisational performance, whereas under the traditional HRM approach, the focus has been on the impact of each single HR practise on individual member performance.

Härtel and Fujimoto (2010) also point out that, on the one hand, HRM is the process of creating and implementing HR practices which must be aligned with corporate strategies so that all HR functions support organisational strategic directions. On the other hand, SHRM is the practice of incorporating HRM into the organisation's strategic decision-making process allowing staff to participate in creating and implementing strategic decisions. In essence, Härtel and Fujimoto (2010) further conclude that practice is a main focus of HRM, whereas strategy is regarded as a main focus of SHRM. Furthermore, Ratna (2013) explains that HRM deals with any business activities which have an effect on employees such as recruiting, administration, benefits, and

training, while SHRM handles the thinking and planning in advance of the way to best satisfy employee and for the employees to contribute superior performance to better meet the organisations' needs. This could influence how tasks are executed, enhancing HR practices from recruiting to performance appraisal programs.

The differences between HRM and SHRM is outlined in Table 1 as follows:

Table 1: Summary of distinctions between traditional HRM and strategic HRM

	Traditional HRM	Strategic HRM
Definition	<ul style="list-style-type: none"> • HRM is concerned with how people are employed and managed in organisations 	<ul style="list-style-type: none"> • SHRM is an approach to managing people that deals with how the organisation's goals will be achieved through its human resources by means of integrated HR strategies, policies and practices.
Underpinning theories	<ul style="list-style-type: none"> • Commitment • Motivation • Other ideas derived from the field of organisational behaviour 	<ul style="list-style-type: none"> • Resource-based view • Human capital • Contingency theory • Behavioural theory
Focus	<ul style="list-style-type: none"> • Practice • Individual performance level • Managing people 	<ul style="list-style-type: none"> • Strategy • Organisational performance level • Creating strategic contribution
Goals	<ul style="list-style-type: none"> • Ensuring that the organisation is able to achieve success through people • Improve employees' behavioural performance 	<ul style="list-style-type: none"> • Improve organisational performance in long-term • To generate organisational capability by ensuring that the organisation has the skilled, engaged, committed and well-motivated employees it needs to achieve sustained competitive advantage
Characteristics	<ul style="list-style-type: none"> • Individualistic rather than collective in its approach to employee relations • A management-driven activity—the delivery of HRM is a line management responsibility 	<ul style="list-style-type: none"> • Involves bundling HR strategies which try to address the needs of the organisation as a whole • Providing a rationale for HR practitioners acting as strategic partners on an everyday basis.

Sources: Adapted from Armstrong (2011); Darwish (2013); Delery and Doty (1996); Delery and Shaw (2001); Härtel and Fujimoto (2010); Ratna (2013); Lengnick-Hall, Lengnick-Hall, Andrade, and Drake (2009); Becker and Huselid (2006)

According to Table 1 above, it can be clearly seen that the logic behind SHRM is a strategic shift from the HRM paradigm which results in better firm performance. As argued by Darwish (2013) and Delaney and Huselid (1996), SHRM model is appropriate for the analysis of the impact of HR practices on firm performance at the organisational level. In addition, the nature of the SHRM model, which is the implementation of integrated HR functions as a whole or the so called ‘bundles’, creates synergies and generate greater impacts than the individual HR functions in isolation, which have less ability to achieve competitive advantages (Barney, 1995).

2.3.3 SHRM and Resource based-view (RBV)

SHRM was developed from the integration of the strategic management field and HRM through the lens of RBV theory as primarily examined in the work of Barney (1991) and Wernerfelt (1984). Barney’s (1991) article outlines the value of internal resources as the essential factors to sustain the competitive advantage of an organization. Barney’s resource-based view of the firm model has become a theoretical model frequently used within the field of SHRM, both in the establishment of the concept itself as well as the justification for further empirical research (McMahan, Virick, & Wright, 1999).

Barney’s (1991) influential article outlined four criteria used to judge a firm’s resources for the quality required to create competitive advantages; namely, value, rarity, inimitability, and non-substitutability. In other words, Barney (1991) suggests that competitive advantage can be generated if the variety of a firm’s resources including human resources meet these four criteria. Subsequently, Barney (1995) defines human resource as “all experience, knowledge, judgment, risk taking propensity and wisdom of individuals associated with a firm” (p. 50). Boxall (1996) and Ulrich (1998) explain that the since the resource-based view presents a notion that human resource are sources of competitive advantage, the goals of the resource-based orientation are to enhance human capital through hiring and retaining qualified employees and expanding their knowledge and skills base. It can be seen that the RBV’s focus on internal resources provides a theoretical rationale for the positive link between SHRM practices and a firm’s performance which ultimately leads to sustainable competitive advantage (Guest, 2001; Paauwe & Boselie, 2005; P Wright, T Gardner, L Moynihan, & M. Allen, 2005a).

As explained by Colbert (2007), SHRM is based on two essential features. Firstly, the human resources of a firm, including their skills, knowledge, and behaviour, can contribute to strategy formulation and implementation. Secondly the HR practices of an organisation function as a means to develop employee strategic capability.

All in all, it can be stated that the focus on the internal resources of a firm provides an academic understanding of the value of human resources in terms of creating sustainable competitive advantage as well as igniting empirical research in the field of SHRM (Guest, 2001; Paauwe & Boselie, 2005; Wright et al., 2005a).

2.3.4 Contingency theory, best fits, and vertical fits

As Lengnick-Hall et al. (2009) explain, initial studies of SHRM are associated with and focus on contingency theory and fit so as to integrate HR practices and policies with a variety of strategic components of organisations. Contingency theory sometimes known as best fit HRM, holds that there is no universal set of HR practices or best practices that are ready for an organisation to adopt; rather, the HR function should be designed in accordance with the organisation's context, culture and business strategy (Waiganjo, Mukulu, & Kahiri, 2012). The importance of adopting contingency theory in the SHRM field is contended by Delery and Doty (1996) who emphasise that "organisations adopting a particular strategy require HR practices that are different from those required by organisations adopting different strategies" and that firms with "greater congruence between their HR strategies and their business strategies should enjoy superior performance" (p. 802-03). As Lengnick-Hall et al. (2009) comment, SHRM researchers, commonly in the organisation sciences, acknowledge that better organisational performance is likely to be achieved through specific sets of HR functions which correspond to the conditions, objectives, and strategic interests of the firms. Thus, emphasis is given to the contingent relationship, and the means to attain a strategic fit between HR practices and desired outcomes. Paauwe (2004) explains that according to contingency theory, the relationship between HRM policies as independent variables and organisational performance as the dependent variable will diverge depending on internal and external influences such as company size, age and technology, degree of unionization, capital intensity, location, and industry ownership. Contingency researchers have studied the close relationships between strategic management and HRM by measuring the extent to which HRM policies and practices are vertically integrated with a firm's

business strategies (Dyer, 2005). Therefore, this idea of HR practices being integrated with, and adapted to corporate strategies can be referred to as “vertical fit” (Delery & Doty, 1996; Wright & McMahan, 1992).

Vertical fit:

That the concept of best fit or vertical fit is essential to the SHRM field is suggested by several researchers. Schuler, Jackson, and Storey (2001), for example, explain that for HRM to be strategic, all HR activities should be intentionally developed as a system that is linked to the business context and analysis. Likewise, Batt (2007) emphasises that “the central premise of strategic human resource management theory is that successful organisational performance depends on a close fit or alignment between business and human resource strategy” (p. 429). For Allen and Wright (2007), the strategic fit of HRM emphasises the behaviours and skills of human resources that are needed to match the organisational strategy so as to produce the desired outcomes for the organisations and become a source of competitive advantage. According to Armstrong (2009), SHRM focuses on the requirement that HR plans and strategies are formulated in a way to respond to the overall corporate objectives and address the organisation’s changing external environment. Strategic human resource management is an approach whereby HR practitioners interpret external forces and understand organisational strategies in order to ensure the most appropriate fit of HR functions to organisational goals and responsiveness to external business forces.

Criticism of best fit:

However, there are some HRM scholars who recognise the pitfalls of maximising fit. Wright and McMahan (1992), for example, comment that focusing on fit could lead to negative results when firms have to deal with a complex business environment as well as changes within the organisations. Purcell (2001) argues that contingency or best fit theory is limited because it is impossible to model all the conditional variables and difficult to illustrate their interconnections. Boxall and Purcell (2003) further highlight the complication of fitting HR practices and organisational strategy and they suggest that this alignment should be done by continually adapting to ongoing environmental change. This draws attention to the focus of both fit and flexibility. As suggested by Purcell, Kinnie, Hutchinson, Rayton, and Swart (2003) and Allen and Wright (2007), it is not about discovering the right fit and fix it forever; rather, there is

a need to remain flexible so as to address further changes and challenges. Indeed, a tense fit between HRM and strategy could restrain a firm's ability to be sufficiently flexible to adapt to the changing environment. Even though the concept of fit and flexibility may appear to be contradictory, they are actually complementary. As Wright and Snell (1998) argue, fit exists at a point in time whereas flexibility has to be presented over a period of time.

However, Legge (2005) argues that focusing on addressing external business environment of best fit theory tends to ignore the internal needs or the needs of employees in the firms. In highly competitive markets, businesses cannot prosper without balancing the forces of labour laws, social norms, and staff interests, thus the fit of business and employee needs is also required (Waiganjo et al., 2012).

2.3.5 Configuration theory, bundles, and horizontal fit

Configuration theory holds that in order to maximise organisational performance, it is necessary for an organisation to achieve both internal (horizontal) and external (vertical) fit. This model formulates and implements a particular combination of HR practices called bundles of HR practices, most of which address organisational context aiming to achieve higher organisational performance (Delery & Doty, 1996; Guest & Hoque, 1994; Huselid & Becker, 1996; Katou & Budhwar, 2006; MacDuffie, 1995). Rather than isolating a single HR function, the configuration model is implemented under the process of horizontal integration or internal fit through which many HR practices are combined together creating HR bundles that are interrelated, coherent and reciprocally supportive, thus complementing one another (Armstrong, 2011; MacDuffie, 2005).

Wei (2006) discovers three HR factors that influence horizontal fit; namely, HR policy, options of HR practices, and investment of HRM. As horizontal fit is achieved through the effective arrangement of the HR system, HR policy plays an important role in influencing tight fit among individual HR practices. Rather than placing more attention on one particular HR practice, HR policy should focus on balancing various HR practices so that they are equally invested in terms of resource, time, and budget, and produce effective results. Moreover, Wei (2006) explains that horizontal fit can be enhanced if there are a variety of HR practice options available for an organisation. This is because more options will provide more freedom to choose the most advantageous practices. Finally, it is suggested that a greater budget invested on HR practices can definitely enhance the horizontal fit of a firm.

MacDuffie (2005) points out that a bundle of HR practices could enhance employee knowledge and skills, thus increasing their motivation to effectively perform their work. In configuration theory, cohesion is thought likely to create synergistic benefits which in turn enable the organisation's strategic goals to be met. Delery and Doty (1996) state that "in order to be effective, an organisation must develop an HR system that achieves both horizontal and vertical fit. Horizontal fit refers to the internal consistency of the organisation's HR policies or practices, and vertical fit refers to the congruence of the HR system with other organisational characteristics such as firm strategy. An ideal configuration would be one with the highest degree of horizontal fit" (p. 804)

2.3.6 The impact of SHRM on organisational performance

Since the 1990s, there has been a growing number of experimental research studies about the link of strategic HRM and competitive advantage or organisational performance (Bjorkman & Fan, 2002; Chan, Shaffer, & Snape, 2004; Huselid, 1995).

Many studies suggest that some specific HR practices have a positive impact on organisational performance which can lead to better business results; and these HR activities have been termed differently by various authors. For example, Pfeffer (1994) assigns them as best practice, while Guthrie (2001) terms them as 'high-involvement practices'. In addition, Wood and De Menezes (1998) call a set of HR practices 'high commitment practices', whereas Becker and Huselid (1998) and Guthrie, Flood, Liu, and MacCurtain (2009) term them as 'high performance work systems'. A research report by Becker, Huselid, Pickus, and Spratt (1997) assessing the impact on shareholder benefit of high performance work systems, notes that specific sets of HR practices or high performance work systems would make an impact if the systems are integrated in the management infrastructure. Similarly, Wall and Wood (2005) assert that a bundle of HR activities could produce greater impact than a single set of HR practices because the whole is more powerful than a single element of its parts. For example, only hiring qualified people and then providing no further training or empowerment could result in those employees not being fully capable of performing desired behaviours; implementing the three practices together could produce greater effect. However, there is no consensus on what practices are included in a specific HR set, but researchers who are in favour of this approach agree that these practices would generate better performance regardless of the organisational context (Darwish, 2013).

Other studies focus on the impact of SHRM on human resources which in turn creates competitive advantage. For instance, Huselid (1995) discovers that productivity can be generated by motivating the workforce while financial performance can be geared by firm structure, employee skills and, again, motivation. Purcell et al. (2003) note that there is a positive relationship between HR practices and policies, levels of employee motivation and satisfaction, and firm performance. This is because the implementation of HR policies and practices is an integral element that connects people management with organisational performance and this should be the line managers' main responsibility. According to Armstrong and Baron (2004), collective skills, experience and abilities of the workforce form a source of competitive advantage and significantly contribute to the success of an organisation. Strategic HRM practices such as recruiting, employee relations, training and reward systems are the tools deployed to manage and develop highly committed and capable employees so that they can gear an organisation to achieve competitive advantage.

2.4 Concept of HR professional Roles

According to Armstrong (2011), there are two main sub-roles of HR practitioner roles: transactional and strategic. The transitional sub-role involves dealing with delivery service aspects of HR such as recruitment, payroll, training, rewarding, and legal compliance. However, the strategic sub-role is more concerned about formulating and implementing forward-thinking HR strategies which should align with organisational objectives so that HR practices and activities help support the business success of the organisation.

These two distinct sub-roles of HR professionals have become a debated issue in terms of which role HR practitioners should prioritise. For example, Caldwell (2004) argues that HR professionals must get transactional HR activities right before thinking about pursuing any bigger ideas; HR practitioners will gain credibility when they conduct extremely efficient and effective administrative day-to-day HR functions. Similarly, Syrett (2006) asserts that any strategic vision that HR professionals have would not be accomplished unless they effectively delivered the necessary administrative HR services required by internal clients.

However, if informed by the resource-based view and the SHRM model which focus on the necessity of human capital to gear organisations to achieve competitive advantage, then senior HR professionals would be required to be able to make a strategic contribution to ensure

obtaining and maintaining a talented workforce (Armstrong, 2011). As Sparrow, Hesketh, Hird, Marsh, and Balain (2010) suggest, “HR must be fully responsive to the strategy and business model of the business. HR is not a rule to itself. It is not HR for HR, but HR (as broadly defined across the competing stakeholders whom HR has to satisfy) for the business” (p. 88).

Holbeche (2010) comments that in order for businesses to survive and thrive in more complex environments—mass markets, economic migration, and the high speed of communications, organisations must become nimble, decisive, and intensely focused on the needs of their clients. Therefore, HR practitioners must help their firms to be prepared to adapt to the change by ensuring HR transformation. This can be achieved as long as HR professionals make available capacity to develop more value-adding HR activities.

2.5 Concept of Strategic Business Partner Roles

Business partners for HR used to be termed by Tyson (1985) as business managers who are aware of how their roles could contribute to the business objectives, have a general vision about business, and provide assistance to top management to achieve the firms’ long-term strategic objectives. Later, Dyer and Holder (1988) introduced the term ‘strategic partner’ (not Dave Ulrich who is commonly believed to have been the inventor of this term) and this role typically entails four features: (1) HR managers work closely with their line colleagues in creating HR strategies; (2) HR managers as equals to other managers are completely involved with all business strategy sessions so that they can contribute to the strategic formulation from an HR perspective; (3) HR executives cooperate with line managers to ensure that all elements of the business strategies are effectively implemented; and (4) the HR practices and policies themselves are managed strategically. However, many organisations and firms nowadays introduced HR strategic business partner role based on the popularity of Ulrich (1997a)’s books which similarly describe HR strategic partners as HR professionals who work to ensure the success of organisations’ business strategies by aligning HR practices and strategies to business objectives . According to Armstrong (2012), the term “strategic business partner” has been shortened to “business partner”, a term that is widely and enthusiastically used by HR professionals in developed countries.

The HR business partner role has become of interest to, and taken up by many HRM researchers and it appears that this term is defined similarly. For instance, Caldwell (2010) describes HR

business partners as those who work closely with line managers and assist them to achieve their business purpose through people management. In essence, the HR business partner is the product of transforming HR professionals into human resource managers with business knowledge.

Ulrich et al. (2012) use the term business partner as a ‘strategic positioner’, and this signals high-performing HR professionals who have advanced knowledge of the business including global business context (economic, social, technological, and political trends), the characteristics of their own sector and competitive markets in which their business is operating. They also need to be able to interpret and apply this knowledge when creating HR vision and strategy so as to facilitate the formulation and implementation of the overall business strategies. Similarly, Schuler and Jackson (2007) emphasise the need for HR professionals to have business knowledge as “ today, human resource professionals are being challenged to learn more about the business, its strategy, its environment, its customers, and its competitors” (p. 14).

Armstrong (2012) and Chartered Institute of Personnel and Development (2009) state that the key role of the HR strategic partner is to formulate HR strategies that align with business objectives, allowing input from an HR perspective in formulating and implementing business strategies. Similarly, Robinson and Robinson (2005) also mention that HR business partners must apply business needs to HR functions and initiatives. Cascio (2005) comments that HR leaders need the skills of a strategic business partner so as to have the ability to create HR strategies that align with people, systems, and processes.

Furthermore, one aspect of the HR business partner role is to create and lead change. Kenton and Yarnall (2013) and Armstrong (2011) explain that HR business partners are required to be proactive, and able to anticipate requirements, identify problems and find evidence-based and innovative solutions to them. This is not a surprise because the role of strategic partner has been developed from the role of change agent. As suggested by Ulrich, Brockbank, Johnson, Sandholtz, and Younger (2008), the main dimensions of the business partner role are knowledge manager, business expert, and change agent; being a change agent is only a part of strategic business partner roles.

Even though the focus of business partner roles represented above appears to encompass the capability and competency of the role, the author of this research paper attempts to separate the role and capability of business partner. In accordance with Dyer and Holder (1988), Caldwell

(2010), Armstrong (2011), Armstrong (2012), Ulrich (2012), and Kenton and Yarnall (2013), this research study is based on four main aspects of business partner roles; namely, (1) cooperating with their line managers in formulating HR strategies that promote the achievement of business goals; (2) working with line managers in formulating and implementing business strategy, (3) developing HR functions that align with the organisation's business strategy to help achieve business goals; (4) acting as a change agent in diagnosing problems, developing solutions, and implementing change in terms of human resource management.

Criticism of Business Partner roles

However, there are those who disagree with the HR business partner role and argue that the business partner model is too demanding. Tim Miller, the Group HR Director of Standard Chartered Bank, argues that due to so many tasks being loaded into the HR business partner model, HR practitioners should not be partners but rather should be a part of the business (as cited in Smethurst, 2005). In addition, Alex Wilson, HR Director of BT Group, also argues that HR and people management should be an integral part of business strategy formulation, rather than being a partner and working alongside on a the separate track with line managers (as cited in Pickard, 2005). Similarly, Caldwell (2004) and Syrett (2006) maintain that any strategic aspirations of business partners would be nothing if they could not effectively manage transactional HR functions. Besides the view in favour of the administrative role of HR professionals, some empirical studies doubt the ability of HR practitioners to act as business partners. Caldwell (2008) empirically studies competency models which are regarded as a means for enhancing the effectiveness of HR practitioners when they act as a business partner. The study reveals that their performance is particularly weak and so could not effectively play the role of business partner.

Due to the complexity and demanding characteristics of the HR strategic business partner role, the effectiveness of performing this role could be viewed differently by line managers and HR executives. This is revealed in an empirical study by Chiu and Selmer (2011) who examine "whether HR professionals are strategic business partners" in Hong Kong, and found that while HR executives believe that they are playing the roles of strategic business partners, CEOs and line managers were doubtful whether they performed this strategic role or not.

2.6 Key capabilities of HR Business Partners

According to Ulrich, Allen, Brockbank, Younger, and Nywan (2009), competencies for HR professionals that shape their performance include ability, knowledge and skills, and personality. For HR professionals to play more a strategic role as business partner, they are required to cultivate new knowledge and skills that directly link their work to the business.

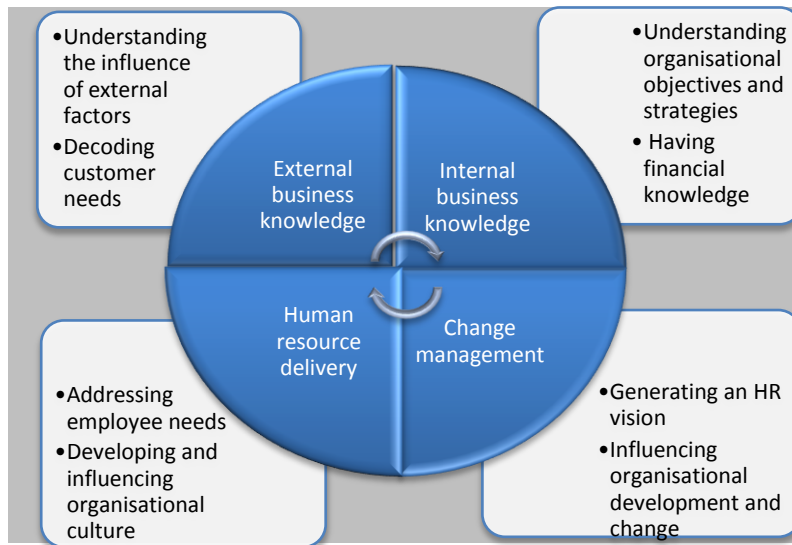
The Michigan research team, Ulrich, Brockbank, Yeung, and Lake (1995) developed the HR competency model which includes three different domains: knowledge of the business, HR practice delivery, and change management.

Extrapolating from the HR business partner competency model and primarily drawing on several authors such as Armstrong (2011), Ulrich et al. (2012), Kenton and Yarnall (2013), and Robinson and Robinson (2005), this research study focuses on eight capabilities of the business partner role as follows:

- Ability to understand the influence of the external business environment
- Ability to decode customer needs
- Ability to understand organisational goals and strategies
- Having financial knowledge
- Ability to analyse and respond to employees' needs
- Ability to develop organisational culture that supports the required employee performances
- Ability to create an achievable HR vision
- Ability to shape and influence organisational development and change

The aforementioned eight capabilities of the HR business partner role are categorised into four dimensions: external business knowledge, internal business knowledge, human resource delivery, and change management as depicted in Figure 1 as follows:

Figure 1: The capabilities of HR business partner



Source: Developed by the author based on Armstrong (2011), Kenton (2013), Ulrich et al. (2012), and Robinson and Robinson (2005)

2.6.1 Ability to understand the influence of the external business environment

HR professionals must be fully aware of the external business context, which is increasingly more complex, changing, and dominated by the global business situation. This will help HR leaders to foresee opportunities and challenges so that they can help position their firms in the long term. This requires HR professionals to be business literate, connecting with key stakeholders, and mastering the context (Ulrich et al., 2012). HR professionals also need to have the ability to master the context and envisage opportunities and challenges for the future in various contexts; namely, social, technological, economic, political, environmental, and demographic so that they can anticipate and prepare for the future (Ulrich et al., 2012).

2.6.2 Ability to decode customer needs

Decoding customer expectations matter for HR professionals because HR as well as organisational practices should be designed to align with customer needs in order to strengthen customer relations and meet their expectations. To complete this task, HR professionals have to know the firm's targeted customers, the values of these customers, and the measures that a firm uses to build relationships with them. This could be done by spending time with customers and

marketing staff. After understanding customer expectations, HR business partners should audit whether their HR practices reflect customer needs (Ulrich et al., 2012).

Ulrich and Brockbank (2009) explain that the main focus of business partners is to create increasing value to external stakeholders, particularly customers by taking into account customer identity when designing HR practices including recruitment and selection, training and development, performance appraisal, and reward systems. This would ensure employees, as well as organisational capabilities are continually influenced by the buying habits of customers. Cascio (2005) comments that HR managers must have ability to identify key drivers for employees as well as to create a common employee mindset that is consistent with organisational objectives and strategy. They can then assess individual and organisational performance against such drivers, which are regarded as human capital metrics connecting to customer behaviour and important financial results.

2.6.3 Ability to understand organisational goals and strategies

When HR acts as business partner they need to be strategic thinkers and have a holistic view of the business such as organisational context, business strategies and business environment. Garey (2011) and Ulrich et al. (2012) stress that HR professionals need to have a big picture of their organisation. By viewing the organisation from a 'helicopter' view, HR business partners can develop long-term perspectives and help to form business directions in line with strategic priorities (Kenton & Yarnall, 2013). In addition, Cascio (2005) comments that understanding a firm's business model (how a firm compete in its market) is the fundamental capability that business partners should have. They also need to understand the restrictions and challenges that managers face, and the expectations of both customers and employees.

2.6.4 Having financial knowledge

HR professionals need to be business literate and know the language of business and finance. They should be able to read balance sheets or income statements. This ability would help them to understand the status and situation of the firms so that they can master the same information as other leaders in the organisations (Ulrich et al., 2012). Garey (2011), too, supports HR professionals acquiring finance knowledge so that they can contribute to the strategic decision making process. Holbeche (2010) argues that HR professionals need to speak business language,

rather than persist in speaking the HR jargon which can cause them to be perceived as irrelevant to business.

2.6.5 Ability to analyse and respond to employee needs

Some researchers comment on ethical considerations of the business partner role. Ulrich (1997b), Cascio (2005), Chartered Institute of Personnel and Development (2009), and Armstrong (2012) state that HR practitioners should represent both employee needs and business needs and should create and deliver ethically HR policy and practices. Robinson and Robinson (2005) explain that it is important for HR business partners to understand the ‘need hierarchy’ concept representing the knowledge of four needs—business needs, performance needs, work environment and capability needs—existing in an organisation at all time. It is a duty of HR business partners to identify and align these needs. In essence, in order to meet business needs, HR business partners need to ensure the required employee performance, which are met when individuals are surrounded by a satisfying and supportive work environment (e.g infrastructure such as work processes, reward systems, information flows) and when they are equipped with full capability.

2.6.6 Ability to develop organisational culture that supports the required employee performances

Ulrich and Brockbank (2009) suggest that business partners need to act as culture and change stewards who can identify and influence necessary changes that enhance the capacity of the employees, as well as the organization so that it can compete in the market. By doing this, HR business partners have to link external business characteristics to internal human resource performance.

Holbeche (2010) argues that as part of HR leadership, HR managers need to envisage how they can drive their organisation to thrive in the future, thus they are required to be able to build an agile organisational culture which can respond to the changing business environment. They also need to build adaptable structures, systems and behaviours. In addition, Lamarsh (2004) points out that HR business partners should have the capability to develop organisational culture that supports the establishment of quality service, a culture that attentively address the customer needs.

2.6.7 Ability to create an achievable HR vision

Another capability that the HR business partner should have is to be able to prioritise business needs, envisage organisational longer-term goals, and review feedback so that they can seek ways to improve the HR service provided to their internal clients (Kenton & Yarnall, 2013). As the role of business partner includes multiple dimensions such as change agent, business expert, and consultant (Ulrich et al., 2009), they must think of the firm's longer-term picture, as well as HR strategies required address business needs. HR business partners have the ability to create a vision focusing on what the goals are and how to achieve them (Armstrong, 2008). Kenton & Yarnall (2013) also suggest that HR business partners need to demonstrate effectiveness by creating appropriate evaluation programs at the beginning of each project.

2.6.8 Ability to shape and influence organisational development and Change

Having knowledge of organisational development and change is vital because HR business partners are required to be able to influence and shape the organisational change and development agenda required to address critical business issues (Armstrong, 2012). HR practitioners need to be proactive in seeking opportunities to support business and also be preventive by foreseeing any potential problems. In addition, strategic partners are required to act as entrepreneurs and be innovative in seeking ways to create positive change to the business. They should apply knowledge of change theory to implement change successfully (Kenton & Yarnall, 2013). In essence, HR business partners should implement HR transformation so as to find ways to transform the traditional HR function into a more strategic HR service (Ulrich, 2014).

2.7 *HR transformation*

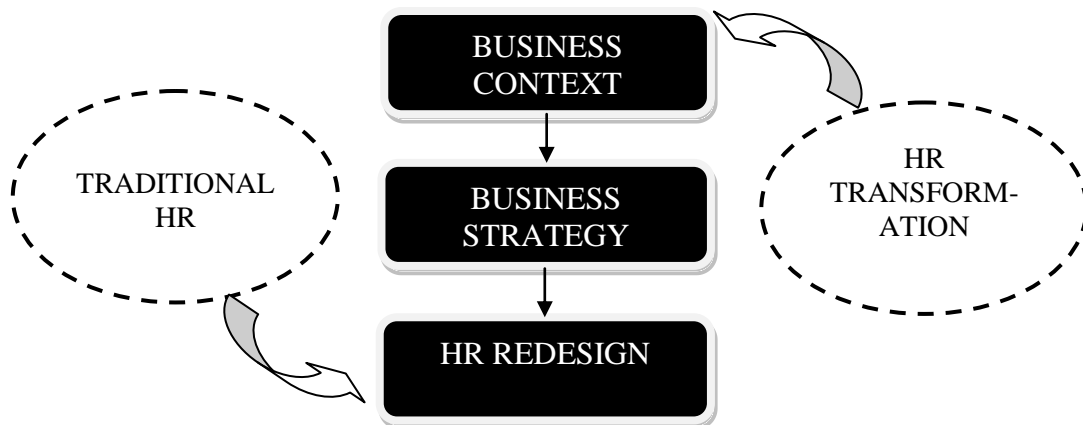
According to Rothwell, Prescott, and Taylor (2010), HR transformation varies from one organisation to another and does not have one universal description. The drivers for HR transformation may include making HR strategic, improving services, adopting new technology, or responding to business change (Rampat, 2005). However, one constant aspect is that expectations about HR professionals' competencies are increasing. Due to the increasing complexity of the business context, organisations require HR professionals to contribute by creating more value and playing the completely different role of business partner, while

maintaining effective operational practices (Becker, Huselid, & Ulrich, 2001b; Ulrich et al., 2012).

Hence, HR transformation—transforming the HR function from a traditional administrative service to a more strategic one—should take place in organisations (Lamarsh, 2004; Ulrich, 2014). According to Ulrich (2013) HR transformation, in terms of increasing the HR strategic contribution to business, refers to the transformation of HR functions to make them more efficient and effective in addressing business requirements.

Similarly Ulrich et al. (2009) provide the rationale for the implementation of HR transformation: “traditional HR begins by focusing on HR issues and redesigning HR governance or practices. HR transformation begins with an understanding of the context in which the business operates (both general conditions and specific stakeholders)” (p. 26).

Figure 2: Traditional Versus Transformational HR



Source: (Ulrich et al., 2009, p. 26)

2.8 Change management

Since human resource management is always regarded as lower status function and is not often appreciated by the managers and employees in the organisation, there is sometimes dissatisfaction with what HR is and does (Rothwell, Prescott, et al., 2010). According to a survey conducted by Rampat (2005), barriers for HR Transformation include inappropriate skills among HR professionals, a lack of technology, a reluctance to deal with the complexity of the change process, a difficulty in dealing with organisational culture, bureaucracy and regulatory

constraints, and a lack of support from the top executives and employees. Therefore, in order to overcome the barriers to change, HR professionals and managers need to have a sound understanding of theories and practices of change management to direct their actions. This should include developing an effective change team, engaging relevant stakeholders, overcoming resistance to change, and learning the lessons from each change process (Weiss, 2013). According to Cummings and Worley (2009), Waddell, Creed, Cummings, and Worley (2014) and Anderson (2012), change management often refers to organisational development (OD) which is a planned change process of improving organisational effectiveness through the application of behavioural science knowledge—leadership, group dynamics, international relations, strategy and organisation design.

As suggested by Waddell et al. (2014), leaders who would like to successfully influence change, need to have knowledge of various change models, which are shaped by different perspectives and paradigms, so that they can apply an appropriate model to a certain situation. The common change models discussed in the literature include Lewin's planned change model (Lewin, 1947) and Kotter's eight steps of change (Kotter, 1995). While Lewin viewed the change process as three steps: (1) unfreezing—creating the need for change; (2) changing—implementing change of developing new behaviour; and (3) refreezing—stabilizing change by using positive reinforcement. Kotter generated a change process consisting of eight steps: (1) establishing a sense of urgency; (2) creating the guiding coalition; (3) developing a vision and strategy; (4) communicating the change vision; (5) empowering broad-based action; (6) generating short-term wins; (7) consolidating gains and producing more change; and (8) anchoring new approaches in the culture. Even though the change models can be outlined in different steps, they aim to generate effective change, overcome resistance, and bring about organisational improvement.

However, in actual practice, the different steps of a change model is not an orderly process. OD practitioners are likely to adjust the phases in line with the needs of the situation. In order to carry out effective change, a change model should be executed according to the organisation's needs, context, goals and values, along with the change agent's skills and ability (Rothwell, Stavros, Sullivan, & Sullivan, 2010; Waddell et al., 2014). Porras and Robertson (1992) argue that planned change models provide only partially information necessary for guiding change, so it is suggested that four aspects need to be considered when implementing change; namely (1) the organisational characteristics, (2) the intended outcomes, (3) the causal mechanisms that

produce those outcomes and (4) the contingencies on which successful change relies. These researchers recommended that more research studies are required in order to fill a gap of planned change theory which considerably lack necessary information to guide the change process.

2.9 Summary

Chapter two presented four main concepts constituting the concept of the strategic business partner role for HR professionals. The first part of this literature review focused on the concept of human resource management and how people management became more strategic when it was integrated with strategic management theory.

The second part conceptualised the model of strategic human resource management and discussed its underpinning theories such as the resource-based view, contingency theory, and configuration theory. The outline of the SHRM concept is to provide the foundation for understanding the strategic role of HR professionals.

The third part represented the concept of the HR professional role and discussed the notion of business partner roles; the latter is the critical concept of this research study. Importantly, the key capabilities of HR business partner roles were clearly explained.

The fourth part provided a discussion of HR transformation and change management. These two concepts are important and need to be addressed when HR professionals want to upgrade their roles to become business partner.

In chapter three the research methodology and methods used in this study are discussed.

Chapter Three: Research Methodology

3.1 Introduction

This chapter mainly discusses the research methodology and research method adopted for the studied project. The chapter begins with the literature on methodology and highlights the research paradigm underpinning this research. The two main research methods of quantitative and qualitative techniques are also discussed, but the qualitative method is found to be appropriate for this study and the rationale for this judgment is provided. The chapter also outlines the sampling design as well as the scope of the research. All steps of data collecting and data analysis are described before addressing quality and ethics issues.

3.2 Methodology

3.2.1 Research Methodology

Research methodology is a systematic approach or research strategy that delineates how research is to be conducted. In other words, methodology aims to give a road map of the research by identifying methods to be implemented in the research study such as technique of data collection and means of data analysis (Creswell, 2009; Howell, 2013). A methodology can be described as a model for carrying out research based on a particular context of a research paradigm, which includes the primary sets of principles that lead a researcher to decide which set of research methods is the most suitable for a research context (Sarantakos, 2005).

Jonker and Pennink (2010) explain the difference between research methodology and research method; while a methodology is a map or a domain, a research method comprises the research steps moving from one place to another on the map. Therefore, one particular research method, for example, an interview technique can be implemented within different research methodologies. Wahyuni (2012) further comments that while research methodology refers to the ideological and theoretical groundwork of a research method, a research method is concerned with the practices of conducting research. Thus, a research design plays an important role in linking a methodology to a suitable practical application for conducting research.

3.2.2 Research Paradigms

Since methodology refers to paradigms influencing an approach to carry out the research (Irny & Rose, 2005), research paradigms are primarily involve fundamental beliefs about how the world works and how reality is perceived, and subsequently direct the way researchers investigate the world (Jonker & Pennink, 2010).

Berry and Otley (2004), Creswell (2009), and Neuman (2011) suggest that there is a need to initially think about research paradigms before doing research because they will guide the way in which a researcher conducts a research study as well as directly influencing the research practices. Without considering the research paradigms in the beginning, researchers may adopt a research method that conflicts with their beliefs underpinning the research, and this could cause invalid and biased results.

According to various research authors such as Kalof, Dan, and Dietz (2008), Laughlin (1995) and Saunders, Lewis, and Thornhill (2009), there are two main types of research paradigms: positivism and interpretivism and these two paradigms are distinguished by four main philosophical dimensions; namely, ontology, epistemology, axiology and methodology. While ontology refers to how individuals view or perceive reality, epistemology is the perception of what forms or generates valid knowledge. Axiology refers to ethics and the researcher's position in relation to research phenomenon, whereas methodology is another basic belief that influences what practice model is to be used in conducting a research study (Wahyuni, 2012).

Ontologically, the positivism paradigm refers to those who hold the belief that the truth is external and objectively exists in the world awaiting researchers to discover it, such researchers are termed objectivists or positivists (Saunders et al., 2009). Axiologically, these scholars maintain an objective stance toward the data and try not to get involved in the research phenomena. Corresponding to this belief, objectivist researchers epistemologically emphasise causality of the facts and believe that only observable social phenomena can constitute knowledge and provide data. Therefore, methodologically they prefer scientific or numeric measures to understand reality by adopting a quantitative research approach in which researchers are not involved with the data investigated (Guba & Lincoln, 2005; Hallebone & Priest, 2009; Saunders et al., 2009).

On the other hand, those who believe in interpretivism are called subjectivists, constructivists or interpretivists; they think that reality is formed socially and subjectively. To discover the truth this group of researchers focus on subjective meanings of reality and try to comprehend what is happening by participating in the research phenomena. This is because they recognise that varied human experiences, knowledge and perspectives can cause social reality to change over time in response to social interactions. Thus, unlike positivists, interpretivists reject the idea of a single truth (Hennink, Hutter, & Bailey, 2011). Consequently, such researchers choose to employ a qualitative research method which provides descriptive data and allows researchers to interact with the studied participants so that they can study the phenomena by getting insight into participant perspectives (Guba & Lincoln, 2005; Hallebone & Priest, 2009; Saunders et al., 2009).

Considering the research paradigms, and the author's belief in contextualising phenomena, this research study is based on interpretivism. However, this does not mean that the researcher rejects positivism, but according to this research context that aims to study the perspectives of HR leaders on the role of HR business partner, it is believed that a qualitative research method is best used to study such complex issues.

3.2.3 Quantitative and Qualitative approach

3.2.3.1 *Quantitative approach*

The quantitative research method refers to a research design that entails a statistical or numeric approach to generate new knowledge and meaning. This research method was developed in and became popular from 1250 A.D in western culture where researchers were keen to quantify data (Williams, 2007).

As quantitative researchers hold the belief of the empiricist paradigm (Creswell, 2003) or positivism paradigm (Hallebone & Priest, 2009; Saunders et al., 2009), they seek to be independent of the research phenomena, so data is usually collected through surveys which also allows obtaining data from a large number of participants (Venkatesh, Brown, & Bala, 2013). Creswell (2003) states that quantitative researchers “employ strategies of inquiry such as experimental and surveys, and collect data on predetermined instruments that yield statistical data” (p. 18). The quantitative data is measured objectively in order to provide validity and reliability to the findings results, As suggested by Tewksbury (2009), “quantitative research is

typically considered to be the more scientific approach to doing social science. The focus is on using specific definitions and carefully operationalizing what particular concepts and variables mean” (p. 39).

The logic underpinning quantitative research is based on deductive theory in which experimentation is moving from the general to the specific and is based on existing theories to clarify the research outcomes, and then the research findings are used to confirm or reject hypotheses (Bryman, 2012; Leedy & Ormrod, 2001). Creswell and Plano Clark (2007) says that the deductive researcher “works from the top down”, from a theory to hypotheses to data to add to or contradict the theory” (p. 23).

There are several merits regarding the quantitative research approach which have made this method popular in social science. Gruyter (2011) outlines the advantages of the quantitative research method as follows: (1) The well-defined and systematic processes of data collection, measurement, and data analysis create reliability and validity required to explain the research outcomes; (2) the statistical inference of quantitative research could effectively generalize the findings; (3) the quantitative approach is considered to be more time-saving and economical than the qualitative approach.

However, quantitative research has also been criticised in terms of providing superficial research results, thus failing to provide in-depth understanding of participants’ thoughts about a certain research phenomenon (VanderStoep & Johnson, 2009). Gruyter (2011) criticises the experimental approach of quantitative research for over simplifying the complications of a reality and overlooking important features that are not easily quantified; thus failing to depict the overall impacts of that reality. Therefore, quantitative research is more suitable for the research context that aims to find out answers to the questions of what, where, who, how much, and how many, than the research context which attempts to discover the answers to why and how questions (Frels & Onwuegbuzie, 2013).

3.2.3.2 *Qualitative approach*

According to Flick (2008), the qualitative research method focuses on words or text rather than numbers when collecting and analysing data. This is because the qualitative method is underpinned by the belief that realities are constructed socially, so this practice aims to discover the standpoint of participants regarding the topic under investigation. By using the qualitative

approach, the world is usually examined through a variety of research instruments such as interviews, observation, conversations, field notes, and recordings (Tracy, 2012). In essence, qualitative researchers are associated with an interpretative approach in which they are interested in understanding phenomena by interpreting their natures and the meanings delivered by people (Denzin & Lincoln, 2005; Merriam, 2009)

Neuman (2011) states that unlike quantitative research, qualitative research is usually inductive whereby research is conducted from the specific to the general context. Inductive research examines the data and then generates the theory based on the results of the findings. Williams (2007) also notes that qualitative research builds its premises according to inductive, rather than deductive logic, as the qualitative researchers attempt to explain the observational elements that pose research questions. Merriam (2009) explains that “often qualitative researchers undertake a qualitative study because there is a lack of theory or an existing theory fails to adequately explain a phenomenon. Therefore, another important characteristic of qualitative research is that the process is inductive; that is, researchers gather data to build concepts, hypotheses, or theories rather than deductively testing hypotheses as in positivist research.” (p. 15).

Without using numbers as experimental materials, the qualitative method is considered to produce more in-depth understanding of the studied issues because the truth is described by the opinions of participants engaged in the situation (Gummesson, 2006). This allows researchers to make second-order interpretations as they can explain the particular situations from the subjects’ explanations (Tracy, 2012). The same author also comments that researchers could gain insight into cultural practices of the investigated phenomena which could not be found through structured experiments or surveys under the quantitative method.

However, this is not to say that the qualitative method has no criticisms. Hammersley (2012) states that qualitative research could only reveal the particular genres of thoughts and perspectives of people only in relation to the single culture of those participants. This means that the findings of the research cannot be generalised (Wahyuni, 2012) as these genres of experiences could vary from culture to culture across social groups. Moreover, this qualitative practice could produce misleading findings as sometimes people may get the wrong impression of their world or themselves due to social or psychological pressure. Qualitative research is also sometimes considered as invading participants’ privacy (Gubrium & Holstein, 2001).

Despite its weaknesses, qualitative methods are appropriate techniques to help researchers complete various research goals and, most importantly, researchers can achieve valid findings by either only using a qualitative method or combination it with other methods (Tracy, 2012). This research study adopts a solely qualitative research method which is considered to be suitable for the research context. The rationale behind the adoption of this research method is outlined as follows.

3.2.4 Rationale for a qualitative approach to research

As far as the researcher is concerned, qualitative methods are suitable for this research study and the rationale for this is based on five main factors; namely, (1) constraints on the number of participants; (2) the complex nature of strategic HR; (3) the focus of participants' perspectives; (4) an attempt to find answers to how and why questions; and (5) the emphasis of the inductive approach.

- First, the potential participants are those HR professionals in senior or leading positions in Lao state-owned enterprises (SOEs). Since the targeted participants of this research are a special interest group, the number of this population is quite limited and is not sufficient to be investigated through surveys or questionnaires. Thus, collecting and analysing qualitative data through interview techniques is deemed to be the best research instrument in this circumstance. As explained by Fossey, Harvey, McDermott, and Davidson (2002), the sample size of qualitative research is usually small, but this does not cause any problems because the qualitative findings are not often generalised. Rather, such findings are descriptive and represent the perspectives of one particular group in a specific setting (Malterud, 2001).
- Second, due to the complex nature of the studied subject of the HR business partner role, it is straightforward to use the qualitative research method of the interview technique rather than surveys. Since the term HR business partner is new to Lao HR professionals, there is a concern that the research questions could be confusing to the participants. Therefore, adopting a qualitative data collection instrument like an interview not only allows the researcher to encourage and elicit relevant information from the participants, but also gives the researcher an opportunity to further clarify and explain the research questions when in dialogue with the studied participants.

- Third, since the research study emphasises discovering the participants' perspectives regarding the role of HR business partner, qualitative research methodology is best applicable for this research context. This is because the researcher can get involved in the situation, allowing them to observe, investigate, and gain insight into the characteristics and trends of HR business partners in Lao state firms. As suggested by Tracy (2012), qualitative research allows researchers to understand the cultural practices of people which could not be revealed by quantitative methods.
- Fourth, the qualitative approach assists in answering to the research question “how can HR leaders in state owned firms perform the role of business partner so that they can enhance their contribution to business success”. Since the research aim which is to assess whether or not senior HR professionals in Lao SOEs are performing the role of business partner, the interview questions mainly include why the potential participants think certain roles and capabilities are important for HR professionals in general and how well they are demonstrating them specifically. The results of the findings can then potentially lead to the solutions to the research question. The qualitative research method is appropriate for this study because as suggested by Frels and Onwuegbuzie (2013), while quantitative research is appropriate for answering what, where, who, how much, how many questions and studying some particular associations between variables, qualitative research is optimal for discovering the answers to how and why questions. That is why the qualitative research method is more frequently used and regarded as a superior approach to the development of knowledge in the criminology field (Tewksbury, 2009). Even though this research study is not related to criminology, it has a similar purpose, which is to provide an in-depth understanding of individuals in their context. The qualitative method can contribute uniquely to this endeavour.
- Fifth, because this research is based on the inductive approach, qualitative research is necessary (Merriam, 2009; Neuman, 2011; Williams, 2007). Since no research has been conducted in Laos on this topic, the desirable outcome of this research is to build up suggestions of how HR professionals in Lao SOEs could effectively act as business partners.

3.3 Sampling designs

Unlike quantitative research which focuses on generalising its findings, qualitative research emphasises developing and extending theory through analytical generalisation (Wahyuni, 2012). Hence, when considering which representative samples to choose for qualitative or interpretative research, it is important to not merely focus on generating a basis for generalisation, but rather to select sample based on the characteristics of the case which reflected through the research questions (Scapens, 2004; Wahyuni, 2012). In fact, the sampling procedure implemented in qualitative studies is driven by the topic under examination, not by the aspiration to generate findings that are empirically-generalisable (Higginbottom, 2004).

Therefore, this research study adopts non-probability and purposive sampling approaches because they are the most appropriate sampling techniques for the study's purpose and methodology. Bloor and Wood (2006) explain that non-probability sampling is the selection method of choosing a representative sample based on a pre-determined reason. Purposive sampling is implemented to purposefully select information-rich samples, meaning those targeted participants whose experiences and knowledge are of interest in answering the research questions.

Because this research study aims to investigate the performance of HR leaders working in Lao SOEs regarding the role of business partners, the samples of this research are senior HR professionals in state-owned firms. The samples are clearly non-random and pre-determined; and the potential participants are selected because of their characteristics and particular knowledge and experience of the studied phenomena (Lewis, 2003). As suggested by Fossey et al. (2002) and Ryan, Coughlan, and Cronin (2007), the purposive sampling technique is useful in qualitative research to ensure richness in the information collected.

3.3.1 Selection of participants

Creswell (2009) explains that the task of identifying appropriate participants is very important because it determines the extent to which the research questions are best answered. In addition, the selection decision should be based on theoretical perspectives, evidence informing the study and research questions.

Therefore, the matched criteria of representative participants for this research phenomenon are the Head and the deputy Head of HR departments from business-oriented SOEs. They have been selected based on their experiences, knowledge, and leadership roles in managing human resource; and these characteristics would best answer the research questions and enlarge understanding of the studied phenomenon. The reason for choosing SOEs which are business-oriented rather than public-oriented is because of the emphasis of business competitions in the studied phenomenon. To gain research effectiveness, and based on the characteristics of HR business partner roles, the study of such roles of HR professionals is required to primarily reflect organisations which are operating in competitive business environments.

Besides characteristics of the participants and organisation sector, sample size should be the second consideration when selecting participants. Fossey et al. (2002) note that the qualitative sample size is usually small when compared to the quantitative sample. As suggested by Morse (1994) and Creswell (1998), the suitable sample size for phenomenological qualitative research should be at least six and from five to twenty-five respectively (as cited in Mason, 2010). However, Sargeant (2012) argues that the sample size for qualitative research is not usually predetermined because the richness of data collected is determined by an end point called 'data saturation' which means the sufficient number of participants is usually identified when no new concepts or information can be discovered through additional interviews.

The planned sample size for this research was initially determined at 14 participants according to the criteria of the participants' positions and organisation type. This is because there are only seven main organisations which are considered to best suit the criteria, and it is assumed that one organisation would not have more than two HR professionals in the leading positions—the head and the deputy head of the HR department. Therefore, two participants were expected from each enterprise.

However, in real practice, the actual samples for this research are 12 participants because two HR leaders reject to participate the research project because they had no spare time to take part in the interviews. Nevertheless, 12 participants are considered as satisfactory number. As suggested by Fossey et al. (2002), the qualitative samples are usually few in number, but this does not cause any problem because the qualitative findings are not usually generalised. Moreover, the accumulated data gathered from the 12 participants is observed to be repetitive, so

it is believed that the researcher reaches the significant depth of information on the phenomena. As asserted by Thorne and Darbyshire (2005) Parahoo (2006) and Sargeant (2012), when the qualitative researcher finds out no new concepts from the participants, the researcher has sufficient information and data collecting often stops at this stage.

It can be noted that because this research phenomenon is associated with professionalism, the required participants are considered by roles, knowledge, experience level, and perspectives (Sargeant, 2012). As a result, the non-probability and purposive sampling approaches are seen to be appropriate for this study.

3.4 Scope of the research project

The scope of this research project will be in the area of strategic human resource management (SHRM) specifically focusing on the role of the HR business partner of Lao SOEs. The reasons for choosing the SOE sector to be the case of the research study are as follows:

- First, the researcher is personally interested in the human resource management field as practiced in the Lao context since it is not studied as much as in developed nations. The researcher therefore intentionally focuses on the SOEs because these units are less influenced by a foreign management style, so they should be the best example of traditional organizations operating in Laos. Thus, the results of the study would represent conventional practices of HR within the country. Therefore, this research will significantly contribute to the literature and knowledge pool regarding the concept of whether HR leaders in Lao state firms perform advanced strategic roles as business partners.
- Second, besides the intention to focus on conventional HR practices in Laos, studying the HR field in the SOE sector could significantly contribute to the improvement of the sector, which is considered to be an important part of economic development. It is considered to be a strategic business unit significantly contributing to the economic development of Laos, but it is also believed that SOE units need to run more effectively and efficiently in order to be more competitive when the country is integrated with ASEAN Economic Community (AEC) in 2015 (Ministry of Planning and Investment, 2011). Therefore, this research would develop awareness of business partner roles among Lao HR leaders so as to raise the standard of the HR profession in the SOE sector. In this

way, they could strategically be part of the business as well as drive business success through human resources.

- Third, studying this area will enhance the researcher's knowledge of strategic human resource management as well as how this practice is demonstrated in SOE units. The experience and knowledge gained will assist the researcher's career progress in the future especially in the area of Lao HR leadership. By researching and working in this field, it is likely that the researcher can contribute to the development of Lao economy.

3.5 Research Method

Unlike the concept of methodology which is the ideological groundwork of a method that affects the whole process of the research, a research method is a practical set of research applications, including techniques and tools for data collection and analysis (Wahyuni, 2012). However, a research method is independent from the paradigm and methodologies (Sarantakos, 2005). As a result, one research method such as an interview or observation can be employed in different research methodologies. Therefore, a research design plays an important role in linking research methodology and research practices by focusing on research purpose and research questions at the beginning of the research because they provide a necessary indication of the materials that a researcher is interested in and intending to assess (Berry & Otley, 2004; Saunders, Lewis & Thorhill 2009; Yin, 2012).

3.5.1 Research method: Semi-structured interviews

The data collection technique for this research will be semi-structured interviews as these are commonly used in qualitative research. Hammersley (2012) suggests that by allowing researchers to participate in the communications, interviews are the best methods of eliciting people's thoughts and perspectives when collecting qualitative data.

The semi-structured interview, sometimes called the non-standardised interview, is a mixed type of qualitative interview; it is positioned in the middle between the in-depth interview and the structured interview (Saunders et al., 2009). Hence, it provides the advantage of using pre-set questions and themes as in the structured interview, while allowing sufficient flexibility for interviewees to elaborate freely on the topic of interest during each interview.

This research project adopted the semi-structured interview because a clear list of questions could be prepared that could facilitate the flow of the conversations, while at the same time the questions could be designed to encourage descriptive answers that could allow new information to emerge (Wahyuni, 2012). Thus, this helps the researcher to get valid findings to meet the research objectives.

The interview questions were developed in English then translated into Lao Language, which was used in the interviews. Each interview was recorded, transcribed into written English language and then analysed.

3.5.2 Data collection

In interpretative research, any number of approaches can be employed for data collection interviews, observation, or non-numerical questionnaires like open-ended questions. However, the researcher should provide the rationale for the selection of a certain data collection method and outline enough information of the process (Ryan et al., 2007).

Holloway and Wheeler (2002) note that the most frequent technique used for collecting data is the interview either semi-structured or unstructured. This research study adopted the semi-structured interview for collecting data and the rationale for doing so was discussed in section 3.5.1. However, to emphasise the reason for using semi-structure interviews for collecting data, the researcher asserts that the hybrid feature of this interview method is suitable for this research phenomenon. This is because the semi-structured interview combine characteristics of a structured interview and in-depth interview would provide a predetermined list of questions which guides the researcher to carry out the interview process, while providing rooms for the interviewees to freely talk about their interest during the interview (Saunders et al., 2009)

By using a semi-structured interview format, the themes of questions can be developed based on research objectives associated with the relevant literature (Bhattacharjee, 2012). There are six main research areas of investment which aim to identify (1) the actual current roles of Lao HR leaders; (2) the level of understanding of the term ‘HR business partners; (3) Lao HR leaders’ perspectives on HR business partner roles; (4) Lao HR leaders’ perspectives on the capabilities of HR business partners; (5) the difficulties that obstruct the performing of the role HR business partner in SOEs; and (6) the willingness of Lao HR leaders to change. These themes are considered sufficient to elicit information for the data collection process.

The interviews for this research are conducted face to face with individuals. The rationale for this decision is that the individual interview allows the researcher to investigate more deeply into social and personal matters of the interviewees as they are likely to be more comfortable talking in private; whereas the group interview does not investigate as deeply into the individual (DiCicco-Bloom & Crabtree, 2006). As the participants for this research are HR managers and deputy HR managers, it is better not to choose group interviews because those in lower positions can be influenced by their boss and this would prevent them from freely sharing their experience and knowledge.

According to business custom in Laos, it is important to contact the organisations by sending a hard copy letter. Hence, to recruit the participants, the researcher sent hard copies of request letters, attached the academic supervisor's approval letter, ethics approval, information sheet and interview questions, to managing directors of the selected SOEs. After obtaining approval from each organisation, the sets of papers were then forwarded to the participants. At this point, the researcher personally contacted the HR department administrators to arrange the interview schedule based on the interviewees' convenience. To ensure the participants fully understood the purpose of the research, the researcher briefly reviewed the information sheet and obtained participant consent before each interview. The duration of the interview took about 40 to 60 minutes. The data collection took three months—from July to October 2014—to complete. All interviews were recorded and then transcribed into written English. This process of data collection is considered to be the initial part of the data analysis because the researcher can generate an emerging understanding about research questions and participants' perspectives while transcribing the interviews (DiCicco-Bloom & Crabtree, 2006).

3.5.3 Research Participants

As mentioned by Boeije (2010), the research participants should be those who are professionals in the field associated with the observed research phenomena so that they can pass on their knowledge to the researchers. Therefore, as mentioned above, to answer the research question, the participants selected for this research study were HR practitioners, in senior roles at Lao SOEs. The researcher selected two HR leaders (manager and deputy manager) from each state-owned firm as research participants.

Seven SOEs were chosen as case studies for this research. These state-owned organisations were considered to be an excellent sample for this research study because they are all large business-oriented organisations which have been operating for more than ten years. These enterprises operate in a variety of industries (two from the banking sector, two from the telecommunications, one from the aviation industry, one from the energy sector, and one from the postal industry). The names of these organisations and participants are withheld in line with the ethical issue of ensuring confidentiality for business security reasons. The data collection was conducted without any coercion, offense, or inducement

3.5.4 Pilot Study

According to Bhattacharjee (2012), a pilot test is considered a very important part of the research process because it assists the researchers to detect in advance any potential problems associated with instruments or research design. Moreover, a pilot study is implemented to ensure the reliability and validity of instruments for measuring the studied phenomenon.

Normally pilot testing is undertaken with a small subset of the target population before the official research commences (Wilson, 2010). For this research study, the pilot study was conducted with five HR professionals working in SOEs that were not selected for this research. These HR practitioners were asked to provide constructive feedback as to whether the questions asked were comprehensible in terms of both the concepts and the language. After the pilot test, some changes were made, such as removing jargon and repetitive questions, improving grammar, and changing the way questions were asked to make them more polite and to avoid being offensive. In addition, a rearrangement of the main questions was made to enhance the flow of the conversation during the interview process.

Moreover, by taking the pilot test, the researcher realised that a large number of questions causes interviewees boredom and low motivation to talk especially when the interview has proceeded for a while. Therefore, a card technique was devised and used to make the interview session more interesting. In this way, the list of questions about roles and capabilities of HR business partners were shown to the interviewees in card format. They had to categorise these cards into four categories: important, not important, practise, and not practise. This card activity helped to save time and increase participants' enthusiasm to answer the questions.

3.6 Data analysis

Data analysis basically is the process of portraying the inferences drawn from the raw data (Wahyuni, 2012). According to Boeije (2010), the analysis technique for qualitative data is normally implemented through the process of dismantling, sectioning, and reassembling information in order to develop the significant findings. This research adopted qualitative content analysis or a thematic analysis method which is conducted by classifying themes and patterns of textual data to discover meanings from it (Given, 2008).

In thematic analysis, a coding technique plays an important role in identifying the features of the data. Coding refers to the process of labelling the interesting aspects of content drawn from the data (Wahyuni, 2012). Thus, the analysis process of this research involved coding, which is an integral part of the thematic analysis. In addition, coding is also used to replace the original name of participants and the case organisations according to the ethics concerns about confidentiality and anonymity; and this process is called ‘cleansing data’ (Wahyuni, 2012). For example, HRL1-HRL12 were used as codes for the 12 participants and I1-I5 were used as codes for the organisation’s industry: banking, telecommunications, aviation, energy, and postal respectively.

In addition to the coding method, this research also used the memoing technique in the analysis process because memos are one of the best analysis tools that increase the credibility and trustworthiness of qualitative research (Groenewald, 2008). Memoing is the practice of jotting down reflective notes which include meanings of the data, hypothesis concerning a category, and the relationships between each theme of the data in order to help researchers conceptualize and be able to find the meanings of the data. Groenewald (2008) states that there are two levels of memoing; namely, textual and conceptual. The textual level refers to researchers jotting down emergent ideas as memos while reading the data, whereas the conceptual level involves formulating theories regarding the concepts and themes of the data.

In fact, there are no rigid rules in doing qualitative analysis, but the important feature that the researcher needs to take into consideration is that the finished product provides an account of what was done and why. Therefore, this research adopted the step-by-step guide suggested by Braun and Clarke (2006). This research applied five steps of transcribing the data, generating initial codes, developing themes, reviewing themes, and writing a report.

- Step one: All the semi-structured interviews were recorded in the Lao language and then transcribed into written English. Even though some may see this process time-consuming, boring or frustrating, some researchers argue that this phase should be considered as the key process of data analysis because the researcher takes this opportunity to become familiar with the collected data by reading and re-reading the data, and memoing or jotting down the initial ideas (Bird, 2005). Once this process is done, the researcher is ready to go to the formal coding process.
- Step two: The researcher had to generate initial codes manually for outstanding features of the data in a systematic way by reading the data carefully and trying to collate data relevant to each code. At this stage, the interesting semantic content, which is the most basic element of the information that can be measured meaningfully, was coded. As coding can be conducted under the theme of data-driven or theory-driven, this research coded around the data based on the latter. In this way, the data was approached with the specific questions in mind that the researcher wished to code around.
- Step three: After coding the main features of the data, the researcher then recognized the relationships among the sets of data that have been coded and started to search for themes. In this process, the codes were collated into themes. The researcher used visual representations, such as highlighting and post-it notes to help categorising the codes. After that, sorted codes were put into the table creating the different themes for the classified codes extracted from the entire data set. In addition, the conceptual level of memo deploys integrative memos and these were applied to theorize the concepts, properties, themes, and categories and the connections among them (Groenewald, 2008).
- Step four: The researcher then reviewed the themes to check whether they correctly represented the extracts. This process was done on two levels: level one and level two. At level one the researcher reviewed the coded data extracts to assess whether they appeared to produce a logical pattern. If they already did, the researcher moved to review at the second level which involved the process of assessing whether the theme itself was problematic, or the coded data entered into a particular category did not fit there. To solve the problem, the researcher created new themes for the data extracts that did not fit

into an existing theme, or removed any theme that did not have enough data extracts to support it. Once everything was fitted, the name for each theme was created based on what aspect the data in each theme captured.

- Step five: finally, the researcher began to write the scholarly report of the findings. At this stage, the researcher presented the analytic narrative by discussing the compelling extracts, examples that illustrate the data story, so that the researcher could make an argument relating back to the research questions and literature. During this process, the finding results were also used to test hypotheses which could help the researcher to develop alternative explanations if the negative case occurred. After that the researcher drew conclusions and developed explanatory theory (Saunders, Lewis, & Thornhill, 2012).

As there is no exact road map for qualitative analysis and the process is more recursive (Braun & Clarke, 2006; Ely, Vinz, Downing, & Anzul, 1997), one can move back and forth as needed between the five steps mentioned above. For example, writing can begin at the beginning as memoing and the noting down of ideas and proceed continuously through the entire analysis process. Nonetheless, the most important aspect to consider when analysing qualitative data is that the analysis process should be applied flexibly to fit the data and research questions (Patton, 1990).

3.7 Validity of result

According to Creswell and Plano Clark (2007), every single researcher needs to establish validity no matter which research methodology is used. While quantitative research achieves validity based on external standards like statistics and past research; qualitative research relies more on participants and the researcher by using a variety of methods to guarantee accuracy of the final findings such as member-check, or data triangulation (employing many data sources to validate a theme).

In terms of verifying research quality, the term reliability and validity are often used in quantitative research, but these traditional concepts do not best match the qualitative research setting (Kalof, Dan and Dietz 2008; Bryman 2012). As asserted by Parker (2012), because qualitative research is conducted based on different philosophical backgrounds to quantitative

research with different agendas, qualitative research focuses more on contexts and uniqueness in order to create credible knowledge of interpretations of research phenomenon.

Therefore, it is suggested by Kuper, Lingard, and Levinson (2008) and Patton (2002) that within qualitative research, the quality of ‘authenticity’ of the data and the quality or ‘trustworthiness’ of the analysis corresponds to the notions of validity and reliability respectively in quantitative research; and these two main strategies support the rigor and research quality in interpretative research. Hence, in order to ensure authenticity and trustworthiness of the results for this research, the following issues are taken into consideration.

3.7.1 Authenticity of the data

Authenticity of the data is the quality of the data collection process as well as the collected data itself (Sargeant, 2012). Therefore, the researcher considers some aspects as follows:

- Sampling approach and participant selection were rigorously processed to allow the research questions to be responded to appropriately. As participant selection in qualitative research is purposeful (Sargeant, 2012), the criteria for selecting participants for this research was based on who can best enhance understanding of the observed phenomenon. Therefore, the researcher intentionally chose HR professionals in senior roles of manager and deputy manager as research participants so that they could appropriately discuss and inform more about the business partner topic compared to ordinary HR officers.
- To ensure the quality of the data source, and also to diminish the possibility of having a biased sample, the researcher used multiple data sources to create a more complete view of the studied phenomenon. For example, interviewing both managers and the deputies. This ensured data triangulation as more than one view was observed. In this way, the researcher could gain understanding of the research phenomenon from two perspectives—those with full authority and their subordinates.
- Moreover, to ensure the quality of data collecting process, the interview questions were carefully developed so that they were not leading or biased. Once the questions were created, the researcher had the questions checked by the tertiary institution’s

Learning Centre as well as a senior peer who has substantial experience in conducting interviews to check questions did not lead to predetermined answers.

3.7.2 Trustworthiness of the analysis

Trustworthiness of the analysis is the quality of data analysis (Sargeant, 2012). Some important elements have been considered to assess the quality of analysis for this research as follows:

- In order to guarantee the accuracy of data analysis, the analysis process was clearly described in term of sequencing as mentioned in 3.6. In addition, the data codes or categories were clearly developed. The researcher also used memos while transcribing and analysing in order to record decision points.
- Moreover, the *confirmability* of the research findings was also established to ensure the trustworthiness of the research. *Confirmability* refers to findings which reflect the true understanding of the studied participants confirmed by others rather than the personal preferences of the researcher (Wahyuni, 2012). The process for reducing the possible influence of the researcher's views on the analysis was followed. Peer debriefing, or technically known as evaluator triangulation, was implemented. In this process, the researcher had the coding development process and application checked by a peer with more experience in qualitative data analysis. Peer check can reduce the chance of researcher bias. In addition, the consistency of data coding can also be identified from the perspectives of others which may have been neglected by the researcher.

3.8 Ethical considerations

According to Beauchamp and Childress (1989), ethics refers to the act of doing good things and avoiding doing harms to others (as cited in Aluwihare-Samaranayake, 2012). Similarly, ethical issues in qualitative research pertain assessing the researcher's compliance with principles of confidentiality, justice, respect, autonomy, and beneficence when conducting a research study. Most importantly the research must be approved by the tertiary institute's Research Ethics Boards before it starts (Mauthner & Birch, 2002). This research project was conducted based on the Unitec Research Ethics Committee guidelines (UREC, 2009) and did not start until the approval from the UREC was obtained.

This research took ethical considerations on board particularly in the area of confidentiality, respecting peoples, cultural and social sensitivity, and contributing justice which are all considered most pertinent to the research. This research maintained confidentiality and was conducted professionally in term of protecting participants' rights and privacy. The names of organizations and participants engaged in the interviews were not presented in the writing of the thesis and its presentation. This procedure was to protect the case organisations' sensitive information, in terms of business security, from being disclosed during the research.

Furthermore, this research was conducted on the basis of respecting participants. Therefore, prior to conducting the interviews, formal request letters were officially sent to the selected organizations asking for research approval. The researcher respected their rights and decisions to agree to participate or not. In addition, the researcher was concerned with the participants' rights to know the purpose and process of the research. Hence, together with the request letters, the researcher provided sufficient information about the research content and objectives to ensure that the participants understood what information was needed for the research. As suggested by Williamson (2007), by informing participants about what research will be conducted, they will be completely aware of what they are going to get involved and this will help them to make a decision and provide informed consent before the interviews.

This research perhaps involved cultural issues because it concerned researching HR practices in SOEs. The construct of culture can guide members' behaviours in society and that translates into work-related behaviours and attitudes. Therefore, cultural sensitivity must be the researcher's concern when conducting the data collection. To avoid offending participants and to effectively get valid and complete information, the interview questions were diplomatically developed and appropriate manners were deployed when recruiting, contacting, and assessing the case organisations as well as participants.

Contributing Justice is another main ethical issue that this research is concerned with. This research was conducted fairly and lawfully by collecting truthful data which is safely stored and not distributed. The data collected is solely for the purpose of conducting the research, and the researcher is strictly responsible for providing accurate data analysis which ultimately contributes to the accuracy of the results.

3.9 Summary

This chapter outlined the whole research process from considering how the researcher viewed the studied phenomenon that lead to a selection of a research paradigm, to highlighting the quality of the research.

The chapter initially discussed the methodology and research paradigm underpinning this research study. The latter was conducted based on interpretivism which entails the belief that reality is socially formed so the researcher needs to a part of the research phenomenon in order to generate understanding of the subject being observed. This paradigm leads to the selection of the qualitative research method and the rationale for choosing this method was outlined. The main reasons were (1) constraints on the number of participants; (2) the complex nature of strategic HR; (3) the focus of participants' perspectives; (4) an attempt to find answers to how and why questions; and (5) the emphasis of the inductive approach.

After identifying the research paradigm, sampling design was addressed. This research was based on non-probability and purposive sampling approaches which are often used in qualitative research to ensure richness in the data gathered. Since, this research aimed to investigate the role of the HR business partner in the SOE sector, the targeted sample was predetermined—HR leaders from the case organisations. The actual sample was 12 participants from seven SOEs. The method used for this research was the semi-structured interview; and the details of collecting data and the steps for conducting the analysis were outlined in this regard.

The chapter concluded with a discussion of the quality of the research in two respects. First, it considered how to assess 'validity' in qualitative research; two criteria were judged useful—'authenticity' and 'trustworthiness'. Second, the ethical issues pertinent to this research project were highlighted.

In chapter four, the analysis of the results was undertaken. The findings are outlined based on seven research questions.

Chapter Four: Findings

4.1 Introduction

Chapter four outlines and summarises the findings of the semi-structured interview conducted with 12 participants from leading state-owned enterprises (SOEs) in Laos. The findings explicitly reflect and generate the answers to the research questions as well as the research objectives. In essence, the chapter provides the write-up of a thematic analysis of the research in which sufficient evidence of the themes within the data is provided. The analytical findings are presented based on the seven research questions. Selected participant comments are provided to exemplify responses. Since the interviews questions were structured from general to specific, the research results are laid out in accordance with this sequence.

4.2 Interview results and findings

Considering the ethical concerns of anonymity and confidentiality, all information for each participant and their organisations were omitted and presented as specific codes instead. For example, all 12 participants were identified by coding as HRL1, HRL2, HRL3, HRL4, HRL5, HRL6, HRL7, HRL8, HRL9, HRL10, HRL11, and HRL12 respectively. HRL is the abbreviation for Human Resource Leader. The participants were divided into two groups according to their positions: managers and deputy managers. ‘M’ represented the group of HR leaders who were managers or heads of departments, and ‘D’ represented the group comprising those in deputy roles.

In addition, the case organisations were coded based on their industry type. For instance, I1, I2, I3, I4, I5 represents the information provided by the firms operating in the banking industry, telecommunications industry, aviation industry, energy industry, and postal industry respectively. As suggested by Wahyuni (2012), it is important to code the identification of the case organisations with unique characters because it would be easier for peers to check the consistency of coding in the later stage of the analysis.

4.2.1 Research question one

What are the actual roles of HR leaders practising in state-owned firms in Laos?

The identification of the actual roles of HR leaders in state-owned firms was intentionally chosen as the first research question not only to allow the participants to introduce themselves, but also to let the researcher gain understanding of whether the roles of the participants were more oriented to administrative or strategic tasks. Furthermore, by means of the sub questions asked under this first main question, the positions and power HR leaders held were also identified. As explained by Du Plessis, Nel, Struthers, Robins, and Williams (2006), the role of HR leaders has evolved from HR administrative specialist to strategic business partner; so it is necessary to consider what type of power they have and how effectively they are using it to add value to the organisation.

Main responsibilities of HR leaders in state-owned enterprises

Regarding the main responsibilities of HR leaders in the case organisations, the responses to the first interview question were categorised into three main themes: administrative role, strategic role, and political role. It can be observed that all 12 participants had administrative HR tasks included in their main responsibilities, while six participants had strategic roles included in their main responsibilities. Interestingly, four out of 12 participants stressed that guiding employees to be committed to the political directions were their main responsibilities.

➤ **Theme one: administrative role**

In terms of administrative responsibilities, the main HR functions practised were ranked from human resource development, personnel management (from recruitment to termination), managing employee records, and considering employee requests.

Personnel management is one of my main responsibilities. The tasks are ranging from recruitment, performance appraisal, rewarding, to termination (I1-HRL2-D), (I2-HRL6-M), (I4-HRL9-M).

However, there are those who are responsible for only a few personal management roles. In other words, their main roles were to deal with some, rather than the full range of HR practices.

My main responsibility is human resource development providing training to employees (I1-HRL1-M), (I1-HRL3-D), (I2-HRL4-M), (I2-HRL5-D).

I have only three main responsibilities namely recruitment and selection, payroll, and welfare policy (I4-HRL10-D).

My only main task is to be responsible for employee information records because other HR roles are shared with our HR professionals including payroll, social security, and HR policy (I5-HRL11-M), (I5-HRL12-D).

My main task is to consider employee requests whether regarding their welfare, leave, or social security and approve according to HR policy. This is to ensure that the implementations of HR practices are consistent with our HR policy (I2-HRL6-M), (I3-HRL7-M), (I3-HRL8-D).

➤ **Theme two: Strategic role**

In relation to strategic roles, it is observed that there were two HR tasks considered to be strategic; namely, providing assistance to top executives and supervising HR professionals. These tasks were included in six participants' main responsibilities.

I am mainly acting as an assistant to top executives in terms of researching any HR issues that they were concerned about (I1-HRL1-M), (I3-HRL7-M).

One of my main roles is to supervise all HR practitioners so as to monitor if HR practices are implemented effectively and accomplished on time. If any problem occurs, I would consult with my subordinates (I1-HRL1-M), (I2-HRL4-M), (I2-HRL6-M), (I5-HRL11-M).

➤ **Theme three: Political role**

The third theme of the findings for the first question is about HR's political role. Four out of all participants emphasised that their main role concerns guiding employees to be committed to the overall political directions of governments. This duty reported by the participants is associated with reinforcing the communist philosophy of the government within the case country. Such a clearly defined political role is not likely to be found in western democratic countries.

I am responsible for reinforcing political attitudes of employees by building employee commitment, confidence, and loyalty to the organisation as well as to the government to

ensure that their attitudes and behaviours are consistent with political objectives (I1-HRL1-M), (I2-HRL6-M), (I4-HRL5-M), (I5-HRL11-M).

Perceived views of Lao HR leaders regarding their roles when compared to those of other departmental leaders in their organisations

It appeared there were two main themes that could be extracted from the data ‘adding value to an organisation’ and ‘complication’. The findings reveal that 11 participants agreed the HR leader roles were as important as those of leaders in other departments, while only one participant said that the role of HR leaders was considered to be secondary. In terms of ‘complication’, a similar number of 11 participants reported that HR leader roles are more complicated than other management roles, while one participant believed that the marketing manager role is more challenging than that of HR leaders.

Each leader in any department has their own roles and are equally important in terms of contributing to organisational success, but I think HR tasks are more complicated and difficult than marketing or finance because we have to deal with people in all cases from recruitment to termination. We have to always monitor their performance (knowledge, skill, and motivation). As people or employee needs are never ending, we have to be working all the time to make sure that our employees are satisfied and achieve well-being. HR tasks are ongoing processes and never finish. People are always changing and request more (I1-HRL1-M), (I1-HRL2-D), (I1-HRL3-D), (I2-HRL4-M), (I2-HRL5-D), (I2-HRL6-M), (I3-HRL7-M), (I3-HRL8-D), (I4-HRL9-M), (I5-HRL11-M), (I5-HRL12-M).

HR leader role is considered to be the secondary role providing support to the departments, and I think in terms of complication marketing leaders are likely to have more challenging and demanding tasks because their work can directly contribute to the business success (I4-HRL10-D).

Perceived opinions of the HR leaders regarding how top executives view their roles in their organisations.

To gain understanding regarding the role of HR leaders in a broader dimension, the participants were asked about how they believe top executives view their roles. Two themes were observed in the analysis of the findings: “primary role” and “secondary role”. It is revealed that eight out of

12 participants believed that their top executives see their HR roles as equally important compared to leader roles in other organisational departments such as marketing and finance. However, there were those (four participants) who reported that the HR leader roles were not appreciated by their directors and were treated as secondary to those of other managers within the organisations.

➤ **Theme one: Primary role**

Under this theme, there were various reasons provided as to why the participants think that their roles are seen as important by the top executives. For example, employees are viewed as the source of competitive advantage, directors provide direct supervision to the HR departments, and HR tasks are extensive.

Top leadership is very concerned about employee performance because it is people that work to make profit. In general, top executives have positive views on HR leader roles. As we are expanding our business, top executives are paying more attention to HR tasks because how people are managed can determine the future success of the organisation (I1-HRL1-M), (I1-HRL3-D), (I4-HRL9-M).

The directors in our organisations see HR tasks as important as others. That is why HR leaders are directly reporting to the top executive (I1-HRL2-D), (I3-HRL7-M), (I3-HRL8-D).

Human resource management is broad and extensive. It has to deal with many areas such as law, labour, employee needs and so on. Therefore, top executives pay much attention and are concerned about these tasks so as to ensure that the tasks are effectively implemented (I2-HRL4-M), (I2-HRL5-D).

➤ **Theme two: Secondary role**

However, the other four participants thought differently in that they reported that their roles are viewed by top executives as secondary when compared to other departmental manager roles. The rationales behind these views were coded as follows: no direct contribution to return on investment, marketing people have superior roles, and HR provide support to other organisational operations.

Top executives may see that marketing and technology should be focused on in order to provide excellent customer services. They see the HR function as just a recruiting process which does not directly add value to the organisation. From my personal view, top executives need to pay more attention and be more appreciative regarding human resource functions because human resources are considered to be a critical factor that determines the success or failure of business (I2-HRL6-M).

In the views of executives, marketing people are seen to have a more important role than HR because they believe that the marketing team is a critical part of the operational function that makes money (I4-HRL10-D).

Top executives view HR leader roles as secondary, providing support to other managers (I5-HRL11-M), (I5-HRL12-D).

4.2.2 Research question two

What are the levels of understanding of the business partner role of Lao HR leaders?

After gaining some understanding about the role of HR leaders, this research question aimed to investigate the extent to which the participants understand the term ‘business partner’ so as to assess whether or not they are performing this role.

Familiarity with the term ‘business partner’

The findings for this question have been grouped into three themes: “not familiar”, “not familiar but can explain the term”, and “familiar”. It can be seen that most of the participants (nine out of 12) were not familiar with the term and the other three participants could provide an explanation for the term.

➤ Theme one: Not familiar with the term

Of the nine participants who said that they were not familiar with the term ‘HR business partner’, four participants reported that they had heard about the term ‘business partner’ and could guess what the term means. However, when it came to the role of HR professionals, they could not describe what a business partner does. However, the other five participants accepted that they were not familiar with the term at all.

I have heard about the term business partner, but not HR business partner. Business partner is about two or more people working, investing, or running business together, but I do not know about HR business partner (I1-HRL1-M), (I2-HRL5-D), (I3-HRL7-M), (I4-HRL9-M).

I am not familiar with the term 'HR business partner' (I1-HRL2-D), (I1-HRL3-D), (I3-HRL8-D), (I5-HRL11-M), (I5-HRL12-D).

➤ **Theme two: Not familiar but can explain the term**

It was observed that two out of 12 participants had not heard about the term, but they could guess its meaning. Even though they could only describe some characteristics of the HR business partner, their explanations were correct based on the literature.

The term HR business partner refers to HR professionals who work closely with top executives in creating HR plans to support the growth of business. They are people who have vision in terms of recruiting and selecting the right man for the right job so that the organisation gets a qualified workforce to implement corporate strategies; and they are people who decide what kind of employees the company needs in order to respond to customer needs as well as to deal with their current competitors (I2-HRL4-M).

I have not heard this term, but I think HR business partner refers to the role of HR managers who participate in strategic meetings with board directors in formulating and implementing corporate strategies. I think my boss as HR manager is also currently practising the role, but we do not name this role with such a specific term (I4-HRL10-D).

Because these participants showed some understanding about the term, they were asked further about how the role of HR business partner could contribute to the promotion of competitive advantage and their comments appear to demonstrate some depth of understanding.

Organisations that have HR business partners could gain more competitive advantages than those who have only HR professionals that focus only on day-to-day administrative work. This is because HR business partners help and support executives in terms of diagnosing problems whether caused by people themselves or by the external environment such as economy and law; so they could provide creative ideas to help the executive easily make a decision regarding any relevant issues (I2-HRL4-M).

As employees are the key success factor for an organisation, they need to be aware and understand organisational objectives and be committed to work; and it is the HR job to be responsible for this task, so it is important for the organisation to have HR as business partner in order to help with this task (I4-HRL10-D).

➤ **Theme three: familiarity with the term**

The last findings for this question were presented by one participant who reported that he had studied this term at an overseas college and was quite familiar with this role.

HR as business partner refers to HR professionals who work side by side as partners to executives in order to contribute to the business success. However, in reality, in the organization structure of any organisation, no matter if it is a private sector, government, or state-owned enterprise, HR is normally subordinate to the directors working as an assistant to top executive directors (I2-HRL6-M).

When asked about how the role of business partner adds value to the organisation and contributes to competitive advantage, this participant gave a comprehensive comment as follows:

HR professionals as business partners would have full authority and freedom in creating and formulating HR strategy that aligns with business strategy in order to effectively support business objectives (I2-HRL6-M).

4.2.3 Research question three

What perspectives do Lao HR leaders have regarding the role of business partner?

The purpose of this question was to find out whether or not HR leaders see the four sub-roles of business partner as important and to investigate the reasons behind their opinions. The findings demonstrated that the majority of the participants agree that all four roles of the HR business partner mentioned in the interview were significantly important. However, they provided different views as to why they believed the role is necessary.

Perceived importance of the four sub-roles of HR business partner

a. Cooperating with line managers in formulating HR strategies that promote the achievement of business goals

According to the findings, all 12 participants regarded this role as important. The information regarding the rationales behind the importance of this role were classified into two themes: recruitment and selection and training and development.

➤ Theme one: Recruitment and selection

Among those 12 participants who agreed that this role was important, six provided the same reason for doing so; this was mainly associated with being for the sake of recruitment and selection. These six leaders commented that cooperating with other departments would help HR to know what kind of employees, and how many employees were required by each department so that HR could provide accordingly. This would help the organisation in terms of getting the right people in the right place.

This role is important because HR cannot work alone and needs cooperation from other departments in terms of recruitment and selection. As HR, we have to know what kind of people each department wants to work for them so that we can recruit the right people. We are letting them be a part in this process (I2-HRL4-M), (I2-HRL6-M), (I3-HRL7-M), (I3-HRL8-D), (I4-HRL9-M), (I5-HRL12-D).

➤ Theme two: Training and development

Another six participants said that cooperating with line managers is necessary because working closely with other managers would improve their HR strategy in terms of enhanced human resource development. They reported that collaborating with other managers would help HR leaders gain understanding about any issues related to employee performance and attitudes so they could solve problems by providing appropriate training to employees.

It is necessary for HR leaders to work with other departments in getting feedback about employee performance. This is because all employees except HR professionals are not our direct subordinates, so we could not directly monitor their performances. Thus cooperating and getting feedback from other managers would help in terms of how to improve employee

performance across the organisation (I1-HRL1-M), (I1HRL2-D), (I1-HRL3-D), (I2-HRL5-D), (I4-HRL10-D), (I5-HRL11-M).

b. Working with line managers in formulating and implementing business strategy

In terms of the second role of the HR business partner, all participants agreed that this role is important and should be included in HR leaders' responsibilities. Their reasons for this were grouped into two themes: 'requirement to make contribution' and 'requirement to be informed'.

➤ **Theme one: Requirement to make contribution**

The majority of the participants (seven people) commented that it is necessary for HR leaders to take part in strategic sessions because formulating the strategic plans required contribution from every party and HR was one of them. Most importantly, participating in board director meetings would allow the HR leaders to make a contribution and provide ideas in supporting and solving problems in relation to formulating and implementing business strategy.

This role is important because creating business strategies needs cooperation from every department, the HR contribution should not be discarded from the strategic sessions so that our business would run smoothly (I1-HRL1-M), (I3-HRL7-M), (I4-HRL9-M), (I4-HRL10-D), (I5-HRL11-M).

This role is important because people or human resources are the ones who will implement business strategy so it is necessary that HR leaders participate in the strategic session so that they can help contribute to the business goals (I2-HRL5-D), (I5-HRL12-D).

➤ **Theme two: Requirement to be informed**

Five out of twelve participants commented that as a HR leader, they need to be informed about the business directions, strategies, and what is going on in the business operationally so that they can help create appropriate HR practices that support the implementation of organisational strategies.

This role is the most important as the priority role for business partner. If we did not take part in the strategic sessions, we would not know what had happened to our business. If that was the case, we would not be able to create a suitable HR plan that supports the business objectives (I1-HRL2-D), (I2-HRL6-M).

This role is important because participating in strategic meetings would allow HR leaders to be informed about strategic plans so that we know what direction to go regarding our HR strategy. As each department has to achieve its own key performance indicator (KPI), we have to work together and get each party informed so that we could identify the source of problems and help each team to achieve its KPI (I1-HRL3-D), (I2-HRL4-M), (I3-HRL8-D).

c. Developing HR functions that align with the organisation's business strategy to help achieve business goals.

Referring to the third role of HR business partners, all participants strongly agreed that developing HR practice that supports business objectives is necessary for HR leaders to perform, and the reason they gave was simply to help organisations achieve business goals. The most common HR functions mentioned were creating effective human resource development programs and recruitment and selection. Some valuable comments are as follows:

This role is important because we as HR professionals should carry out and help to implement the strategies by creating HR functions that support the entire business strategy (I4-HRL7-M).

This role is the most important for the organisation. In order for the business to remain competitive, HR professionals should create HR practices that support the business strategy. For example, if we have an effective human resource development program, we can enhance our workforce capability to better drive business needs (I1-HRL3-D), (I2-HRL4-M).

d. Acting as a change agent in diagnosing problems, developing solutions, and implementing change in terms of human resource management.

The last role of the business partner is about acting as a change agent. The majority of the participants regarded this role as important, and asserted that the role should be included in all HR leaders' responsibilities. Only one participant (I1-HRL2-D) felt that performing as a change agent is not necessary as long as the first three roles (cooperating with line managers in formulating HR strategies, working with line managers in formulating and implementing business strategy, and developing HR functions that align with the organisation's business strategy) have been effectively performed. Most of the participants (seven people) who were in favour of the change agent role explained that performing this role would improve the organisations, whether in terms of HR practices or business operations in general. Despite

positive opinions regarding the role, the other four participants appeared not to fully understand what performing as a change agent would entail. They tended to refer to the tasks of change agents as human resource professional development and employee allocation.

The views that are in favour of the role of change agent:

The role of change agent is important and HR leaders should have knowledge and skills in leading, supervising and problem solving so that they can contribute to the organisational change (I2-HRL5-D), (I2-HRL6-M), (I4-HRL10-D), (I5-HRL11-M), (I5-HRL12-D).

As HR practitioners, we need to carry out and help to implement the business strategies. Thus, HR leaders should be alert all the time in order to bring improvement to the organisation (I3-HRL7-M), (I4-HRL9-M).

Acting as a change agent is important because HR leaders need to focus on human resource development (I1-HRL1-M), (I2-HRL4-M), (I3-HRL8-D).

This role is important also. I think this is associated with getting the people in the right place and it is very important for HR leaders to see when the problem occurs of placing employees in the wrong position, so HR leaders should deal with this in order to make the business run smoothly (I1-HRL3-D).

The view that is against the role of change agent:

This role is not very important because if HR leaders can effectively practise the above three roles (cooperating with line managers in formulating HR strategies, participant in business strategy formulation and implementation, and developing HR functions that support organisational objectives), the organisational improvement and change will ultimately happen by itself; thus we don't need to worry much about this task (I1-HRL2-D).

4.2.4 Research question four

What are the actual practices of the business partner roles in the case organisations?

Despite the majority of participant views being in favour of the aforementioned four roles of HR business partners, this does not guarantee that they function as a HR business partner. Therefore, this research question aims to assess whether or not the participants actually practise the four business partner roles. If they did, then the aim was to discover what tasks the participants had

done that demonstrate the performance of such roles. If they did not practise the roles, the aim was to find out reasons for this. Thus, this fourth research question was answered through the means of the following interview questions.

The actual practice of the role of ‘cooperating with line managers in formulating HR strategies’

After discussing the participants’ perspectives regarding the importance of the role, the participants were further asked whether or not this role was included in their responsibilities and, if so, how they practised the role. The findings illustrate that eight out of 12 participants reported that they were performing the role; most of them mentioned that they were cooperating with other line managers mainly in relation to recruitment and selection and training and development purpose. The other four who were not practising the role said that this was because it was not included in their responsibilities.

When cooperating with other departments we will focus on HRD as a main issue (I1-HRL1-M) (I1-HRL2-D), (I3-HRL7-M), (I5-HRL11-M).

I do practise this role mostly in term of recruitment and selection. I have to know how many new staff the company want, and what skill and knowledge they need, so I would recruit accordingly (I2-HRL4-M) (I1-HRL6-M), (I4-HRL9-M), (I5-HRL12-D).

Cooperating with other line management in formulating HR strategies is not part of my responsibility. This role is for the HR manager not a deputy like me. I may take part in the task when the HR manager is absent (I1-HRL3-D), (I2-HRL5-D), (I3-HRL8-D), I4-HRL10-D).

The actual practice of the role of ‘working with line managers in formulating and implementing business strategy’

Even though all of the participants regarded the role of participating in the formulation and implementation of business strategy as necessary, the majority (seven participants) reported that they did not practise the role due to most of them being in deputy positions. They gave the reasons that their boss or HR managers were performing this role, while they sometimes had a chance to participate in a board meeting only when HR managers were absent and they were

authorised to participate in the strategic meeting on behalf of their bosses (I1-HRL2-D), (I1-HRL3-D), (I2-HRL5-D), (I3-HRL8-D), (I4-HRL10-D), (I5-HRL12-D).

However, one of the above seven respondents who was an HR manager (I2-HRL6-M) reported that despite his senior role, he did not perform the role of participating in formulating and implementing business strategy. He gave the reason that all business strategies were created by top executives, and he as an HR manager, was just responsible for implementing the strategies according to what tasks would be assigned to him. He did not have an opportunity to take part in strategic formulation.

On the other hand, the other five HR managers reported that they were participating in the strategic meetings and giving advice or commenting from an HR perspective in order to help generate effective business plans. In addition, they mentioned that as their role involved being an assistant to directors, providing support and information were necessary for creating and implementing business strategies (I1-HRL1-M), (I2-HRL4-M), (I3-HRL7-M), (I4-HRL9-M), (I5-HRL11-M).

The actual practice of the role of ‘developing HR functions that align with the organisation’s business strategies’

When the participants were asked whether they were performing the role, five of them said that they were practising the role of developing HR functions that align with the organisation’s business strategies, and that this role was regarded as their primary responsibility. Others, however, reported that they did not practise the role. Those who maintained that they were performing the role explained how they practised it and this information was grouped according to three main themes: HR policy, training and development, and human resource information system.

➤ **Theme one: HR policy**

Two out of five people explained what they have done to develop an appropriate HR function that supports business strategies. It was found that they developed and edited HR policy that shaped all the HR functions such that they were consistent and supported the business plans.

We have created our HR policy whether regarding welfare, performance appraisal, and other HR practice to make sure that these practices were implemented in the way to support business strategies (I1-HRL1-M), (I4-HRL9-M).

➤ **Theme two: Training and development**

Two participants have focused on training and development as an HR function which is needed to drive their business objectives.

I do practice this role. As our company now have employed more advanced technology in providing services to customers, we have to ensure that our employees are equipped with skill and knowledge in using such new technology (I2-HRL4-M).

As our organisation is at the decline stage, the business strategy is to strive for maintaining our current customers. Thus, our business focus is to improve services such as improve after sale service and bringing new technology in. Therefore, HR needs to be aware of that issue and ensure employees skills to support the plan (I2-HRL6-M).

➤ **Theme three: Human resource information system**

One of the participants, who reported performing the third role of developing HR functions that align with the organisation's business strategy, commented that this role was one of his main roles. He stated that after new business plans have been created, HR plans would be developed accordingly. The HR plans could be short or long term which needed to support each phase of the business plans. He stated that: *I do practice this role as this role is my main responsibility. Now we are creating a Human resource information system to facilitate our human resource practices and ultimately contribute the smooth business operating (I3-HRL7-M).*

Nevertheless, the other seven participants reported that they were not performing the role of developing HR functions that align with the organisation's business strategy and that this was mainly because the task was not part of their responsibilities. Most of them were in deputy positions. Some of them claimed that their HR managers were practising the role, but they did not, while others said that, rather than creating completely new HR system, they just keep implementing the same HR system.

I don't mainly practise this role, but the HR Manager does. After the strategic plan has been formulated by top executives, the HR leader would suggest improvements to the HR practice

to make the system align with the business strategy. HR strategy refers to HR policy and HR practices, especially recruitment and selection, that this function needs to make to ensure that the organisation get the right human resource with the right skill (I1-HRL3-D), (I2-HRL5-D), (I3-HRL8-D), (I4-HRL10-D).

In fact, we don't really develop new HR functions, but we follow the same practice which has been set before. What we did is just improve and change a little bit of the practice that is not consistent with current situations. The task is sometime overlooked because creating a new system is very demanding. We don't have enough human resources to do, so we sometimes ignore this process (I1-HRL2-D) (I5-HRL11-M), (I5-HRL12-D).

The actual practice of the role of 'acting as a change agent'

Subsequently, the participants were asked whether or not they were performing the role of change agent and half of them agreed that they performed the role, whereas the other half admitted that they did not. However, it appeared from the examples of tasks provided by the interviewees, that some of those who reported acting as change agents (four participants) did not really perform the role. The other two interviewees' explanations regarding the tasks they performed when acting as a change agent appeared to verify their role of change agent. Therefore, the findings for this question were classified into three themes: 'claim to practise the role', 'practise the role', and 'not practise the role'.

➤ Theme one: Claim to practise the role of change agent

Four of those who said that they performed the role of change agent explained how they practised the role. The results demonstrated that this group did not really perform the role because most of their tasks were related to the general practice of personal management, such as training and development, allocating employees, or even imposing disciplinary action. The participants explained their tasks of the change agent role as follows:

I think I am practicing this role because our main task is to develop human resource and we always provide training to our employees (I1-HRL2-D).

I usually diagnose problems regarding employee performance and I need to ensure that employee behaviours are adhered to and are compliant with HR policy, if not the problem

can be solved by either warning, providing feedback, or imposing discipline (I1-HRL1-M), (I3-HRL7-M), (I5-HRL11-M).

➤ **Theme two: Practise the role of change agent**

The responses to the question showed that two participants appeared to practise the role of change agent as they had asserted, even though the examples of the tasks they relayed seemed to only partially demonstrate the actual role of the change agent. One participant stated that he diagnosed problems related to HR policy, while another sought cooperation to solve any concerning problems.

I do practise this role. I have always made improvement especially in terms of HR policy so that it is compliant with the real practices as well as the law. However, the change process needs to be later approved from the top leadership (I2-HRL6-M).

I do practise this role. What we practise is that when problems occur, we have to work closely with related people to find out the solution together. I mean the change or improvement should occur based on the agreement of all parties, and HR is not the person who makes the ultimate decisions (I4-HRL9-M).

➤ **Theme three: Do not practise the role of change agent**

Six participants admitted that they did not practise the role of change agent because being a change agent is the role of top executives.

We do not practise the change agent role because it is the role of top leaderships. HR professionals just implement personnel management and if we see any improvements need to be done, we still need to report to the executives and ask for their decision (I1-HRL3-D), (I2-HRL4-M), (I2-HRL5-D), (I3-HRL8-D), (I4-HRL10-D), (I5-HRL12-D).

A summary of the distinction between the number of participants who regard the four roles as important and the actual number of those who genuinely perform the role are presented in Table 2 as follows:

Table 2: The number of the participants who reported practising the roles

The four sub-roles of a business partner	The number of participants who see the role as important	The number of participants who reported practising the role
Role (a) Cooperating with line counterparts in formulating HR strategies	12	8
Role (b) participating in formulating and implementing business strategies	12	5
Role (c) Developing HR functions that align with business strategies	12	5
Role (d) acting as a change agent	11	6

Source: Compiled by the author based on this research study (2014)

4.2.5 Research question five

How do HR leaders demonstrate the business partner capabilities?

Apart from discovering how HR leaders think about the role of business partner, this research question purposefully investigated whether or not the participants practise the knowledge and skills held by HR business partners. According to the literature mainly from the work of Armstrong (2011), Ulrich et al. (2012) and Kenton (2013), eight key capabilities of HR business partners have been utilised as criteria to assess whether Lao HR leaders are performing the role of business partner.

To investigate whether or not the participants practise the aforementioned capabilities, this question was designed to investigate which practices the HR leaders have performed that they believe to demonstrate the business partner capabilities. The findings could then be further investigated by linking back to the business partner literature to assess the extent to which the participants actually demonstrate any of the capabilities. The analytical results are presented in chapter five. The findings of the way each capability was practised are presented in Table 3.

Table 3: The reported practices of the business partner capabilities

Themes of capabilities	Capabilities	Number of participants who reported practising the capability	The way capabilities were commonly demonstrated
External business knowledge	Understanding external factors	(HRL1-M), (HRL4-M), (HRL6-M), (HRL7-M), (HRL9-M), (HRL11-M)	Adapting HR practices such as policies, payment rates, and recruitment.
	Decoding customer needs	(HRL1-M), (HRL7-M), (HRL-11-M)	Cooperating with marketing department and reviewing feedback
Internal business knowledge	Understanding organisational goals and strategies	(HRL1-M), (HRL4-M), (HRL6-M), (HRL7-M), (HRL9-M), (HRL11-M)	Being aware of business strategies to direct HR functions and policies
	Having financial knowledge	(HRL1-M), (HRL4-M), (HRL5-D), (HRL6-M), (HRL7-D), (HRL8-D)	Calculating HR budget
Human resource knowledge and skills	Analysing and addressing employee needs	(HRL1-M), (HRL4-M), (HRL5-D), (HRL6-M), (HRL7-M), (HRL9-M), (HRL10-D), (HRL12-D)	Providing reasonable financial security, and overall welfare. Ensuring individual needs are addressed based on HR policy.
	Developing organisational culture	(HRL1-M), (HRL4-M), (HRL6-M), (HRL7-M), (HRL8-D), (HRL9-M), (HRL11-M), (HRL12-D)	Creating culture of egalitarianism and solidarity. Ensuring organisational rules are adhered to.
Organisation development knowledge and skills	Generating achievable vision for HR department	(HRL1-M), (HRL6-M)	Ensuring employees have capability to cope with the ASEAN Economic Community (AEC) integration.
	Shaping and influencing organisational changes	(HRL4-M), (HRL7-M), (HRL9-M), (HRL11-M)	Ensuring organisation has sufficient employees to provide better service. Researching how other companies in the same industry run their businesses and learning from them.

Source: Compiled by the author based on this research study (2014)

Table 3 clearly shows that only some claimed that they were demonstrating the studied capabilities. It is observed that those who are in HR manager positions mostly reported, as might be expected practising of business partner competencies, while those in deputy positions seemed not to demonstrate the capabilities. They reported that this was for two main reasons: not having

the knowledge and skills; and the capabilities were not required by their roles and responsibilities. Nonetheless, those who claimed to demonstrate the capabilities appeared not to completely act as HR business partners. This is because the reported practices seemed not to fully fit with the competencies of an HR business partner as described in the literature.

4.2.6 Research question six

What would be the difficulties that might prevent Lao HR leaders from practising the role of business partner?

Besides investigating whether Lao HR leaders are business partners or not, the research study also aims to contribute to the improvement of the HR profession in Laos. Therefore, this research question was developed to find out what challenges HR leaders faced which obstructed them from performing the role of business partner in their organisations. As a result, the research could generate suggestions based on the analytical findings. The responses to the question were discussed under the following headings:

Challenges that obstruct HR leaders from performing the role of business partner

It is revealed that two major aspects were mainly reported as obstacles for HR leaders to act as business partners, thus generating two themes for the research results— lack of competency to perform the role of business partner and lack of authority to perform the business partner role.

➤ Theme one: Lack of competency to perform the role of business partner

Nine out of 12 participants clearly admitted that they themselves lack competency to effectively perform the role of business partner. In addition, they did not have qualified HR professionals who were equipped with business partner capability. Hence, they mentioned that this was the key reason that made it difficult for them to transform traditional HR practices into more strategic HR systems (I1-HRL1-M), (H1-HRL2-D), (H1-HRL3-D), (I2-HRL4-M), (I2-HRL5-D), (I3-HRL7-M), (I3-HRL8-D), (I4-HRL9-M), (I4-HRL10-D). Some comments are presented as follows:

There were not sufficient HR professionals who have the knowledge and skills of a business partner. Hence, it is difficult for us to move to performing a strategic role, especially when we

get used to implementing mainly only administrative HR functions (I1-HRL1-M) and (I2-HRL4-M).

Playing strategic roles is really difficult especially for senior HR professionals who are older in age. It is very difficult for us to act as a business partner because it requires extensive knowledge of business as well as advanced human resource management with which we are not fully equipped (I2-HRL5-D).

➤ **Theme two: Lack of authority to perform the role**

Another main concern that prevented HR leaders from practising the role of business partner was lack of authority. Six participants reported that because they were not authorised to act as a business partner, they could not perform more than the roles described in their job descriptions (I1-HRL1-D), (I2-HRL4-M), (I2-HRL6-M), (I4-HRL1-D), (I5-HRL11-M), (I5-HRL12-D). In other words, the participants tried to communicate that they needed cooperation from every party—such as top executives, line managers, and employees—to allow them to complete the task of business partner. In essence, being officially authorised to act as a business partner would provide them full legitimate power so that they could collaborate with others to best perform the role.

I cannot practise the role by myself because this requires cooperation. Hence, it is suggested that top executives should appreciate this role in order to allow more strategic contribution from HR department (I2-HRL4-M), (I2-HRL6-M), (I4-HRL1-D).

Budget constraints are our main obstacle to completing the task of business partner, as we need money to hire qualified HR professionals and to carry out research studies. That is why we cannot perform the role without the support from top directors. As a result, we need authorisation to perform the role (I5-HRL12-D).

4.2.7 Research question seven

What is the level of willingness of Lao HR leaders to change and become HR business partners?

The last research question for this study was designed to investigate how keen the participants are to transform their roles into HR business partners regardless of many barriers that may prevent them from doing so. In essence, this research question aims to study readiness for change

of HR leaders in SOEs. Hence, under this research question, three main tasks were set (1) to explore if HR leaders see the need to change to make the HRM operation better; (2) to discover the participants' perspectives on the importance of the role business partner for the organisations; and (3) to find out the participants' concern regarding the difficulty of changing HR from a traditional to strategic role.

Perceived necessity for change to improve the HRM operation

According to the findings, it can be seen that all of the participants saw the need for change to make their HRM system better. However, the reported areas required for improvement were varied so they were classified into three themes: (1) HR policies and system; (2) HRM practices; and (3) Employee behaviour.

➤ Theme one: HR policies and system

The common areas required for improvement were related to HR policy and human resource information systems. Two participants believed that their HR policies should be improved to align them with organisational objectives and external factors such as law. The enhancement of the policies should support business goals as well as to maximise employee benefits (I2-HRL6-M), (I5-HRL11-M). Three participants stated in addition that they would like to introduce a human resource information system (I1-HRL1-M), (I1-HRL2-D), (I3-HRL8-D) because their organisations still used a paper-based employee record keeping system.

➤ Theme two: HRM practices

Besides HR system and policy, some participants urged that HRM practices, especially recruitment and selection and training and development, should be enhanced to increase the effectiveness of the HR operation. Four participants stressed the lack of talent in the labour market caused difficulty in terms of getting a qualified and skilled workforce, especially in the area of technical engineering (I2-HRL4-M), (I2-HRL5-D), (I3-HRL7-M), (I4-HRL10-D). Furthermore, training and development programmes were reported as the key function that needed improvement. The same group of participants commented that, due to the lack of potential employees in the labour market, the training and development function had become their solution for increasing employee knowledge and skills. Hence, the professional development programme needed to be more effective in generating a capable workforce.

➤ **Theme three: Employee motivation and reward**

The last theme covering an HR area identified as weak and in need of improvement was related to employee motivation and commitment. Three participants reported that they would like to increase employee motivation at their workplaces. This was not only to reduce turnover rate, but also to enhance employee performance (I1-HRL3-D), (I4-HRL9-M), (I5-HRL12-D). It was also suggested that the high employee turnover rate was caused by the lower remuneration provided by state-own enterprises compared to foreign investment companies, thus rewarding management should also be enhanced to keep their staff motivated and retain qualified workforce.

Perceived importance of the business partner role for the organisations

When the participants were asked how important they think it is for their organisations to have HR professionals who act as business partners, all of the respondents agreed that it is definitely necessary. All of the participants appeared to appreciate the positive outcomes of becoming business partners. The reasons given for this were classified into two themes: improve organisational effectiveness, and improve HR effectiveness.

➤ **Theme one: Improve organisational effectiveness**

Nine out of 12 participants believed that their organisations should have HR business partners so that they could help enhance organisational effectiveness. Two respondents said that HR business partners have adequate competency to share responsibility with line managers for business success. They stressed that if HR works closely with line management colleagues, innovative ideas would be created, thus leading to the achievement of business strategy implementation (I1-HRL1-M) (I4-HRL10-D). In addition, seven respondents focused on the significant contribution that HR business partners could make to help the organisation increase its effectiveness to thrive when the country integrates with the ASEAN Economic Community (AEC), (I2-HRL4-M), (I2-HRL5-D), (I2-HRL6-M), (I3-HRL7-M), (I4-HRL9-M), (I5-HRL11-M), (I5-HRL12-D). Some comments are presented as follows:

It is definitely important for the organisation to have HR business partners because by having business knowledge they could cooperate with key stakeholders, thus leading to the creation of

new ideas which could optimise the implementation of the business plans (I1-HRL1-M), (I4-HRL10-D).

It is necessary and required that HR leaders should practise the role of HR business partner because Laos will soon enter into the AEC. This international cooperation will come along with higher competition, but if organisations cannot increase the capability of their staff then they cannot survive in such business environment (I2-HRL4-M).

➤ **Theme two: Improve HR effectiveness**

Three participants (I1-HRL2-D), (I1-HRL3-D), and (I3-HRL8-D) commented that it is important for the organisations to have HR business partners so that an effective HR department can be developed. They explained that when the HR professional acts as a business partner, they become strategic leaders who have a vision for the improvement of the HR operation so that strategic HR functions can be implemented.

I agree that HR leaders should play the role of business partner so that they can become strategic leaders and can make a good decision on how to improve HR functions so that an effective HR department could be created (I3-HRL8-D).

Perceived difficulty of the change process from traditional to strategic roles

All of the participants were concerned about the process of transforming the HR role from traditional to strategic. The reasons for this were categorised into two themes: lack of adequate knowledge to perform the role of business partner; and lack of support from a key stakeholder—senior management.

➤ **Theme one: lack of adequate knowledge to perform the role of business partner**

The majority of the participants (eight out of 12) were worried about their inadequate competency to perform the business partner role (I1-HRL1-M), (I1-HRL3-D), (I2-HRL4-M), (I3-HRL7-M), (I3-HRL8-D), (I4-HRL9-M), (I4-HRL10-D), (I5-HRL11-M). They also commented that in order to make HR strategic, HR professionals required extensive knowledge. Thus, they felt that it would take time for them to develop such competency, if they did not then new qualified HR professionals who are able to play the business

partner role would need to be hired, but this targeted workforce is quite rare in the labour market.

I think it is quite difficult to change my role to be a business partner because I don't have sufficient knowledge to act as a business partner; and I don't think any of our HR professionals in the organisation have this capability either. However, I am keen to gradually improve myself, but it would take time for me to be able to practice the role (I1-HRL4-D).

➤ **Theme two: Lack of support from key stakeholder—senior management**

Another four participants (I1-HRL2-D), (I2-HRL5-D), (I2-HRL6-M), (I5-HRL12-D) said that enhancing the role of business partner in their organisation would be very difficult because the top executives did not even know about this role. As a result, it would be challenging for them to get full support from line management or employees. In essence, this group of participants were concerned about the willingness of the key stakeholder for the HR transformation.

It is difficult to introduce the business partner role in our organisation because the top executives do not have the knowledge and appreciation of this role as well as line managers and employees. Since acting as a business partner requires cooperation from relevant stakeholders, they need to see the importance of the role so that they would not resist the change (I2-HRL6-M).

4.3 Summary

Chapter four outlined the analytical findings of the research. The results were presented based on seven research questions which served as a means to find out solutions for the research objectives. A summary of some interesting features of the results for each research question is outlined as follows:

- Research question one: what are the actual roles of HR leaders practising in state-owned firms in Laos?

It was found that three kinds of roles have been included in HR leaders' responsibilities: administrative, strategic, and political. All of the participants stated that they had an administrative HR role included in their responsibilities, and the tasks were ranked from

recruitment to termination. It was discovered that six participants were performing a strategic role, while four participants were practising a political role. It was observed that HR managers, and not deputies, carried out strategic and political roles.

- Research question two: what are the levels of understanding of business partner role of Lao HR leaders?

It was found that participants were both familiar or unfamiliar with the term ‘business partner’; on this basis they were divided into three groups. The majority (nine people) admitted that they did not know the term, while two participants said they were not familiar with the term, but could partially describe the term. Interestingly, only one participant had knowledge about the HR business partner.

- Research question three: what perspectives do Lao HR leaders have regarding the sub-roles of business partner?

This research study was based on four business partner roles extracted from the literature. The four roles were:

1. Cooperating with their managers in formulating HR strategies
2. Working with line management in formulating and implementing business strategy
3. Developing HR functions that align with the organisation’s business strategy
4. Acting as a change agent

Almost all of the participants regarded the four roles as important, while only one participant did not appreciate the role that HR leaders should act as change agents.

- Research question four: what are the real practices of the business partner role in the case organisations?

Even though the majority of the participants viewed the four sub-roles of the HR business partner as important, not all of them reported performing the roles. For example, it was observed that only eight reported practising role (a), five reported practising role (b), five reported practising role (3), and six participants reported practising role (d).

- Research question five: how do HR leaders demonstrate the business partner competencies?

This research question aimed to examine whether or not the participants practise any of the business partner capabilities by investigating which practices the HR leaders have performed that they believe to demonstrate the capabilities. The results indicated that those who claimed to be

demonstrating the capabilities do not appear to completely perform the business partner role because the reported practices do not to fully fit with the competencies of an HR business partner as described in the literature.

- Research question six: what would be the difficulties that might prevent Lao HR leaders from practising the role of business partner?

It was reported that there were two main issues regarded as obstacles to the participants practising the role of business partner. These were: lack of competency to perform the role (reported by nine people) and lack of authority to perform the role (reported by six people). The participants admitted that they themselves were not fully capable of acting as a business partner, while suggesting that top executives should understand the importance of the role and officially provide power for HR leaders to assume the role. Otherwise, they could not go beyond job description responsibilities.

- Research question seven: what is the level of willingness of Lao HR leaders to change and become an HR business partner?

It was found that all participants saw the need for changes to improve their HRM system, and the areas required for enhancement were identified as HRM practices, HR policy, and employee motivation. Moreover, all respondents appreciated the benefits of the business partner role in improving organisational and HR effectiveness. However, all of them were concerned about the process of change inherent to enhancing the business partner role.

Chapter five discusses the key findings revealed in the chapter four.

Chapter Five: Discussion of the findings

5.1 Introduction

While chapter four provided the results of the survey, chapter five discusses those findings by going beyond a description of the data and presenting an explanation in connection with the research questions. In other words, this chapter discusses the important research findings presented in chapter four by critically commenting on some important themes of the findings which address the research objectives and hypotheses. The discussion is based on the seven research questions with the support of the literature from chapter two.

5.2 Discussion of the interviews

5.2.1 Research question one

What are the actual roles of HR leaders practising in state-owned firms in Laos?

According to Ulrich et al. (2009), HR roles not only include HR activities that HR professionals practise, but also the sense of identity and reputation of an HR practitioner. They suggest that “a role represents an identity or image of an individual as seen by that individual and by others” (p. 102). Therefore, to answer the above research question, the research study has focused on three dimensions: the main responsibilities of HR leaders, their views regarding their roles when compared to those of other departmental leaders, and their opinions of how top executives view HR leader roles in their organisations.

Main responsibilities of HR leaders in state-owned enterprises

Based on the findings, the main responsibilities of HR leaders were classified under three types: the administrative HR functions, the strategic role and the political role. It was found that all participants had at least one administrative HR responsibility included in their jobs. While some HR leaders were responsible for the full range of HR transactional practices from recruitment to termination, the majority were found to have at least one transactional HR practice included in their responsibilities: the tasks of recruitment and selection, payroll, managing employee information record, or considering employee requests. Since the majority of senior HR

professionals were mainly responsible for administrative HR functions rather than strategic HR practices that assist in supporting organisational objectives, they seemed to play transactional rather than strategic roles in line with Armstrong (2011). Therefore, it can be said that the observed participants appeared to play the role of administrative experts. As described by Ulrich et al. (2009), an administrative expert delivers HR functions with efficiency and HR value is fundamentally created through efficient HR practices. The predominance of the administrative function amongst the HR leaders that were studied in this thesis is probably because they were limited in their ability to perform strategic HRM competencies. The results were consistent with the study of Becker, Huselid, and Ulrich (2001a) and so support their finding that most companies are already practising satisfactory levels of administrative HRM effectiveness and competencies, but still are not capable of addressing the broader strategic demands on their HR practices.

Nevertheless, the findings also showed that six participants appeared to perform, in part, strategic HR practices, including acting as assistants to top executives and supervising HR professionals. The discovery that some HR leaders were responsible for some strategic HR activities seems to indicate the development of the HR profession field in the SOE sector when compared to the research findings of Quang and Thavisay (1999). Their research indicated that at that time HR functions were completely transactional and senior HR professionals were not reported to be demonstrating any strategic HR functions.

Those who reported acting as assistants to directors appeared to practise the critical competency of business partner as supporting the top leadership is considered to be part of the strategic role. As suggested by Holbeche (2010), an effective working relationship with the chief executive officers is one of the important roles for HR business partners in order that they can hold discussions behind closed doors about generating business change and creating value as a team. However, although this study's participants said that they provided assistance to top executives in terms of researching any HR issues that the directors were concerned about, it became clear that the HR leaders were not really partnering with the top executives in creating business value, but rather acting as assistants in response to their directors' commands.

Another practice that was considered to be strategic was the task of supervising HR practitioners within HR departments. Here HR leaders appeared to play leadership roles in directing and

monitoring their subordinates. It was reported that the purpose of practising the supervisory role was to ensure effectiveness and efficiency of HR functions. This suggested that the HR leaders were accountable for effectiveness of HR delivery. Even though the role of directing and supervising HR professionals appeared to be more strategic than transactional, the HR leaders were not very aware about ensuring that HR operations were effective strategically.

Besides administrative and strategic roles, which are considered to be the two typical key roles for HR professionals (Armstrong, 2011), four HR leaders in the case organisations were also found to play political roles. In this role, HR leaders were responsible for instilling and reinforcing political attitudes among employees since it was believed that, in this way, employees would become committed and loyal to their organisations as well as to the government such that attachment to the political objectives would ultimately enhance employee performance. Interestingly, this role is not commonly mentioned in the literature, but it was observed that some HR leader participants remained strictly accountable for ensuring employee commitment to political directions. This could be because of the previous political dispensation. Since Laos has been governed by a single-party communist politburo since its independence from invaders in 1975, the government has sentimentally attached itself to the political values and processes associated with Lao's recent history of communism. As owned and governed by the government, Lao SOEs remain in that mode of regime.

Perceived views of Lao HR leaders regarding their roles when compared to those of other departmental leaders in their organisations

The majority (11 participants) appreciated the value of their roles in terms of contributing to organisational success, and they also understood the complexity of HR tasks which were very demanding and required a lot of effort. Therefore, it can be said that the participants viewed the role of HR leaders as important and significant. This finding appeared to contrast with the research outcomes of Quang and Thavisay (1999) wherein the majority of respondents were found to believe that human resource management involved simple tasks and was not as complex as other functions like marketing and production. However, this research study shows that HR leaders now appreciate their roles more in terms of complexity and value to organisational success. This may be because HR professionals have gained more human resource management

knowledge and have learned the importance of human capital for organisational success, thus putting more effort into managing employees so that they can add value to the organisation.

However, one participant regarded the HR role as secondary and believed that other functions like marketing would more significantly and directly contribute to business success when compared to HR functions. This HR professional might be unaware of the contribution of human resource management to organisational and financial performance. Thus, it can be said that some Lao HR professionals need to be educated about the significant effect of HR practices on organisational performance. According to the literature, even though there is some ambiguity with regard to the HRM-performance link (Guest, 2011; Paauwe, 2009; P Wright, T Gardner, L Moynihan, & M Allen, 2005b), there is a consensus that human resource management as well as HR practices do contribute to better organisational performance.

Perceived opinions of the HR leaders regarding how top executives view their roles in their organisations.

The majority of the respondents said their top executives viewed their roles as important, while four participants reported that their roles were viewed as secondary. The findings indicated some top executives in some case organisations do not appreciate HR leader roles and HR functions when compared to other operational functions like marketing and finance. This could be because the top executives lacked knowledge of human resource management, so they may not have been aware of the contribution of the HR leader role on organisational performance. When HR roles are seen as secondary, this could prevent HR professionals from adding value to the organisation. However, the majority of the HR leaders felt that their top executives view their roles as important, which suggests an improvement in how the HR role is perceived by top management in SOEs. This is by way of contrast to the earlier research study by Quang and Thavisay (1999) which indicated that top directors were neither very aware of nor appreciated HR contribution to business success.

5.2.2 Research question two

What are the levels of understanding of the business partner role of Lao HR leaders?

- Hypothesis one:

H₀₁ *The term ‘HR business partner’ is not common for HR leaders in state-owned enterprises in Laos.*

The research question two has addressed **H₀₁**. The findings showed that there were three groups of participants classified based on their familiarity with the term ‘business partner’. The majority (nine) admitted that they did not know the term, while two participants said they were not familiar with the term, but could partially describe it. Interestingly, only one participant had knowledge about the HR business partner.

Most of the participants who reported that they were not familiar with the term ‘HR business partner’ commented that they had heard the term ‘business partner’, but when it came to the role of HR professionals as HR business partners then they were not familiar with it. It was observed that most of the participants were even confused between the term ‘business partner’ and ‘HR business partner’, assuming that they shared exactly the same description. The findings indicated that the advanced role of HR professionals as business partner was not widely known in the SOE sector in Laos.

It was not a surprise when those who had not heard about the term ‘HR business partner’ would simply regard the role as ‘business partnership’, which is characterised in the form of commercial alliance. This is undoubtedly linked to the role of HR business partner appearing to have evolved from the term ‘business partnership’. According to Bamberger, Michal, and Meshoulam (2014), over the past 25 years, HR specialists have sought to become key contributors to business success by promoting an HR vision that has been more aligned to organisational strategies in order to ensure effective human resource management practices that support the firms’ strategic imperatives. The ultimate goal of HR professionals has changed from enhancing individual performance to creating value for key stakeholders such as customers, line managers, and investors (Becker & Huselid, 2006; Schuler & Jackson, 2007; Ulrich &

Brockbank, 2005). As a result, HR professionals have become a business partner to the organisations and stakeholders.

Apart from those who did not understand the term ‘HR business partner’, the other three participants could describe the concept even though two of them were not familiar with the term. The participants explained that business partners refers to HR specialists or HR managers that participate in strategic meetings and work closely with top executives in creating and implementing corporate strategies. In this way, HR business partners create HR strategies that support business objectives in order to enhance the growth of business.

The above descriptions of the HR business partner concept provided by the participants reflect those found in the literature. For example, L. Dyer and Holder (1988), Becker et al. (2001a), Armstrong (2011), and Ulrich et al. (2012) all explain that HR business partners are HR professionals that are partners with senior and line managers in executing business strategies. In addition, Robinson and Robinson (2005) and Cascio (2005) stress that HR business partners participate in strategic sessions helping to execute business plans by providing a creative input from HR perspectives. In this way, they translate business needs into HR initiatives, thus creating HR strategies that support business objectives.

However, the participants’ understanding of the term ‘HR business partner’ appeared to focus more on cooperating with top leadership, rather than line management colleagues. In fact, the literature suggests that besides top executives, HR business partners help line managers at all levels to reach their goals. HR leaders work closely with line managers to ensure effectiveness of business strategy implementation. HR business partners not only cooperate with line managers and assist them to accomplish business purpose through human resource management, they also generate effective HR strategies (Caldwell, 2010; L. Dyer & Holder, 1988). Through this partnership HR professionals and line managers bring business change to the firms, so that together they create business value for the organisations (Ulrich et al., 2009).

Therefore, the findings for research question two accepted **H₀₁** that *The term ‘HR business partner’ is not common for HR leaders in state-owned enterprise in Laos* because the majority of the participants were not familiar with the term.

5.2.3 Research question three

What perspectives do Lao HR leaders have regarding the role of HR business partner?

Perceived importance of the four sub-roles of HR business partner

- a. Cooperating with line managers in formulating HR strategies that promote the achievement of business goals.**

The results illustrated that all the participants regarded this role as important. However, the reasons behind the perceived importance of the role appear not to fit with the rationale for the role discussed in the literature. It was found that all of the studied HR leaders saw it as necessary to cooperate with line management colleagues to ensure the effectiveness of a single HR task of recruitment and selection or training and development. Six participants commented that it was important for HR leaders to work with line managers because HR should know the quantity and quality of employees required by each department so that HR could recruit and select the right people for the organisations. Whereas, another six participants mentioned that cooperating with line managers was necessary in terms of getting feedback about employee performance so that HR know employees strengths and weaknesses. In this way, HR could provide appropriate training for employees.

The findings depicted the HR leaders as unable to see human resource management as a holistic system. They appeared to focus on implementing an individual HR practice. However, the rationale behind the role of cooperating with line managers in creating HR strategy is more than just to manage a single HR practice, but rather to develop the HR plan with vertical and horizontal integration which requires a system-wide perspective from line managers (Beatty, Huselid, & Schneier, 2003; Becker & Huselid, 2006; Fitz-Enz, 2002). As stated by Armstrong (2008), “HR strategies set out what the organisation intends to do about its human resource management policies and practices and how they should be integrated with the business strategy and each other” (p. 53). The development of coherent and integrated HR strategies would be achieved more effectively where there is cooperation, involvement, and the commitment of line managers (Armstrong, 2008). Since, vertical fit and horizontal fit are the fundamental concepts underpinning the effectiveness of strategic human resource management implementation

(Armstrong, 2012; Delery & Doty, 1996) , this role of the HR business partner is necessary to create an HR system which is strategically effective.

b. Working with line managers in formulating and implementing business strategy

The research findings show that all participants also regard the role of working with line managers in formulating and implementing business strategy as important, and they urged that this role should be included in an HR leader's responsibilities. Most of the leaders provided reasons why HR leaders needed to participate in strategic top management sessions so that they could contribute to the business growth. They explained that organisational strategy formulation and implementation requires contributions from each department especially from an HR perspective. That is why HR leaders should be invited to strategic meetings and be informed about current business conditions and operations so that HR could help in creating HR plans that support the organisational objectives. It can be seen that the participants were enthusiastic about playing an active role at a strategic level. This illustrated that the participants were committed to the business, and expected to add real value to the organisation.

The aforementioned findings are supported by various authors. For example, Schuler and Jackson (2007), Armstrong (2012) and Ulrich et al. (2012) outline how HR professionals need to be involved in the formulation and implementation of an organisation's strategy in order to ensure the effectiveness of executing strategic human resource management which relies on understanding both the firms' activities and its HR policies. Becker et al. (2001a) also comment that by understanding what and how business strategies are to be implemented, HR leaders can help facilitate communicating the organisation's goals across the organisation.

However, some participants commented that HR leaders should participate in strategy meetings so as to be informed about the strategic plans, yet they did not appear to realise that HR leaders themselves should be equipped with extensive business knowledge in order to ensure their ability to deliver. According to Hesketh and Hird (2009) and Becker et al. (2001a), having a seat at a board meeting table is not just to prove the existence of HR executives since it is far more complex than just participating in the formal strategic decision-making; it has repercussions for the survival of the organisation as well as the survival of HR leaders themselves.

c. Developing HR functions that align with the organisation's business strategy to help achieve business goals

All participants also regarded the role of developing HR functions that align with the organisation's business strategy to help achieve business goals as being important. The majority even commented that this role was the most important among the four roles being discussed in the interview. They suggested that by aligning people strategy to business strategies, the organisation would improve performance as well as attain competitive advantage.

The understanding of the participants regarding the effect of this role on organisational performance was in line with the literature. As maintained by many authors, HR as business partner requires having the ability to translate business needs into people strategy so that HR functions that facilitate the business operation can be developed (Armstrong, 2012; Cascio, 2005; Chartered Institute of Personnel and Development, 2009; Robinson & Robinson, 2005).

Since the majority of the participants regarded this role of developing HR functions that align with business strategy as the most vital, they clearly view HR accountability for delivering supportive services that respond to business needs to be more imperative than providing leadership contribution at the strategic level. Holbeche (2010) refers to HR leaders who pay more attention to creating HR strategies that align with the short-term business agenda than to facilitating the discussion of business strategy as 'junior business partners'. Thus, it can be said the participants in this research project were more keen on delivering HR services than providing a strategic leadership contribution.

d. Acting as a change agent in diagnosing problems, developing solutions, and implementing change in terms of human resource management.

Even though the majority (11 participants) viewed the change agent roles as vital for the reason that through this role, HR leaders would be able to improve HR practices as well as organisational performance, four participants seemed not to understand the role of change agent and tended to refer the task as part of professional development. Since the role of change agent is to deal with organisational development (OD), the participants could be confused that the OD process refers to changes in training and development. As explained by Waddell et al. (2014), the process of OD which is commonly carried out by organisational change agents is that of using

behavioural science knowledge and practices to enhance organisational effectiveness. These authors further stress that OD is far more complex than other planned change processes, such as training and development, technology intervention, or even new product development.

Of the four business partner sub-roles discussed, the role of change agent was not only perceived as important by fewer participants, but appeared to be a new concept to them and the most uncommon in the Lao HR profession. This suggested that HR leaders in state-owned firms require education in this field.

5.2.4 Research question four

What are the real practices of the business partner roles in the case organisations?

- **Hypothesis two:**

Ho₂ HR leaders in state-owned firms in Laos do not completely practise the roles of business partner.

This research question which focused on identifying whether the studied HR leaders perform the four roles of business partner is in response to hypothesis two. A discussion of the findings is organised under four headings as follows:

The actual practice of the role of ‘cooperating with line managers in formulating HR strategies’

The results illustrated that the majority of participants (eight) reported that they cooperated with other line managers mainly to deal with the functions of recruitment and selection and training and development, while the other four did not practise the role because it was not included in their responsibilities. These findings indicate that the eight HR leaders do not really perform this role because formulating HR strategies is not just dealing with one single HR practice. As noted by Gardner (2002), “strategy, including HR strategy, involves the acquisition, development, and deployment of resources while anticipating and responding to a large variety of market forces. Strategy also involves anticipating and responding to the tactics of direct competitors in an effort to maintain competitive parity and incrementally build competitive advantage” (p. 225). In addition, Holbeche (2010) explains that HR leaders as strategic business partners are more than what line managers are to the HR function; they act as a business driver by proactively

influencing change to enhance performance and develop employee commitment. Because the ultimate responsibility of HR leaders is to increase organisational capability to prosper in the fast-changing business environment, dealing with a single HR function is not enough; they should focus on the integration of HR as a whole.

The actual practice of the role ‘working with line managers in formulating and implementing business strategy’

Five participants reported that they performed the role of designing business strategy with line managers. However, it was observed that only four participants (HRL1-M, HRL7-M, HRL9-M, and HRL11-M) appeared to actually take part in strategic sessions, while another one participant (HRL4-M) did not seem to help formulate the organisation’s strategy. The four participants reported that they took part in strategic meetings, and were involved in strategic discussions. They also mentioned that by acting as an assistant to directors, they worked closely with top leadership in researching relevant information to help facilitate the strategic decision making. These tasks demonstrated by the HR leaders were consistent with the literature. According to Ulrich et al. (2009) and Ulrich et al. (2012), one of the roles of an HR business partner is to participate in formulating the organisations’ strategy in response to customer expectations and business conditions. To do so, they should actively contribute to business discussions by anticipating and thinking about the business from the line manager’s perspective. This would help them to frame strategy and make strategic decisions for the organisation.

Referring to the role of creating business strategy mentioned above, it can be noted that one HR leader (HRL4-M) among the five participants did not demonstrate the role as he mentioned that he participates in formulating organisational strategy by working with the marketing department regarding recruitment and selection to ensure the right quality and quantity of employees to address the current business needs. This task was not creating business strategy as such, but more about providing support for line managers in terms of recruitment and selection; this participant appeared to contribute more to HR, rather than business discussions.

The actual practices of the role of 'developing HR functions that align with the organisation's business strategies'

Five participants reported that they create HR functions that align with business strategy, and the HR functions that they attempted to develop to support business objectives were training and development (reported by two participants), human resource information system (reported by one participant), and HR policy (reported by two participants).

It was observed that those who focused on the first two functions appeared to be concerned about a specific HR activity which was considered to best address each case organisation's situation and to be the most effective driver of the business goals. For example, those who focused on developing effective training and development commented that their organisations were at a decline stage and adopting new advanced technology to boost the quality of customer services. Hence, they needed to ensure that their employees were equipped with knowledge and skills in utilising such technology.

This indicated that the participants were concerned more about vertical fit than horizontal fit. As explained by Delery and Doty (1996) and Armstrong (2011), vertical fit refers to the internal alignment of the HR system with the business characteristics and objectives in such a way that HR activities influence the execution of business strategies, while horizontal fit refers to the consistency among HR activities themselves. The authors also suggested that in order to be effective, an organisation must create an HR system that achieves the best degree of both vertical fit and horizontal fit. It is suggested by many authors that to maximise value added to the organisation, HR professionals should create consistent HR practices when forming an HR system to generate synergistic benefits which facilitate the achievement of the organisation's strategic goals. This is the concept called horizontal fit and which is discussed in the configuration theory of the strategic human resource management field (Armstrong, 2011; Katou & Budhwar, 2006; MacDuffie, 2005).

According to the theory of horizontal fit mentioned above, the two participants (I1-HRL1-M) and (I4-HRL9-M) who focused on developing HR policy that shaped the entire HR system to support business strategy appeared to perform the alignment role. As noted by Wei (2006), HR policy plays an important role in integrating individual HR practices, creating an effective HR system that facilitates organisational objectives. Hence, it can be concluded that of the three HR

functions discussed in this section, HR policy improvements appeared to best demonstrate the implementation of the vertical and horizontal fit of HR function even though it is approached by only two participants.

The actual practise of the role of ‘acting as a change agent in diagnosing problems, developing solutions, and implementing change in terms of human resource management’

As with the results for research question three regarding the perceived importance of the change agent role, the HR leader participants did not understand what acting as a change agent would involve. The data showed that six participants claimed to practise the role. Four of those commented that they influenced change by exercising training and development programmes, allocating staff into the right jobs, monitoring employee performance, and imposing disciplinary actions. However, the performing the change agent role is far more complex than just carrying out such specific HR practices.

According to Kenton and Yarnall (2013) and Ulrich et al. (2009), as business partners, HR professionals are accountable for conducting micro and macro change. At the micro level, HR professionals create planning sessions and facilitate team meetings, whereas at the macro level, they influence and shape large-scale system change. In daily interactions with their stakeholders, HR professionals have to seek varied activities that drive the organisation to move forward to achieve longer-term goals. In short, the role of change agent involves the implementation of change management in which HR professionals have to deal with resistance to change and create adaptability and flexibility among the personnel (Ulrich, 1998).

According to the characteristics of a change agent mentioned above, it was observed that two participants (I2-HRL6-M) and (I4-HRL9-M) appeared to partially practise the role. While one participant reported that he diagnoses and solves problems related to HR policy, another said that he sought cooperation to solve any diagnostic problems within the organisation. However, both of them mentioned that they could not make ultimate decisions since any change initiatives had to be approved by top executives. Hence, it can be said that the role of a change agent in Lao state-owned firms is quite limited. Even though some HR leaders take initiatives to generate improvement through change, they were not fully authorised to act as change agents.

To summarise, the discussion of the findings for the actual practices of the four sub-roles of business partner is outlined in Table 4 below:

Table 4: The number of the participants who actually practised the business partner roles

The four sub-roles of HR business partner	The number of participants who see the role as important	The number of participants claimed to practise the role	The number of participants actually practice the role
Role (a): Cooperating with line counterparts in formulating HR strategies	12	8	None
Role (b): participating in formulating and implementing business strategies	12	5	4
Role (c): Developing HR functions that align with business strategies	12	5	2
Role (d): acting as a change agent	11	6	2 (partially practise the role)

Source: Compiled by the author based on this research study (2014)

According to Table 4, it can be seen that even though the majority of the participants regarded the four roles of the HR business partner as important, only some participants reported practising the roles. However, the HR practices performed by the participants that they believe to demonstrate the business partner roles appeared not to best fit with the business partner literature. Therefore, a few participants were seen to actually practise role (b), (c), and partially practise role (d), while none of the participants were found to practise role (a).

Therefore, the findings accepted **H₀₂** that *HR leaders in state-owned firms in Laos do not completely practise the roles of business partner.*

5.2.5 Research question five

How do HR leaders demonstrate the business partner competencies?

- **Hypothesis three:**

H₀₃ *HR leaders in state-owned firms in Laos are not equipped with the full capabilities of HR business partner.*

This research question was developed to address hypothesis three which assumes that HR leaders in SOEs are not completely competent to perform the role of HR business partner.

According to Table 3 shown in chapter two, it is observed that some participants, especially those who were in deputy positions, were not capable of performing the role of an HR business partner. This could be for two main reasons. First, they did not have sufficient knowledge and skills. Second, they did not realise that it was important for them to take the initiative to learn and practise the discussed capabilities simply because these practices were not included in their job descriptions. Hence, they attend to their day-to-day responsibilities without considering these broader issues.

However, Becker et al. (2001a) notes that in the new market-oriented environment, HR practitioners are required to perform a completely different role as a business partner. It is more than just understanding the corporate strategy, but they should be competent in driving and executing successful strategy. In addition, it is argued by Ulrich et al. (2009) that not only should HR managers have business vision for the organisation, but the most effective HR professionals should proactively participate in overall strategy creation and have the ability to translate business strategy to HR practices. Their ultimate responsibility is to shape and share the business strategy with employees across the organisation.

The actual practice of the capability of ‘Understanding the influence of the external business environment’

According to the findings, those who reported practising the capability of understanding external influences were all HR managers (six participants). They commented that having knowledge of external influences on the business would help them to translate the external forces into HR initiatives. Some of them demonstrated this capability by adapting HR policy and remuneration based on economic and legal factors, while some focused on the labour market when determining their potential workforce.

It is observed that the HR managers in this research appear to merely focus on turning external business trends into implications for HR, rather than for the business as a whole. The requirement for HR professionals to understand the external business forces comes from the concept of building HR from the outside-in according to Ulrich et al. (2012). These authors

suggest that in order for HR business partners to add value and play a more strategic role, they should be able to master the external context (e.g., social, technological, economic, political, environmental, and demographic trends) facing the organisation. HR professionals must be fully aware that the external business context is increasingly more complex, fast-changing, and dominated by global business. This will help them to foresee opportunities and challenges facing the organisation so that they can help to position their firms in the long term by translating the external forces into internal organisational decisions and actions.

Therefore, it can be seen that the participants' understanding of the external trends was quite limited. Even though they reported applying external knowledge into HR initiatives, that is not sufficient for them to influence business improvement. To effectively add real value to business, it is required that they master the external context and translate the trends into both HR and business implications.

The actual practice of the capability of 'decoding customer needs'

According to the findings, decoding customer expectations was practised by only three participants. Those participants who reported demonstrating this capability commented that they learned of customer needs and how to review customer feedback by cooperating with their marketing department. After that, they tried to improve and train their employees to provide better services and meet client needs. The way the participants demonstrated the capability appeared to be partly consistent with the literature (Ulrich et al., 2009). However, in order to better meet customer expectations, HR professionals should directly approach and spend time with real customers.

According to Brockbank (1997) and Holbeche (2010), to create an effective HR strategic agenda, it is required that HR professionals have a strong customer focus so that they can create the connection between customer expectations and employee commitment. In this way, HR professionals should gain an understanding of who the target customers are and what the needs from the organisation whether in terms of the kinds of product or service, and then seek out how employees as well as the organisation can respond to that. Ulrich et al. (2009) also note that as business partners, HR professionals should spend time visiting and building relationships with customers, and they should focus on the value they can deliver to customers.

However, in the real HR situation in Lao SOEs, it appears to be impossible for HR professionals to get directly involved with customers because it could be seen as being outside of HR's work, since engaging or building relationships with customers are more of a marketing responsibility. Nonetheless, the demonstration of this capability by three participants could indicate that at least a minority of HR professionals in Lao SOEs have the ability to think and act from an outside-in perspective.

The actual practice of the capability of 'understanding organisational goals and strategies'

Six participants, who were all HR managers, reported demonstrating the capability of understanding organisational goals. They said that being aware of corporate objectives and strategies could guide them to plan and implement HR practices, leading to the creation of a new HR function that is appropriate in supporting the business goals. They said that it was important for HR leaders to understand organisational objectives, how the company operates, how it makes money and who are its customer because it is people who are in control, develop technology and generate money.

It can be said that these HR managers had general knowledge of their businesses which is knowledge required of HR business partners. This requirement is made evident in the literature (Casco, 2005; Garey, 2011). According to Ulrich et al. (2009), business partners have good understanding of the firm's value chain and its internal business processes. They know how the business makes money, how the organisation responds to customer needs and, more importantly, how each organisational department functions and how together they work to generate revenue. Moreover, Becker et al. (2001a) stress that understanding how the business operates helps HR professionals generate value by adapting HR practices to address the changing business conditions. In addition, having knowledge of business increases HR professionals' credibility because it allows them to play a strategic role by participating in strategic discussions with the line managers (Ulrich et al., 2012).

The actual practice of the capability of 'having financial knowledge'

Six participants (four HR managers and two deputy managers) reported having the capability of financial interpretation and analysis. They explained that financial knowledge was important for

them in carrying out HR work, such as calculating HR budgets relating to salary rates, income tax, recruiting, and professional training. However, there was no opinions offered about the importance of financial knowledge for analysing organisational performance. The participants merely focused on applying their financial knowledge to HR work and did not consider contributing to business discussion and strategic decision making. This could be because HR roles in SOEs are limited to delivering only HR practices rather than contributing to business overall.

It is noted in the literature that HR professionals as business partners are required to be business literate and be able to interpret and analyse the financial situation of their firm (Garey, 2011; Ulrich et al., 2012). As the role of the HR business partner makes HR accountable, alongside other business functions, for the organisation's success. HR professionals require financial knowledge so that they can understand the firm's financial situation allowing them to contribute to business discussions with other line managers to help achieve business goals (Holbeche, 2010; Ulrich & Brockbank, 2005).

The actual practice of the capability of 'analysing and addressing employee needs'

The capability of analysing and addressing employee needs was reportedly demonstrated by eight participants. They commented that HR leaders should be aware of employee concerns and ensure job satisfaction was achieved in order to keep them motivated and enhance their performance. However, it was believed that even though responding to employee needs was important, it could not be implemented beyond the bounds of the HR policy of their organisations. They asserted that due to budget constraints, it is impossible to address all employee needs. That is why HR policy was seen as setting the criteria for considering employee welfare, remuneration, promotion, and other relevant issues.

It can be said that the HR leaders participants tended to regard meeting employee expectations as putting in place financial incentives. However, based on the literature, responding to employee expectations is more than about salary increases or promotion. Robinson and Robinson (2005) explain that HR business partners need to understand the employee need hierarchy concept which involves business needs, performance needs, work environment and capability needs. In essence, in order to ensure required employee performance is met, employees should be surrounded and supported by a good working environment and equipped with full capability.

This ultimately leads to meeting business needs. It is suggested that business partners also have ethical considerations since they represent both the business and the employees. They are to act in the interest of employees, taking initiatives to protect and advance employee interests and well-being so, in turn, they become enthusiastic and capable of delivering business success (Armstrong, 2009; Cascio, 2005; Chartered Institute of Personnel and Development, 2009; Ulrich, 1997a).

Therefore, it can be seen that the HR leaders in this research could not actively identify and respond to employee needs since they had to base decisions made on HR policy at all time when considering employee proposal or request. So in summary, the participants did not completely demonstrate this capability.

The actual practice of the capability of ‘developing organisational culture that support the required employee performances’

Considering the building of an appropriate corporate culture, eight participants reported that they practised this capability. The participants appeared to regard this capability as being involved with enhancing employee relationships, creating a culture of egalitarianism, and ensuring organisational rules were adhered to. It was believed that by achieving some of these values, employees would attain higher performance. For example, some participants considered corporate culture as simply encompassing organisational rules and regulations, such as working hours and dressing codes. They insisted that employees should strictly adhere to these corporate rules in order to achieve a smooth working process.

The findings illustrated that the participants tended not to fully understand the concept of organisational culture which is far more complex than just a single event like incentivising employees to come to work on time or wearing uniforms. According to Burchell (2004), organisational culture is “a learnt and complex phenomenon that is...ongoing and emerging; a socially constructed system of emotionally held ideas concerning meanings of organisational life; shared in varying degrees among many organisational members...which ultimately resides as schemas in the minds of culture bearers; and tacitly influences members’ perceptions, feelings, thoughts and behaviours” (p. 39). Even though the practice of the political role found amongst Lao HR professionals in this research study appears to share some characteristics of the

organisational culture concept described by Burchell (2004) above, there is hardly any academic research validating that only by reinforcing political values to employee's attitudes and behaviours would enhance their performance. As noted by Ulrich and Brockbank (2009), Holbeche (2010), and Ulrich et al. (2009), HR business partners act as stewards of culture by identifying and shaping the culture that influences the required employee performance. HR business partners are accountable for building the corporate culture by translating the external characteristics of organisation into the internal employee behaviours, then creating strategy, projects or initiative that make change occur across the organisation.

Therefore, it can be deduced that the HR leaders in this research study did not demonstrate the ability to influence and shape culture that support the required employee performance.

The actual practice of the capability of 'creating an achievable HR vision'

It was observed that only two participants (I1-HRL1-M), (I2-HRL6-M) reported that they usually have a vision for their HR department to increasingly bring value to the organisations. They said that they had an HR vision to develop employee capability so that they could drive business success when the country is integrated with the in ASEAN Economic Community in the near future. As only two participants were future-focused, it can be said that the majority of SOE HR leaders may focus on just the day-to-day HR practices. This could be because they overemphasise the short-term HR plan of delivering efficient HR services.

However, the two participants who reported having the capability of creating an HR vision did not have clear plans to achieve their vision. These HR leaders commented that they knew where they wanted to go but were not sure how to get there. As noted by Ulrich et al. (2012), articulating the HR vision is to lay the right foundation for the development of an effective HR department. It is suggested that for HR activities to affect the longer-term organisational capability growth, it is vital for HR professionals to focus on both short-term and long-term goals which mutually support each other and one cannot be reached without another. Moreover, many authors suggest that as HR business partners, they have the ability to see the bigger picture of organisational long-term goals, leading to the development of an HR strategic agenda that supports the enhancement of organisational capability to accomplish long-term innovation and objectives (Holbeche, 2010; Kenton & Yarnall, 2013).

Hence, according to the literature, the two participants did not have the capability to generate an achievable HR vision for their organisation.

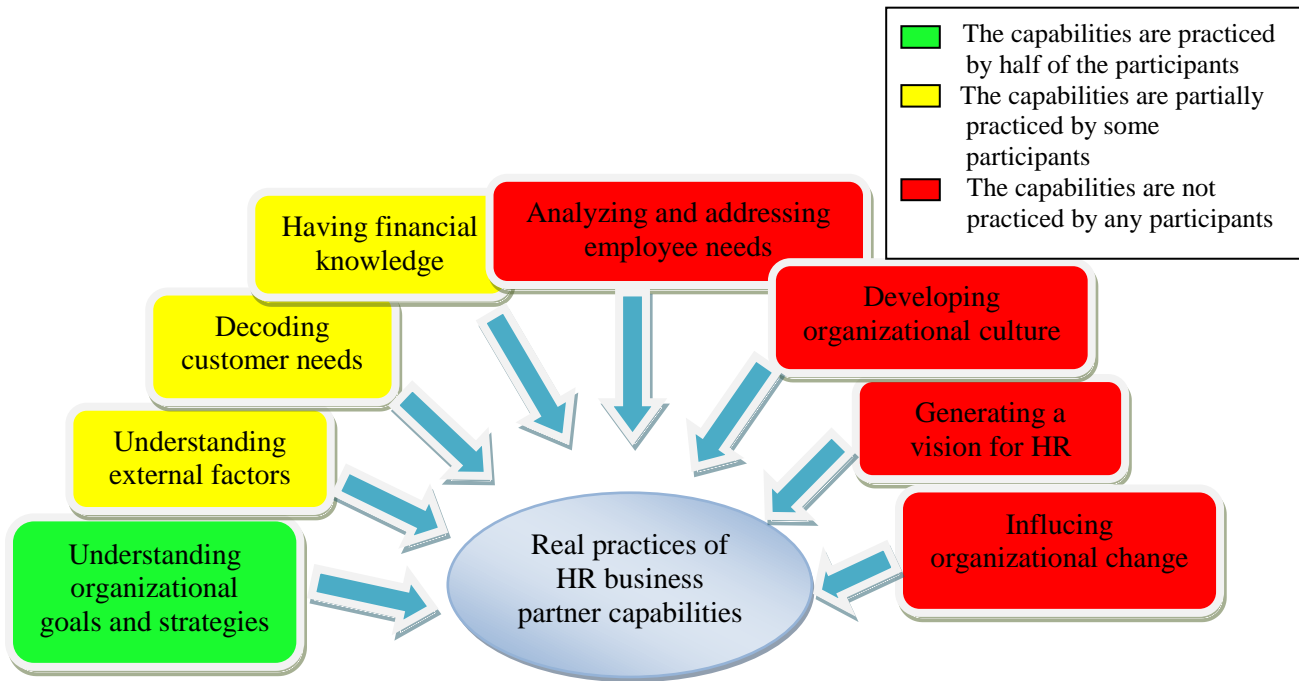
The actual practice of the capability of ‘shaping and influencing organisational development and change’

The findings suggest that four participants, all HR managers, claimed to have the ability to make important change happen. They maintained that they demonstrated the capability by ensuring the organisation had a sufficient number of employees to provide excellent customer services. Some of them stated that they sought solutions to the problems by researching how other companies in the same industry run their business and leaning from them.

It is clear, however, that these HR leaders did not practise the capability of delivering change. This is because HR professionals who can manage change processes exhibit various strategic abilities including diagnosing problems, expressing an articulate vision and goals, setting an HR strategic agenda to influence change and solve diagnostic problems, and managing resistance to change (Becker et al., 2001a; Kenton & Yarnall, 2013; Ulrich & Brockbank, 2005). Moreover, it is suggested that HR as business partners should have the capability of influencing line management and top executives to accept the proposed innovative ideas for change by making a powerful business case and producing an evidence-based proposal for the creation of a strategic HR agenda (Armstrong, 2012; Ulrich et al., 2012). The skill of change agent is required for HR professionals to become more of a strategic business partner. As stated by Lawler and Mohrman (2003), “HR not only needs to have competencies to do with the business issues involved in strategy and strategy development, it needs to be able to contribute to organizational design and change management” (p. 4). In light of this literature, the participants in this research seemed not to have the capability to shape and influence change.

In conclusion, the findings of how well the HR leader participants demonstrate the business partner competencies are depicted in the diagram as follows:

Figure 3: Summary of how well each capability of business partner is practised



Source: Developed by the author as based on this research study (2014).

As a result, the findings for the above research question ultimately accepted **H₀₃** that *HR leaders in state-owned firms in Laos are not equipped with full capabilities of HR business partner*. This is because none of the participants were found to completely demonstrate all the capabilities of the HR business partner role.

5.2.6 Research question six

What would be the difficulties that might prevent Lao HR leaders from practising the role of business partner?

The findings for this research question revealed that there were two main aspects reported as obstacles for the participants to perform the role of business partner: lack of competency and lack of authority to perform the role.

The majority of the participants (nine) reported that they themselves did not have the knowledge and skills to perform a business partner role, as one participant said: *playing strategic roles is*

really difficult especially for senior HR professionals who are in old age because it requires extensive knowledge of business as well as advanced human resource management with which we are not fully equipped (12-HRL5-D). This is not a surprise because most of them have not even heard about this role according to the findings from research questions two regarding familiarity with the term business partner.

According to the literature, the role of strategic business partner involves multiple dimensions including change agent, business expert, knowledge manager, and consultant (Ulrich et al., 2009). Therefore, in order for HR professionals to effectively perform a business partner role, they should be equipped with knowledge of business, delivery of HR practices, and have the capability to manage change (Becker et al., 2001a; Ulrich et al., 1995). However, the majority of the participants admitted that they were not fully capable of performing the strategic role of business partner. The participants' limited capability was also reinforced by the findings of research question six—how do HR leaders demonstrate the business partner competencies?—which revealed that none of the participants demonstrated the full range of business partner competencies. Some HR leaders did not even understand the concept of organisational culture and organisational change and development.

This suggests that Lao HR leaders have inadequate capability to play a more strategic role as they are not fully qualified. This could be because the education system in Laos as reported by Southiseng and Walsh (2013) does not widely include the human resource management field in the formal or informal education curricula. As observed by the researcher through the interviews, most of the participants did not have an HR qualification; only two participants reported having an HR-related education background, while others came from finance, justice and other backgrounds. Hence, this could be the reason for the limited capability of Lao HR leaders in SOEs to perform the role of business partner.

Regarding the lack of authority to perform a business partner role, many participants reported that they could not perform as a business partner without being authorised to do so because they could not perform beyond the roles described in their job descriptions. As one participant said: *I cannot be a partner with line managers if I am not allowed to, and I cannot go to meet customers on my own unless I am authorised to do so, otherwise I do not see any advantages to perform extra jobs which could be seen as interference (15-HRL11-M).*

This could be because this role is not widely known and appreciated by top leadership in Lao organisations. Even though the interviewees' comments revealed that most top executives in SOEs viewed HR leader roles as equally important as other leader roles, the role of HR leaders is limited to the traditional role of delivering transactional HR services. As mentioned by Becker et al. (2001a), top executives or line managers who have never seen HR practitioners performing any strategic roles may regard the HR role as administrative over and above anything else.

Being officially authorised as business partners is required for HR leaders in SOEs, since the majority of the participants mentioned that gaining authorisation would allow them to receive cooperation willingly from every parties, including line managers, top executives, and employees, so as to effectively practise a business partner role. Gaining credibility through personal power which is based on knowledge, skills, and abilities is necessary but not sufficient; HR leaders also require legitimate power which refers to the authority vested in the position they hold in their department (Northouse, 2013). According to Hughes, Ginnett, and Cuphy (2008), effective leaders need both personal and position power to successfully gain credibility and influence within their organisations.

5.2.7 Research question seven

What is the level of willingness of Lao HR leaders to change and become HR business partners?

In order to respond to this research question, three main features are examined (1) perceived necessity for change to improve HRM operations; (2) perceived importance of the business partner role for organisations, (3) perceived difficulty of the change process from traditional to strategic roles. These three main aspects are the criteria used to assess how keen the participants are to transform their role into that of business partner. Lamarsh (2004) suggests the following three main reasons for why individuals would resist the transformation and the building of a strategic partnership HR role.

1. Individuals do not recognise any need for change because they do not see any problem with the current HR functions.
2. Individuals do not appreciate the role of business partner, so they do not know what HR is supposed to become.
3. The process of change is too complicated.

Perceived necessity for change to improve the HRM operation

The findings showed that all of the participants see the need for change to improve their HRM operation. The areas commonly seen to be the most urgent to improve were HR policy and human resource information systems, HRM practices like recruitment and selection and training and development, and employee motivation.

Since two participants (I2-HRL6-M), (I5-HRL11-M) see the requirement to improve HR policies in their organisations by aligning them with corporate goals, taking into consideration external factors such as legislation, and maximising employee benefits, it can be seen that they are aware of the important effects of HR policy on the organisation. As mentioned by Armstrong (2012), HR policies define the organisational values and serve as guidelines on how employees should be managed and treated in organisations.

Those participants (I1-HRL1-M), (I1-HRL2-D), and (I3-HRL8-D) who see the need to improve the HR information system appeared to focus on enhancing of the effectiveness and efficiency of HR service delivery. They realised that the current paper-based information for managing the HR process was inadequate in today's competitive business environment in which smooth business operations are required to be competitive. As noted by Al-Dmour and Al-Zu'bi (2014) and Ruel, Bondarouk, and Looise (2004), using HRIS technology or web-technology-based channels is a more efficient way to implement HR policies and practices. HRIS which is comprised of the computer applications required to collect, store, manage, present and manipulate data produce informational efficiencies and cost savings. This, in turn, allows HR professionals to concentrate on the task of data analysis and get involved in the more strategic decision making role (Lengnick-Hall & Moritz, 2003).

Human resource management practices, especially recruitment and selection and training and development, were reported as the key practices that needed improvement in SOEs. Four participants (I2-HRL4-M), (I2-HRL5-D), (I3-HRL7-M), and (I4-HRL10-D) commented that the lack of a talented workforce in the Lao labour market caused difficulties for human resourcing processes. Consequently, the HR function of training and development is regarded as a solution to enhance employees' capabilities once they are hired. The fact that these two HR functions were reported as critical HR practices in need of improvement suggests that the HR leaders see

value in human resource capital; they aim to ensure that their organisations employ a more capable workforce than their competitors in order to achieve competitive advantage.

Low employee motivation was reported as another concern for HR professionals, since SOEs are likely to provide lower remuneration compared to private firms. Thus, three participants (I1-HRL3-D), (I4-HRL9-M), and (I5-HRL12-D) regarded enhancing employee motivation and reward management as important practices that needed to be improved to both reduce turnover and increase performance. This suggests that the HR leaders realise the urgent need to retain their capable talents as well as to enhance their performance.

Perceived importance of the business partner role for organisations

It is observed that all participants see the necessity for their organisations to have HR professionals who play the role of business partner. The majority of the participants commented that if HR professionals could act as business partners, they would have capability to help organisations enhance their effectiveness. As a result, the firms can then compete with business rivals as well as achieve competitive advantage, especially when the country integrates with ASEAN Economic Community in the near future. As one participant said: *it is required that HR leaders become business partners because Laos will soon enter into the AEC era in which higher competition will take place. If we cannot make the best use of our human resource, we would potentially lose our competitive advantage or even cannot survive in the fast-paced business environment (I2-HRL4-M).*

In addition, some participants reported that by acting as a business partner they would be able to increase effectiveness of the HR operation and thus facilitate the achievement of organisational objectives. As one HR leader commented: *it is definitely important for state-owned firms to have HR business partners because with knowledge of business, they could make strategic decision making regarding how human resource management could optimise and support the implementation of business strategies (I2-HRL5-D).*

The findings are supported by various authors, such as Robinson and Robinson (2005) and Ulrich et al. (2012) who note that HR managers are required to play a more strategic role in today's increasingly complex business environment because businesses need more input from HR managers strategically so that they can optimise the use of employees as a means to achieve competitive advantage. The findings suggest that all participants appreciate the importance of the

business partner role in organisational performance. In addition, they appear to understand the potential outcomes of the HR transformation.

Perceived difficulty of the change process from traditional to strategic roles

The findings illustrated that all of the participants feel that it would be very difficult to change their role to become business partners. Most of the HR leaders are concerned about their inadequate knowledge and skills to perform the role as one participant reported: *since we get used to practising simply administrative HR functions, it is definitely difficult for us to play the role at a strategic level because it requires extensive capability with which we are not fully equipped (I1-HRL1-M)*. Some participants are concerned about the willingness of stakeholders to accept HR transformation within the organisations. Two participants commented that *HR managers could not change their roles by themselves, but need cooperation and support from key stakeholders such as senior management, employees, or even the HR professional team. Thus, they should appreciate and understand the importance of the role which requires a great amount of time to complete (I1-HRL2-D), (I2-HRL5-D)*.

The participants' concerns indicated that they are to some extent resistant to change. Cooke (2009) offers six reasons why employees resist change, one of which is a lack of confidence in their skills to handle the new order, thus leading to the fear of not being successful in the new situation. Besides the sense of reluctance on the part of the HR leaders themselves, it can be seen that they also doubt the keenness of stakeholders for change. The participants' concerns are not uncommon in the literature of change management. Garvin (2000) notes that change can cause resistance which inevitably impedes the implementation of organisational improvement. Lamarsh (2004) also explains that the potential resisters to the change process of HR transformation may include several target populations including senior HR professionals, line managers, employees, and the vendors and consultants who serve HR.

It can be clearly seen, then, that even though all of the studied HR leaders see the need for change to improve their HRM operations and understand why HR transformation should occur in terms of improving outcomes, the participants tend to perceive the task of change as too difficult.

Therefore, the findings of the research question seven accepted **H₀₄** that *HR leaders in state-owned firms in Laos are not completely willing to change their roles to become business partners*. This is because the participants to some extent resist change due to: (a) the fear of not

being capable of filling the new roles; and (b) the belief that the process of obtaining stakeholder acceptance of change is too complicated and time-consuming.

5.3 Summary

This chapter focused on the results of the seven research questions and also addressed the research hypotheses. The data indicated that the actual role of HR leaders in Lao SOEs were oriented toward administrative rather than strategic roles, while, interestingly, some HR leaders in the case organisations were also found to play a political role. It also found that even though half of the participants appeared to perform some strategic tasks of providing assistance to the directors and supervising HR professionals, they did not play the role of business partner. This is because the former task was performed to respond to the directors' commands rather than to act as their partners, and the latter task was done just to ensure effectiveness and efficiency of HR operations rather than to make a strategic contribution through HR functions. Nevertheless, HR Leaders generally saw their HR role in the organisation as important and believed top executives agree with this assessment.

Moreover, the findings affirmed that the majority of the participants have not heard of the HR business partner role, while only three participants could even partially describe the term. Thus, it can be concluded that the participants have limited knowledge and understanding of the term HR business partner. As such, the findings supported **H₀₁** that *The term 'HR business partner' is not common for HR leaders in state-owned enterprise in Laos.*

Regarding the four sub-roles of the HR business partner discussed in this research—(a) cooperating with line managers in formulating HR strategies, (b) working with line managers in formulating and implementing business strategy, (c) developing HR functions that align with the organisation's business strategy, and (d) acting as a change agent—the findings suggested that all of the participants saw the first three roles as important, while the role of change agent was perceived as important by fewer participants (11). In addition, the findings revealed that role (c) appeared to be regarded as the most important role. This indicated that the participants viewed the accountability for delivering HR services as more important than providing a leadership contribution, such as co-ordinating with line management about the creation and execution of HR and business strategies or acting as a change agent.

With regard to the actual practices of the four roles, the findings revealed that none of the participants were found to practise role (a) Cooperating with line managers in formulating HR strategies, whereas only a minority of the participants actually practised the other three roles. For example, four participants appeared to take part in the strategic sessions (role b), whereas two among them appeared to perform role (c). In addition, two participants seemed to partially practise role (d). Therefore, this research question has accepted **H₀₂** that *HR leaders in state-owned firms in Laos do not completely practise the roles of business partner.*

Another finding related to how the participants demonstrated business partner capabilities. The findings revealed that more HR managers than deputy managers reported practising the capabilities. This could suggest that those who are in deputy positions were less capable, lacked initiative and had a more limited role than their HR managers. Thus, the results showed that not all participants were found to completely demonstrate all eight capabilities discussed in this research. Therefore, the findings accepted **H₀₃** that *HR leaders in state-owned firms in Laos are not equipped with full capabilities of HR business partner.*

Regarding the difficulties that prevent the business partner role being practised, the results indicated that a lack of knowledge and position power were the two main barriers. Regardless of the obstacles, the findings illustrated that all participants appeared to be willing to become business partners because they saw the need for improvement of their HR functions. They also understood the implications and benefits of HR transformation and why they should upgrade their roles to become strategic business partners. However, the participants were found to be reluctant to change due to their limited capability and lack of support from key stakeholders. Therefore, the findings accepted **H₀₄** that *HR leaders in state-owned firms in Laos are not completely willing to change their roles to become business partners.*

Chapter six provides conclusions and recommendations regarding the key findings of this research study.

Chapter six: Conclusions and Recommendations

6.1 Introduction

This chapter summarises the key features emanating from this research study and provides recommendations based on the findings in order to find solutions to the main research question: “How can leaders in state-owned enterprises perform the role of a business partner so that they could enhance their contribution to business success?”. To answer the main research question, this research project primarily focused on identifying the actual role of HR leaders practising in SOEs in Laos. This entailed investigating the following elements: the level of Lao HR leaders’ understanding regarding the role of business partner; the extent to which they are practicing the capabilities of business partner; the obstacles that prevent them from performing the role of business partners; and the level of their willingness to become business partners. The results of the research, informed by the literature, revealed the level of ability and readiness of Lao HR leaders to perform such advanced HR professional competency. Consequently, the findings generated recommendations to help senior HR professionals in SOEs in Laos find a pathway to upgrade their HR role to become a business partner so that they can increase their contribution to the business operation of SOEs.

This chapter focuses on providing conclusions and recommendations drawn from the seven sub-research questions discussed in chapters four and five. Strengths and limitations are also outlined before indicating future research opportunities and final summary points.

6.2 Research conclusion

This research study was conducted by using a qualitative research approach and semi-structured interviews as a data collecting technique. 12 senior HR professionals in SOEs were selected as the participants for this research project. The findings extracted from the interview data have been analysed and discussed, based on the seven research questions and the analytical results are presented in the following section.

6.2.1 Research question one

What are the actual roles of HR leaders practising in state-owned firms in Laos?

The results of this research question directly addressed research objectives (a) *“To identify the actual roles of Lao HR leaders practicing in state-owned firms in Laos”*. Since the findings of this question suggested where the focus of the HR professionals was namely between the administrative and the strategic role, the outcomes ultimately also addressed research objective (c) *“To investigate if Lao HR leaders are practicing the role of business partners”*.

The findings for this research question revealed that the role of the HR leaders appeared to be oriented towards an administrative role as administrative expert rather than a strategic role as business partner. This is because the majority of the participants were responsible for delivering transactional HR services. While some appeared to practise the more strategic role of supervising HR professionals and acting as assistants to the directors, they were, nevertheless, just focused on ensuring effective and efficient HR operations and merely provided assistance without any strategic partnership and contribution.

Moreover, the results indicated that some participants also practised a political role in which they were responsible for reinforcing political beliefs among employees. This was due to holding the view that when staff adhered to prevailing political directions, they would gain commitment and loyalty to their organisations as well as to the government, thus leading to better employee performance.

Regarding how the role of HR leaders was perceived, the results revealed that all the participants bar one viewed their role as significant to organisational performance, while two thirds also felt that their roles are perceived as important by the top executives. The research outcomes revealed more positive assessment of HR than that of the research study by Quang and Thavisay (1999) which had illustrated that HR professionals as well as top directors at that time did not appreciate HR contributions to business success. Nonetheless, in order for HR professionals to add more value to the organisations, HR roles should be regarded as primary in the firm’s agenda by each and every HR professional and the top executive.

6.2.2 Research question two

What are the levels of understanding of the business partner role of Lao HR leaders?

The results for the second research question identified the participants' level of understanding of the term 'HR business partner', and the findings of this part directly addressed the research objective (b) *“To assess the level of understanding of Lao HR leaders on the role of business partner”*, and this analytical result again also addressed the research objective (c) *“To investigate if Lao HR leaders are practicing the role of business partners”*.

The outcomes indicated that the majority of the participants had not heard of the term 'HR business partner', and they appeared to be confusing this term with the concept of partnership in the form of business alliances. Those who had heard about the role could only partially describe the characteristics of HR as a business partner. Therefore, it can be concluded that the studied HR leaders in SOEs had limited knowledge and understanding of this term. Thus, the findings supported **Ho₁** that *The term 'HR business partner' is not common for HR leaders in state-owned enterprise in Laos*. As a result, it can be clearly seen that it is unlikely that the participants can practise the role of business partner without a complete understanding of the term.

6.2.3 Research question three

What perspectives do Lao HR leaders have regarding the role of HR business partner?

This research question was developed to identify whether Lao HR leaders see the four main HR business partner roles as important to organisational performance. The findings of this question specifically investigated how the participants perceived the individual role of HR business partner. The outcomes then also address the research objectives (b) *“To assess the level of understanding of Lao HR leaders on the role of business partner”* and (c) *“To investigate if Lao HR leaders are practicing the role of business partners”*.

The four business partner roles discussed in the literature are now reviewed in terms of the results.

Role (a) cooperating with line managers in formulating HR strategies that promote the achievement of business goals.

The findings suggested that all the participants regarded this role as significant. However, the cooperation they engaged in appeared to focus on dealing with a single HR function rather than creating HR strategies with vertical and horizontal fit. This suggested that the participants could not take the holistic view of the HR system, especially as bundles or horizontal integration in which all HR practices are coherently managed creating the HR synergy required for the implementation of strategic human resource management (Delery & Doty, 1996; Guest & Hoque, 1994; Huselid & Becker, 1996; Katou & Budhwar, 2006; MacDuffie, 1995).

Role (b) working with line managers in formulating and implementing business strategy

The findings showed that all of the studied HR professionals also viewed this role as important. This indicated that the HR leaders were enthusiastic about taking part in strategic contributions and wanted a seat at the board meeting table. However, it appeared that they did not realise they required an extensive knowledge of business and human resource management to fulfil the role.

Role (c) developing HR functions that align with the organisation's business strategy to help achieve business goals

Of the four roles, this role was seen as the most essential. This indicated that the participants were more concerned about the accountability of delivering supportive HR services than providing a leadership contribution at the strategic level.

Role (d) acting as a change agent, in diagnosing problems, developing solutions, and implementing change in terms of human resource management.

This role was perceived as important by fewer participants than the other three roles. In addition, this role appeared to be a new concept and the most uncommon in the Lao HR profession. Some of the participants did not have a conceptual understanding of the role, and tended to refer it as training and development. Therefore, even though the majority of the participants viewed the four roles of HR business partner as vital to business success, most of them did not actually perform the role. As L. Dyer and Holder (1988) and Ulrich et al. (2009) argue, carrying out the four roles of HR business partner is necessary for optimising HR contributions to organisational performance. Therefore, the findings of this research question have reinforced the proposition

that the studied HR leaders in state-own firms have limited understanding of the role of business partner, so they are unlikely to be able to practise the role.

6.2.4 Research question four

What are the real practices of the business partner roles in the case organisations?

Having investigated the participants' perspectives regarding the four roles of business partner, this research question was developed to assess whether they were performing the roles. The findings would again respond to the research objectives (b) *“To assess the level of understanding of Lao HR leaders on the role of business partner”* and (c) *“To investigate if Lao HR leaders are practicing the role of business partners”*.

The findings revealed that most of the participants viewed the four business partner roles as essential to HR professional practices. However, while a number of participants claimed to be practising various business partner roles, only a minority was found to be actually doing so. The findings disclosed that the majority of the studied HR leaders did not understand the characteristics and goals of the business partner roles. For example, the studied participants referred to roles (a) and (d) in terms of the management of one single HR practice, while one participant focused much more on HR than business discussion when reporting on having practised the role (b). In addition, the participants who were not considered to practise role (c) were concerned more about vertical fit than horizontal fit when creating HR functions that support business objectives.

Therefore, the findings for the research question accepted **H₀₂** that *HR leaders in state-owned firms in Laos do not completely practise the roles of business partner.*

6.2.5 Research question five

How do HR leaders demonstrate the business partner competencies?

The findings for research question five corresponded with the research objective (d) *to examine the level of ability of Lao HR leaders to perform the role of business partners.* The results showed that some of the HR leader participants who are in manager positions appeared to be capable of practising some capabilities, whereas some of those who are in deputy positions appeared not to have the ability to demonstrate any of the discussed capabilities. Therefore, it

can be said that on average, the participants have little capability to perform the role of business partner.

Moreover, in order to assess how well the participants demonstrated the business partner competencies, the reports of the way these were commonly demonstrated were analysed against the criteria set out in the literature. As a result, the findings suggested that four capabilities—analysing and addressing employee needs, developing organisational culture, generating HR vision and influencing organisational change—were not found to be practised by any participants, while three capabilities—understanding external factors, decoding customer needs, and having financial knowledge—were only partially practised by some participants. Only one capability—understanding organisational goals—appeared to be correctly demonstrated by half of the participants.

Thus, the findings above also corresponded to research objective (e) *to determine the key capabilities of business partner that Lao HR leaders should improve the most*. It is clear that the capability that Lao HR leaders in SOEs lacked the most was the knowledge and skills related to human resource management and organisational development. Even though the knowledge of internal and external business was demonstrated by some participants, many HR leaders still need to gain these competencies in order to effectively perform the role of business partner. Therefore, it can be said that the results accepted **H₀₃** that *HR leaders in state-owned firms in Laos are not equipped with full capabilities of HR business partner*.

6.2.6 Research question six

What would be the difficulties that might prevent Lao HR leaders from practising the role of business partner?

The outcomes of this question addressed the research objective (f) *To determine challenges that might obstruct Lao HR leaders to perform the role of business partner*. The two main features were observed to cause difficulty for HR leaders in SOEs to act as business partners. The two major challenges found in this research were lack of competency and lack of authority to perform the role. The majority of the studied participants admitted that they themselves lacked the ability to perform the business partner role. This outcome was also reinforced by the findings from research question six which revealed that none of the studied HR leaders had the ability to demonstrate the full range of business partner competencies.

The lack of official authority to perform the role was another main concern that obstructed the HR leaders' ability to perform the role. Most participants commented that they could not act as business partners unless the responsibilities and capabilities of the role were required by, and described in their job descriptions. Such legitimate authority would give them full power to ask for cooperation and the budget necessary for influencing change within their organisations.

6.2.7 Research question seven

What is the level of willingness of Lao HR leaders to change and become HR business partners?

This research question was developed to address the research objective (g) *To examine the level of willingness of Lao HR leaders to change their roles to business partners.* In order to investigate the participants' keenness for change, the three dimensions suggested by Lamarsh (2004) were used as a criteria to assess the participants' level of resistance to HR transformation. The three dimensions are: perceived necessity for change to improve HRM operation; perceived importance of the role business partner for organisations; and perceived difficulty of the change process from traditional roles to strategic role of HR.

The findings showed that all of the participants wanted to improve their HRM functions and they also realised the positive outcomes of upgrading their roles to become business partners. It did appear, however that, the participants were worried about the inadequacy of their skills in handling the new order. Moreover, they perceived the task of changing to be too complicated and that it would take a great deal of time. Therefore, the findings of this research question accept **Ho₄** that *HR leaders in state-owned firms in Laos are not completely willing to change their roles to become business partners.*

6.3 Recommendations

6.3.1 Recommendation one

The top executives and line managers in state-owned enterprises need to appreciate the positive impact of strategic human resource management as well as the role of HR business partner on organisational performance so that the role of business partner can be enhanced within the organisations

According to the findings, a lack of genuine support from the top leadership and line management is one of the main barriers for the HR leaders to play a strategic role. The majority of the participants reported that they could not act as partners to their businesses unless they were empowered to do so because making HR strategic required cooperation from many parties; performing beyond their job descriptions would be seen as undue interference. Therefore, the executives and line managers need to clearly understand the potential value added to organisational performance when allowing the HR team to play a more strategic role through implementing strategic HR activities.

In order to provide full support for the HR leaders to act as business partner, legitimate power must be given to the senior HR leaders so that they can have full authority to perform the role. Once the role of business partner is enhanced and HR managers are officially appointed as business partner, the HR leaders should be allowed to participate fully in strategic sessions and effectively influence the change whether in relation to business implementation or HR transformation.

6.3.2 Recommendation two

The HR leaders themselves need to understand the term ‘HR business partner’ to enhance their accountabilities to business as well as their performance to add real value to the organisations.

Since the findings revealed that the majority of the participants have not heard about the concept of HR business partner, it is necessary that the SOEs provide training about the strategic role of HR business partners for senior HR professionals to help them effectively make a strategic contribution to the achievement of business goals.

According to the findings, the role of the HR leaders appeared to be more oriented towards dealing with administrative HR services rather than strategic activities. In addition, the participants appeared to not be able to see the connections between HR practices within the whole HR system because they dealt with a single HR practice in isolation. Thus, it is suggested that the training provided for the HR leaders should specifically include strategic human resource management. The training should focus on the distinctions between traditional and strategic HRM and the rationale behind the benefits of making HR strategic. Furthermore, the HR leaders should also be educated about the underpinning theories of SHRM especially the concepts of

vertical and horizontal fit of HR activities. This would help the strategic view and manage HR practices holistically in order to effectively develop more value-adding HR activities.

6.3.3 Recommendation three

The HR leaders in state-owned organisations should develop the eight capabilities required to carry out the business partner role.

Since the study showed that the senior HR professionals in the case organisations had limited ability to perform the strategic role as business partners, they need to cultivate the eight capabilities discussed in this study both through training and self-study. In relation to the research outcomes, the majority of the participants misunderstood how to demonstrate each capability and many appeared to confuse some capabilities with others, or with something else altogether. Therefore, the key areas that the HR leaders need to focus on when learning how to practise the eight capabilities are outlined as follows:

1. The ability to understand the influence of external factors on business.

The HR leaders should focus on turning external business trends into business implications rather than just merely applying them to HR initiatives. In addition, the information about all relevant external factors (e.g. social, technological, economic, legal, political, environmental, and demographic trends) should be mastered, rather than just paying attention to only economic or legal issues.

2. The ability to decode customer needs

The HR leaders should become more directly involved with customers and actively build relationships with them, thus leading to gaining a true understanding of customer expectations.

3. The ability to understand organisational goals and strategies

Those who are deputy managers also need to understand the vision of organisations so that they can help HR managers to communicate and encourage employees to work and move in the same direction.

4. Having financial knowledge

Having financial knowledge is required not only for calculating the HR budget, but also for allowing HR professionals to analyse organisational performance so that they can contribute to business discussions with line managers.

5. The ability to analyse and address employee needs

The majority of the participants viewed responding to employee expectations as something bothersome because they appeared to regard employee needs as primarily financial and they viewed this as a problematic issue. Hence, the HR leaders should understand the concept of the human resource based-view so that they can see the importance of human capital and regard employees as the source of driving competitive advantage.

6. The ability to develop organisational culture that supports the required employee performance

The concept of organisational culture should be mastered by the HR leaders since they confused this idea with organisational rules. Moreover, they should become aware that creating an egalitarian and amicable working environment is not the only approach to influencing the required employee performance.

7. The ability to create an achievable HR vision

Besides understanding how to create a vision and setting a long-term plan for the HR department, HR leaders should also focus on creating short-term plans of how to achieve the set vision.

8. The ability to shape and influence organisational development and change:

Most of the participants misunderstood the idea of this capability since they confused the activity of generating change with dealing with a single HR activity such as providing training or allocating employees to the right jobs. Thus, HR leaders need to cultivate how to act as a change agent so that they can provide evidence-based solutions to the business.

6.3.4 Recommendation four

HR leaders in state-owned enterprises should gain knowledge about change management and organisation development (OD) in order to effectively influence HR transformation in the organisations

According to the findings, all of the participants showed an interest in upgrading their roles to become business partners. The HR leaders realised the necessity for improving their current HR operations as well as appreciating the potential benefits to the organisations if they act as business partners. However, they were concerned about the difficulties in dealing with the process of change.

Therefore, it is recommended that they should be trained to enable them to gain knowledge of change management and OD. Besides gaining the competencies required of a change agent, which is one of the critical capabilities of the strategic business partner, the HR leaders need to develop sound understanding not only of change management and OD theories, but also of various change models discussed in the literature. In this way, they would enable the HR transformation of building the strategic partnership of the HR role. With this competency, they would be able to manage and overcome any resistance to change that might take place within the organisations.

6.3.5 Recommendation five

The role of deputy HR managers should be enhanced and they should be made accountable to the business in the same way as HR managers. In addition, they should upgrade their abilities, become a strategic thinker and take the initiative to add real value to the organisations.

The research outcomes suggested that, compared to the HR managers, very few deputy HR managers reporting practising the roles, and demonstrating the capabilities of business partner. It was clear that this group of deputy HR leaders were not as capable as their managers of performing the role of HR business partner. This could be because they lack sufficient knowledge and may also lack the initiative to learn and practise the more strategic roles which were not included in their job descriptions. Therefore, it is recommended that deputy HR managers should upgrade their roles and abilities to think and act as business partners rather than assuming that the strategic contribution is the task of HR managers and top leadership. As

suggested by Armstrong (2011), the strategic role of heads of HR functions is fundamentally the same as that of HR managers and directors. They support business success by deploying a strategic approach in creating and executing HR strategies that are aligned with the corporate strategy. To effectively enhance the deputy manager role, HR managers also need to encourage and support their subordinates to play more strategic role so that they together can work as a team to build an effective HR department.

All of the recommendations mentioned above are depicted in Figure 4 as follows:

Figure 4: Building a strategic HR partnership role model



Source: Developed by the author as based on this research study (2014)

6.4 Strengths and limitations

6.4.1 The strengths of the research study

The key strengths of this research study were the validity and reliability of the data collection and analysis. To ensure the authenticity of the data, this research had many data sources by selecting the two groups—HR managers and deputy HR managers—as the participants for this research. As a result, the researcher gained more understanding of the study phenomenon since two perspectives were observed, one from those with full authority and the other from their subordinates. To guarantee the reliability of the data collected, the interviews were conducted with each participant individually in order to reduce peer pressure when answering the research questions. This allowed the studied HR leaders to gain more confidence in freely discussing the research topic.

Another strength of this research was the validity and reliability of the data analysis. A sufficient number of research questions generated plenty of data as well as complete results for the main research topic. To guarantee the accuracy of the data analysis, some research objectives were addressed by several research questions. For instance, research objective (b) *To assess the level of understanding of Lao HR leaders on the role of business partner* was investigated through the means of three research questions: (2) what are the levels of understanding of the business partner role of Lao HR leaders?; (3) what perspective do Lao HR leaders have regarding the role of business partner?; and (4) what are the real practices of the business partner role in the case organisations? The consistency of results of these research questions provided the validity and reliability of the data analysis.

6.4.2 The limitations of the research study

A limitation of this study was that it took a long time to contact the targeted participants and to follow up the permission for the interviews. It took around three months for the researcher to complete the data collection. The delay in collecting data affected the progress of writing the report of findings as well as the entire research study. As a result, the researcher had to leave out some aspects which were initially regarded as essential in order to for the study to be fully focused on its objective achievement.

In addition, due to the fact that the term ‘business partner’ is uncommon in Laos, some participants did not clearly understand some of the interview questions and initially made poor attempts to answer it. Thus, the researcher had to draw them back to the topic such that their subsequent attempts were better at answering the questions. This definitely wasted the interviewees’ time especially for those participants who had little spare time to take part in the interviews. Even though the long interviews did not affect the research results, it caused confusing and a time-consuming transcription process.

Another limitation of this research was associated with the targeted participants. The constraints number of the targeted sample (HR leaders in SOEs) caused this research study to adopt a solely qualitative research method which resulted in limited outcomes. Since the results of this research were generated merely from HR professionals’ perspectives, some other important viewpoints regarding the research topic from top executives, line managers, and employees were left out.

6.5 Future research opportunities

Since this study adopted only a qualitative research method which produced relatively limited results, further studies should be undertaken using a quantitative method. By conducting such a survey, larger targeted populations could be assessed, allowing obtaining of data from multiple sources such as employees and line managers. This would generate a more comprehensive picture of the strategic business partner role and capabilities of HR leaders in the state-owned enterprise sector in Laos.

Moreover, while this research could access only seven state-owned enterprises, further research studies are recommended to collect data from more state-owned organisations which may have dynamic strategic human resource management practices and competent HR leaders as business partners. Consequently, new research findings may generate a means to compare and contrast with this research study, thus leading to the creation of more precise information regarding the application of SHRM and advanced HR competency in the SOE sector in Laos.

Last but not least, the SOEs themselves could apply the recommendations outlined in this research study. They could also conduct further research to investigate a suitable approach for HR transformation that best fits their own organisation’s context. Through the implementation of such research, together with using this research study’s results as input guidelines, the SOEs

could accomplish the HR transformation by which the role of HR business partner and the practices of SHRM are enhanced. By achieving this HR transformation, SOEs could be in a better position to cope with new challenges and to grasp new opportunities when Laos integrates into the ASEAN Economic Community in December 2015.

6.6 Summary

It can be concluded that HR managers are required to play the more strategic role of business partner in order to help their organisations to thrive in today's increasingly competitive environment. By practising this role, HR leaders are accountable to business and they are expected to make HR strategic so that HR activities could make contributions that add real value to business success.

In the case of Laos, this research study showed that the application of this advanced HR role is not widely adopted in the state-owned enterprise sector. None of the studied HR leaders perform this role. Furthermore, it was found that they had limited knowledge and did not have the skills to demonstrate the competency of business partner. It was discovered that the characteristics of the HR leaders' role in the state-owned organisations appeared to deal more with administrative HR functions than strategic human resource management. However, encouraging results were generated when it was found that all of the participants were keen to upgrade their roles and act as strategic business partners. Nonetheless, limited capability and a lack of legitimate position power were seen as the major barriers to the performance of the role.

Therefore, the new model of building a strategic HR partnership role (Figure 4) created in this research study is regarded as one of the most useful guidelines suitable for the context of state-owned enterprises in Laos. It is strongly believed by the researcher that this model, which was developed based on the five important recommendations, could provide a foundation for the transformation of HR to take giant leaps in the direction of becoming a strategic partner in state-owned enterprises in Laos.

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APPENDICES

APPENDIX 1: Semi-structured interview



SEMI-STRUCTURED INTERVIEW QUESTIONS FOR THE RESEARCH

I. Identifying the actual roles of Lao HR leaders

1. What are your main responsibilities as a HR leader in your organisation?
2. How do you think about the HR leader roles compared to those of leaders in other departments such as marketing and finance in terms of complexity and adding value to the organisation? Why?
3. How do you think top executives view HR leader roles in your organisation compared to those of leaders in other departments such as marketing and finance? Why?

II. The understanding of HR as a business partner?

4. Are you familiar with the term, 'HR business partner'?
 - If yes,
 - 4.1 What does this mean to you?
 - NOTE: If "No", the researcher will then briefly explain this term.

III. HR business partnership roles

5. In your opinion, how important do you think it is for HR leaders in your organisation to perform the following roles:
 - 5.1 Cooperating with their line managers in formulating HR strategies that promote the achievement of business goals? Why or why not?
 - How do you practise this role in your organisation?

5.2 Working with line managers in formulating and implementing business strategy? Why or why not?

➤ How do you practise this role in your organisation?

5.3 Developing HR functions that align with the organisation's business strategy to help achieve business goals? Why or why not?

➤ How do you practise this role in your organisation?

5.4 Acting as a change agent in diagnosing problems, developing solutions, and implementing change in terms of human resource management? Why or why not?

➤ How do you practise this role in your organisation?

IV. The key capabilities of HR business partners

6. How do you demonstrate the following business partner capabilities in your organisation?

6.1 Ability to understand the influence of external business environment (economic, social, political, technological, environmental, demographic, and legal factors) on organisations

6.2 Ability to decode customer needs and expectations

6.3 Ability to understand organisation goals and strategies

6.4 Having financial knowledge

6.5 Ability to analyse and respond to employees' needs

6.6 Ability to develop organisational culture that support required employee performance?

6.7 Ability to create an achievable HR vision

6.8 Ability to shape and influence the organisational development and change

V. The difficulties that might prevent Lao HR leaders from practising the role of a business partner?

7. What would be challenges that might obstruct you from performing the role of a business partner?

VI. Willingness to Change and become HR business partners

8. Do you see the need for change to make HRM operation in your organisation better? If so, in what area? Why or why not?
9. How important do you think it is for state-owned enterprises to have HR professionals who play the role of strategic business partners? Why or why not?
10. Do you think the task of changing from traditional to strategic role of HR is too difficult? Why or why not?
11. Is there anything else you would like to add?

APPENDIX 2: Information sheet



Information for participants

Research Project Title: “Human Resource leaders as strategic business partners in state-owned enterprises in Lao PDR”

My name is Vinattha Phasathane, and I am a post-graduate student, studying a Master of Business at Unitec Institute of Technology, New Zealand. To fulfil the programme’s requirements, I will conduct a research study on the role of HR business partners and will focus on exploring and conceptualising current HR processes in state-owned enterprises in Laos.

What I am doing

The aim of this research is to examine whether HR leaders in Lao state-owned enterprises are strategic business partners, and, if they are not, how can they upgrade their roles and capabilities to perform the role of a business partner in order to enhance their contribution to business success? By taking part in this research project, you will assist me to understand more about the main responsibilities and roles currently performed by HR leaders in your organization. This study will help the researcher to discover whether or not the capabilities of business partner are being practiced by Lao HR professionals. Furthermore, the study will help to investigate what barriers that may obstruct Lao HR leaders to perform the role, and assess how keen they are to become a business partner. Therefore, the research will develop a model of HR transformation as a guideline for enhancing the role of HR business partner and the practice of strategic human resource management in state-owned enterprise in Laos.

What it will mean for you

The researcher would like you to take part in the interview and answer some questions related to HR business partner. The interview will take about 30-60 minutes to discuss the topic. After your directors give permission for me to undertake research at your organization, I will visit you at your organization at your convenient time as pre-arrange between us. However, this is a voluntary process and you are under no obligation to participate in the project if you do not wish to do so. If you agree to participate, you will be signing a consent form on the day of the interview. Even though you have been engaged in the interview, you can still change your mind if you wish to withdraw from the project. However, because of our schedule, any withdrawals must be done within two weeks after the interview.

Your name and personal information will not be presented and will be kept anonymously. Your answers or comments will not be personally identified as belonging to you or your organization. Your answers will also not be reported back to your organization. All information collected from you will be kept completely confidentially and will be stored secure on a password protected file and only you, the researcher and my supervisors will have access to this information.

The interview will be recorded and then transcribed by the researcher. To ensure the confidentiality, the researcher as a transcriber will sign a confidentiality agreement. I will then send a copy of the transcript to you to check for accuracy and amend as you see fit. You also have the right to access to the final report if you wish. Your information may be presented in future publication or conference presentation.

If you have any concerns or further queries about the research project, please do not hesitate to contact my primary supervisor at Unitec, New Zealand, Professor Pieter Nel, telephone is +64 9 815 4321 ext. 7026 or email pnel@unitec.ac.nz

UREC REGISTRATION NUMBER: (2014-1022)

This study has been approved by the UNITEC Research Ethics Committee from April 30, 2014 to April 30, 2015. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 6162). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.

APPENDIX 3: Participant consent form



Participant Consent Form

Research Project Title: “Human Resource leaders as strategic business partners in state-owned enterprises in Lao PDR”

I have had the research project explained to me and I have read and understood the information sheet given to me.

I understand that I don't have to be part of this project if I don't want to and I have right to withdraw from the project within two weeks after the interview.

I understand that everything I say is confidential and none of the information I give will identify me or my organisation and that the only persons who will know what I have said will be the researchers and their supervisors. I also understand that all the information that I give will be stored securely on a computer at Unitec Institute of Technology for a period of 5 years.

I understand that my discussion with the researcher will be taped and transcribed.

I understand that I will be able to see and approve the transcription as well as the finished research document.

I have had time to consider everything and I give my consent to be a part of this project.

Participant Signature: *Date:*

Project Researcher: *Vinattha Phasathane* *Date:*

UREC REGISTRATION NUMBER: (2014-1022)

This study has been approved by the UNITEC Research Ethics Committee from 30.4.2014 to 30.4.2015. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 6162). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.

APPENDIX 4: Organisational consent form



Organisational Consent

I (*name*), (*position in organisation*) of (*organisational name*) give consent for *Vinattha Phasathane* to undertake research in this organisation as discussed with the researcher.

The consent is subject to approval of research ethics application no **2014-1022** by the Unitec Research Ethics Committee and a copy of the approval letter being forwarded to the organisation as soon as possible.

Signature:

Date: