

**THE EFFECTIVENESS OF HUMAN RESOURCES
DEPARTMENTS IN THE QUEBEC PULP
AND PAPER INDUSTRY:
A MULTIPLE CONSTITUENCY PERSPECTIVE**

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Abstract

This paper contains the results of a study of the effectiveness of Human Resources Departments in Quebec pulp and paper industry. The study was carried out between March and May 1994. The evaluation method chosen to measure the effectiveness of Human Resources Departments (hereafter HRD) is the "client satisfaction approach", better known as the "Multiple Constituency Approach" (hereafter MC). It was designed to evaluate the effectiveness of Human Resources Departments (HRD) in terms of quality, speed and adequacy of services offered to its internal clients. The latter indicated their degree of satisfaction regarding HRD services. Level of clients' expectations was controlled.

This empirical study had three goals: (a) to validate the "MC" approach including its respective measures and instruments, (b) to identify the key factors which influences the effectiveness of HRD services, and (c) to test if there is a real difference (i.e. variance) amongst clients in terms of their expectations and satisfactions vis-a-vis the HRD.

20 mills participated in this study. Although the results are complex and require careful interpretation, several conclusions could be made clear: (a) the effectiveness of HRDs in Quebec pulp and paper mills varies according to two distinct orientations: those representing traditional labour relations activities, and those representing Human Resources Management activities. HRDs client groups expressed different levels of satisfaction and expectations concerning the deliveries of these services; some clients were "very satisfied" with the situation while others manifested dissatisfaction. (b) of the many factors studied, three emerged as having a significant influence on both axes ("client expectations", the "frequency of clients' meetings with HRD" and being an "engineer or technical employee"). Other variables were found significant for either Labour Relations or Human Resources.

In sum, this research validates the usefulness of the Multiple Constituency Approach; it identifies the factors influencing HRD effectiveness within the industry, and enables each Mill Human Resource Department to compare itself to other mills which could in turn, help the Mill improve the delivery of its services to its clients.

INTRODUCTION

The budgets that company directors mark for the various Human Resources services are very important: monies are allocated on a regular basis to such activities as recruitment, training and development, benefits, occupational health and safety, etc. However, in a competitive economy, these budgets require more scrutiny and careful examination as companies are hard pressed to rationalize their expenses in relations to anticipated results in terms of productivity, profitability, satisfaction, and legal compliance (Dolan and Schuler, 1994).

While the literature shows that senior management recognizes the increasing importance of HR Management, only few companies report to have instituted formal procedures to assess the effectiveness of their human resource departments. In Quebec, only 36% of companies surveyed use a formal evaluation process, and these are weakly structured (Dolan and col., 1989; Dolan, 1993). The reasons given by companies for not engaging in such activities is the absence of rigor evaluation device as well as the level of complexity involved in using existing means. Moreover, the literature is characterized by lack of consensus pertaining even to the definition of effectiveness. Thus, confusion exists as to the criteria for determining what is an effective HR department (hereafter HRD).

On the other hand, there are several well known reasons pointing to the benefits to be gained in expanding HR managers' knowledge in this area, and in improving the state of current evaluation techniques. An evaluation process enables: rapid readjustments; comparisons with the practices of others elsewhere; anticipating HR problems; to name a few (Dolan & Schuler, 1994).

One particular evaluation technique which has gained popularity in recent years is the **Multiple Constituency Approach**. This approach became popular because it is closely tied to the **Total Quality Management** philosophy; effectiveness of an HRD is measured by tapping into the level of expectations and satisfactions of HRDs clients. In fact, when a substantial gap exists between clients' expectations and their satisfaction from services received, the less effective the HRD is being perceived (Tsui and Milkovich, 1987).

This approach departs from other (more traditional) definition of effectiveness which concentrates on observed differences between strategic plans and reality. In contrast, this approach focuses on what HRD clients expect. Thus it infers that the interests of HRD clients are compatible with the interests of the company.

Recently, a set of tools for assessing effectiveness in the public sector has been developed (Belout & Dolan, 1994). Thus, the need arose to test the validity of similar instruments in the private sector. In addition, the following two research questions were set out for this study:

1. Are there differences between the expectations and the satisfaction levels of HRD client groups?
2. What are the critical factors that impact the satisfaction levels of the various HRD client groups in the mills?

BRIEF LITERATURE REVIEW

The Multiple Constituency Approach stems from an approach to marketing which has gained considerable popularity in the last few years (Tsui, 1990). It defines the effectiveness of an organization by the satisfaction of its clients. The underlying assumption, which also provides the foundation of Total Quality Management, states that in an effort to continually improve the quality of services and/or products, all clients (i.e internal and external) should be satisfied.

The basic hypothesis of this approach is that each group in the organization has different needs and expectations, and these in turn depends to a large extend on their hierarchical status, level of education, and other personal and group characteristics. One of the objectives of this approach to effectiveness is to identify these factors in order to have a better understanding of clients, and more particularly, their needs, so they may be met.

The strengths attributed to the multiple constituency evaluation approach are numerous. The literature suggest the following advantages (Cameron and Whetten, 1983; Tsui, 1990):

1. It reminds the HRD that it is indeed a "service" - whose performance can not be evaluated without taking into account the satisfaction level of its different clients.
2. This method is measured by numerous criteria (all drawn from the multiple client/"evaluators" of the Service) which make the concept of "performance" much more complete.
3. It ultimately lends to an improved credibility of the HRD - having demonstrated that it is ready to listen to its clients.
4. Even if the interdependence between management and those in charge of the HRD is increased, it is possible to measure the effectiveness of advice and service offered by the latter in determining the degree of management's satisfaction in using this advice and service.
5. The Multiple Constituency Approach can be carried out at various times: prior to the introduction of change, during and after.
6. Finally, this approach enables an understanding of the client's viewpoint, and enables better chances to meeting its expectations and overcome resistance to changes.

METHODS AND PROCEDURES

In accordance with the Multiple Constituency Approach, the first step that we carried out was collating as much information as possible on the typical organizational structure of Quebec pulp and paper mills, and on their internal communication processes. With the help of an Employment and Immigration Canada report (1993) and information from mill managers obtained from our pre-tests, the various pulp and paper mill client groups have been identified as following.

1. Hourly operational employees, day and shift: operational centre; unionized employees.
2. First line supervisors and foremen: salaried employees who stand in for the production superintendent or who are immediately in charge of hourly employees (operational and maintenance).
3. Hourly maintenance employees: unionized.
4. Engineers (Technical Departments, and technicians, i.e. lab and design).
5. Department Managers (Superintendents) and Mill Managers (except the HRD Manager).
6. Administrative and support employees: office, marketing, research, sales, etc.

Secondly, inspired by the writing of Tsui and Milkovich's (1987), we have randomly chosen 7 individual per group per mill. Thus, the total number of questionnaires per mill was 43.

The third step included the identification of HR functional activities on which clients will have to render a judgement pertaining to their expectation and satisfaction; based on Tsui and Gomez-Mejia (1987) in the U.S. and Belout (1994) in Quebec, the following were chosen: (a) *Staffing/planning* (b) *Training and development* (c) *Performance appraisal* (d) *Compensation* (e) *Employees Assistance programs* (f) *Occupational health and safety* (g) *Labour relations* (h) *compliance with policies*, and (i) *legal compliance*

These nine factors were further reduced into two principal components based on factor analysis (see table 1). Factor II measured more traditional human resource activities, and thus was labelled HR; factor I measures dimensions pertaining to more traditional labour relations and was labelled LR.

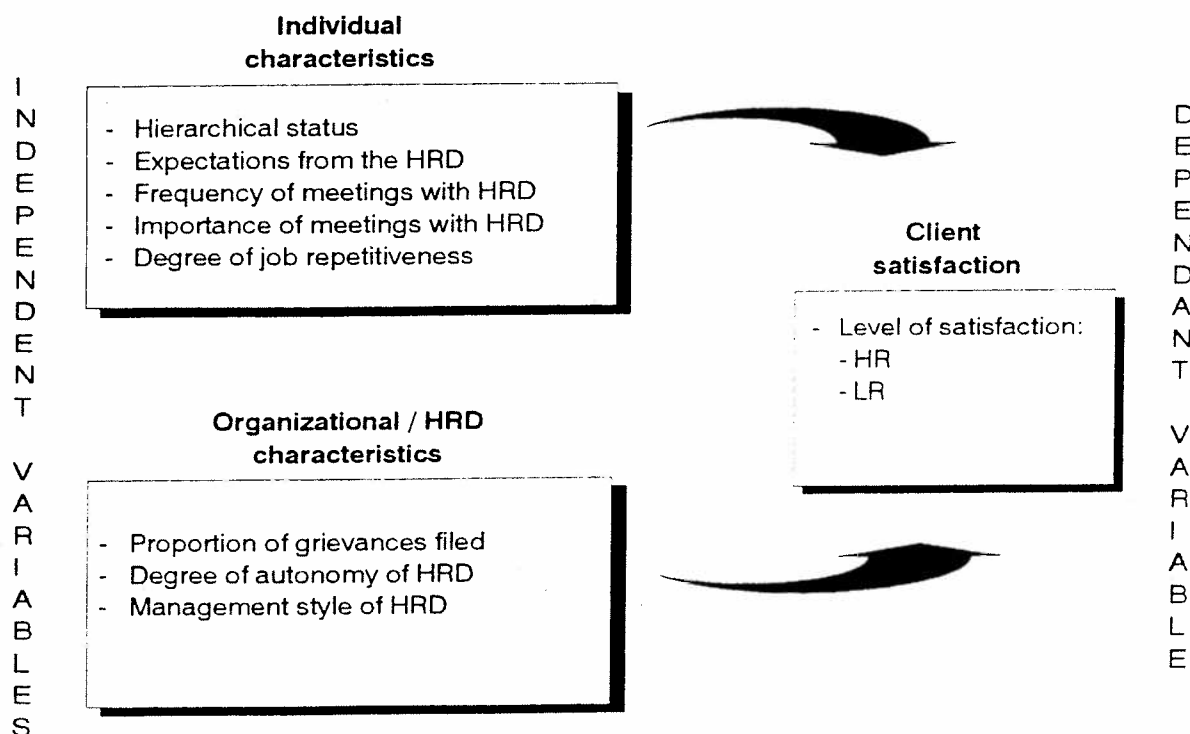
TABLE 1: RESULTS OF FACTOR ANALYSIS

CLIENT SATISFACTION		
SATISFACTION	FACTOR I (LR SCALE)	FACTOR II (HR SCALE)
LEGAL COMPLIANCE	0,81638	0,14020
COMPLIANCE WITH POLICIES	0,77718	0,18690
LABOR RELATIONS	0,77244	0,18053
OH & S	0,55359	0,27152
EAP	0,44133	0,41580
PERFORMANCE APPRAISAL	0,14149	0,74995
COMPENSATION	0,08437	0,74069
TRAINING	0,30246	0,68914
STAFFING/PLANNING	0,34901	0,64628

LEGEND : Only loadings superiors to 0,5 were included in each scale.

Other variables (see figure 1) were ascertained from the questionnaires. Worth noting the fact that two different types of questionnaires were used. Several variables in this study were measured with the help of multi-item scales; their variability and reliability is provided in *Table 2*. Data pertaining to the HR department (i.e. organizational and group characteristics), were supplied by the director of HR, and data pertaining to clients individual characteristics, expectations and satisfaction were supplied by the respondents. Satisfaction levels was measured on a 5 points scale where 5 represent the most satisfied and 1 the least satisfied.

FIGURE 1 : THE MODEL



In all, 36 mills were solicited to take part in our study and 20 responded positively; response rate of 56%. We received 614 questionnaires from the 20 participating mills which gives a 71% aggregate response rate (i.e. all mills confounded).

TABLE 2: REABILITY AND VARIABILITY

VARIABLES	NO. OF ITEMS	ALPHA	AVERAGE	STANDARD DEVIATION
HIERARCHICAL STATUS	1	*-----	*-----	*-----
FREQUENCY OF MEETINGS WITH HRD	1	*-----	2,72	1,14
IMPORTANCE OF MEETINGS WITH HRD	1	*-----	3,95	0,80
DEGREE OF JOB REPETITIVENESS	5	0,77	2,05	0,64
PROPORTION OF GRIEVANCES FIELD	1	*-----	3,28	4,03
DEGREE OF AUTONOMY OF HRD	1	*-----	13,37	3,48
MANAGEMENT STYLE OF HRD	6	0,70	3,94	0,52
LR SATISFACTION	4	0,75	2,76	0,63
HR SATISFACTION	4	0,74	3,21	0,64
LR EXPECTATIONS	4	0,72	3,79	0,63
HR EXPECTATIONS	4	0,65	4,03	0,61

Legend: *----- Signifies "does not apply"

RESULTS

The analysis of variance (*Table 3*), shows that there are different level of client satisfaction groups on the two factors that were studied. On the average, the client group which was found to be most satisfied with LR activities offered by HRD, are the Department head or the Mill Managers ($X = 3.52$). Following in descending order of satisfaction are: Supervisors ($X = 3.29$), administrative employees ($X = 3.25$), operational employees ($X = 3.16$), engineers ($X = 3.12$) and hourly maintenance employees ($X = 2.87$). The average LR related aggregated satisfaction (i.e. for all clients altogether) is 3.21.

In so far as HR satisfaction, on average the client group most satisfied are the operational employees ($X = 3.05$), followed by Department heads and/or Mill Managers ($X = 2.80$), supervisors ($X = 2.76$), administrative employees ($X = 2.73$), hourly maintenance employees ($X = 2.68$) and finally, engineers ($X = 2.45$). The average aggregate HR satisfaction level is 2.75.

Concerning the expectation of the clients, our hypothesis has been only partially validated in the sense that we find an average difference in the client groups' expectations only for HRD services offered in the Labour Relations axis ($F = 3.6$ $p = 0.00$). In the HR axis results were not found to be statistically significant.

Thus, on average, the client group having the highest level of expectations regarding LR activities are the administrative personnel ($X = 4.16$); they are followed in a descending order: Department's head and/or Mill Managers ($X = 4.11$), operational employees ($X = 4.09$), supervisors ($X = 4.04$), engineers ($X = 3.95$) and hourly maintenance employees ($X = 3.85$). The average aggregate LR expectation level for all clients is 4.03.

TABLE 3: ANALYSIS OF VARIANCE

	LR	HR	LR	HR
HIERARCHICAL STATUS	AVERAGE SATISFACTION		AVERAGE EXPECTATION	
MANAGERS	3,52	2,80	4,11	3,69
MAINTENANCE	2,87	2,68	3,85	3,71
SUPERVISORY	3,29	2,76	4,04	3,76
ADMINISTRATIVE	3,25	2,73	4,16	3,86
ENGINEERS	3,12	2,45	3,95	3,86
OPERATORS	3,16	3,05	4,09	3,91
F RATIO :	12,8384	6,7574	3,6136	1,7785
F PROBABILITY :	0,0000	0,0000	0,0032	0,1154

To test the determinants of satisfaction, a full (saturated multiple regression) model was used. Results are displayed in Table 4. Note that categorical variables were entered into the regression as "dummy's".

TABLE 4 : MULTIPLE REGRESSION ANALYSIS

	VARIABLES	"B"	BETA	"T"	SIGN T
REGRESSION ANALYSIS WITH LR SATISFACTION	ADMINISTRATIVE STAFF	-0,182	-0,102	-1,928	0,054
	IMPORTANCE OF MEETINGS	-0,083	-0,105	-2,463	0,014
	LR EXPECTATIONS	0,212	0,204	4,922	0,000
	ENGINEERS	-0,258	-0,131	-2,590	0,009
	JOB REPETITIVENESS	-0,117	-0,107	-2,378	0,017
	SUPERVISORY PERSONNEL	-0,095	-0,061	-1,118	0,264
	FREQUENCY OF MEETINGS	-0,079	0,140	3,018	0,002
	OPERATORS	-0,143	-0,078	-1,429	0,153
	MAINTENANCE	-0,445	-0,273	-4,665	0,000
	PROPORTION OF GRIEVANCES	-0,019	-0,123	-2,991	0,002
	AUTONOMY OF HRD	-0,009	-0,050	-1,209	0,227
	MANAGEMENT STYLE OF HRD	0,139	0,116	2,761	0,006
	(CONSTANT)	2,548		7,636	0,000
	F = 10,664 SIGNIF F = 0,000		R SQUARE = 0,208		
REGRESSION ANALYSIS WITH HR SATISFACTION	HR EXPECTATIONS	0,151	0,148	3,314	0,001
	JOB REPETITIVENESS	-0,080	-0,075	-1,536	0,125
	ENGINEERS	-0,327	-0,175	-3,066	0,002
	MAINTENANCE	0,032	0,019	0,325	0,745
	IMPORTANCE OF MEETINGS	-0,006	-0,007	-0,160	0,872
	ADMINISTRATIVE STAFF	0,007	0,004	0,075	0,940
	FREQUENCY OF MEETINGS	0,084	0,153	3,029	0,002
	OPERATORS	0,393	0,221	3,667	0,000
	SUPERVISORY PERSONNEL	0,056	0,036	0,608	0,543
	PROPORTION OF GRIEVANCES	-0,008	-0,055	-1,228	0,220
	AUTONOMY OF HRD	-0,031	-0,169	-3,703	0,000
	MANAGEMENT STYLE OF HRD	0,066	0,058	1,218	0,223
	(CONSTANT)	2,294		6,444	0,000
	F = 7,535 SIGNIF F = 0,000		R SQUARE = 0,176		

Determinants of LR-related client satisfaction : The regression analysis of the LR-related client satisfaction enables us to find that only two client groups (out of five) **could not** be compared to Mills' managers (the implicit category); they include the hourly operational employees and the supervisors (see *table 4*). In contrast, we observe a marked difference in satisfaction among engineers, hourly maintenance employees and administrative personnel. In LR related matters, hourly maintenance employees are 44.5% less satisfied than Managers, engineers are 25.8% less satisfied, and administrative personnel are 18.2% less satisfied.

If we consider all the factors liable to influence effectiveness we note that "the importance of client meetings with HRD" accounts for 10.5% of the variance found in the partial explanation of LR-related satisfaction levels: the more important the subject matter of clients' meetings with their HRD, the less satisfied they are with LR-related HRD services. ($T=-2.46$ and $p=0.01$). "Frequency of meetings" reveals another interesting parameter which completely contradicts previous empirical support: the more "often" the client meets with HRD, the more satisfied he is with the LR-related activities carried out by his HRD ($T=3.01$ and $p=0.0002$). This variable accounts for 14% of clients' satisfaction regarding HRD activities in LR-related matters.

The LR-related "expectations" variable is the one which best explains clients' LR-related satisfaction levels. Thus, the more a client holds high expectations of HRD in LR matters, the more he is satisfied with the HRD services received ($T=4.922$ and $p=0.000$). This variable accounts for 20.4% of clients' LR-related satisfaction.

A client's perception of the "degree of repetitiveness of his job" also influences satisfaction with HRD in LR matters. This confirms our initial hypothesis: the more the repetitive the client perceives his job to be, the less he is satisfied with LR-related services offered by HRD ($T=2.378$ and $p=0.01$).

In total: several variables (including those related to hierarchical status) account for clients' satisfaction with HRD in LR matters. There are nine (9) variables in all, three of which account strongly for the variance observed; i.e., the fact of being a "maintenance employee", "expectations", and "frequency of meetings".

The model ultimately accounts for 20.8% of clients' satisfaction with Labour Relations in the industry ($F=10.66$ and $p=0.0000$).

Determinants of HR-related client satisfaction : Regression analysis on the "satisfaction" variable as it relates to Human Resources Management enables us to find only two client groups showing significant differences in satisfaction vis-à-vis the satisfaction level of Department and Mill Managers: Hourly operational employees are 39.3% more satisfied than Managers; engineers are 32.7% less satisfied than Managers.

Putting aside the relative variables of "hierarchical status", it is the "degree of HRD autonomy" variable which best accounts for clients' HR-related satisfaction, at 16.9%. This is followed by clients' "expectations" at 14.8%. In other words, the higher a client's expectations in HR, the more he is satisfied by the HR-related services received ($T=3.314$ and $p=0.001$).

The "frequency of contact" variable enables us to discover another interesting point: the more "often" a client meets with his HRD the more he is satisfied with the HR-related services offered ($T=3.029$ and $p=0.002$).

In short, the total number of significant variables relating to HR diminishes considerably. We end up with five (5) variables, and this includes taking into account the relative "hierarchical status" variables : "frequency of contact", "HR expectations", the fact of being an "operational employee" or an "engineer", and the "degree of autonomy of HRD in planning and implementing its Human Resources policies and programs". Consequently our model accounts for 17.6% of client satisfaction with HR activities.

DISCUSSION AND CONCLUSION

The results obtained show that the effectiveness of Human Resources Departments in Quebec pulp and paper mills varies as a function of either their Labour Relations activities or HR services offered. Thus an HR Department can be theoretically effective in the HR arena but be ineffective in LR matters, and that for the same client group. Judgements on effectiveness varied from one client group to another along the two evaluation axes (HR or LR). Additionally, we observe that client's expectations are relatively low, which lets us assume that some client groups ought be more aware of the mission of their HRD. Finally, we find that the variables identified in our model account, in large measure, for the expectations and satisfaction levels of a diverse group of clients (i.e. more so per LR-related services than the HR services).

Our first research question, concerning the differences in expectations and satisfaction for each of the client groups, was partially validated. While significant differences emerged for the LR axis, it did not show differences in their expectations of HR axis.

Generally speaking, we find that in Labour Relations client groups have an average level of expectations (4.0) that is higher than their average satisfaction level (3.2). The same applies to the HR axis; the different client groups appear to have an average level of expectations (3.8) superior to their average satisfaction level (2.8).

These results demonstrate that there is a gap between clients' expectations and their degree of satisfaction (HRD effectiveness). Therefore, corrective actions should be implemented in a global manner by most Human Resources Departments in the industry. The goal should be to minimize the gap between clients' expectations and their satisfaction. Furthermore, HR departments concerned about correcting the situation should favour those services related to HR, since the gap there between clients' expectations and satisfaction is more pronounced there. However, the significance of this gap is almost equal to that observed on the LR axis.

If we compare client groups, we see that it is mainly the hourly operational employees who deviate most from the other groups; they manifest very low average LR expectations and satisfaction level. In contrast, the client group having the highest expectation and who is the most satisfied include: administrative personnel, and Department or Mill Managers.

Concerning HR, the differences are less marked. We observe that it is hourly operational employees who deviate most from the other clients in their high expectations and satisfaction levels. If we combine the clients having the lowest expectations and who are the least satisfied with HR, we find the hourly maintenance employees. But in a very precise way, the lowest position on the HR satisfaction axis is occupied by the engineers, while last on the HR expectation axis are the Managers.

The answer to our second research question enables us to identify some factors influencing the effectiveness of HRD as it relates to services offered in Labour Relations and Human Resources Management. Generally, the results suggest the following relations (especially in LR matters): Department Managers meet with their HRD "frequently" compared with the other client groups. The more the "frequency of meetings" increases, the more clients tend to have high "expectations" and the more effective they judge their HRD. On the other hand, maintenance employees or those having lower hierarchical status meet with HRD less often and their satisfaction level is significantly lower.

In the regression analysis we also observe that: the more "important" clients hold the subject of a meeting with HRD to be, the less satisfied they are with LR-related services received. With the help of a correlation analysis, we observe that the subjects of Managers' meetings with HRD are very "important" for them (moderately correlated), and so we expect that they should be unsatisfied with their HRD. However, they are the most satisfied with the services received related to LR. This allows us to assume that the negative effect of "the importance of subjects" on HRD effectiveness is limited by a high "frequency of meetings".

When clients whose status is lower than Department or Mill Manager find themselves in an environment:

... where they perceive their jobs as being repetitive,
 ... where there is a large proportion of grievances,
 ... where a less proactive management style is used by their HRD,
 ... and where their HRD is also very free ("degree of autonomy") in the implementation of its HR policies and programs (certainly caused by a lack of dialogue - for example, too few committees where HRD staff participate)...

"it leads them to become clearly and significantly less satisfied with services received, especially in LR-related matters, compared with Department or Mill Managers".

Considering that satisfaction levels ought to be optimised, this analysis reveals that corrective action should be carried out among engineers and maintenance employees. Furthermore, it would be interesting to examine why Managers expect so little from their HR-related matters; most of their expectations revolved around LR matters; they also report to have the highest level of satisfaction of all client groups. This requires further investigation.

We know that corrective action is necessary on the two axes (low expectations and satisfaction levels). We also know at which client groups (on average) the industry's mills ought to target intervention vis-à-vis HR and LR. The questions, therefore which ought to be answered are the following:

Which of the industry's HR Departments are considered more effective and less effective? Among other things, this line of enquiry will enable the industry to define the best environment for optimising HRD activities.

This study supports the rationale for using the "Multiple Constituency Approach" as one way for assessing HRD effectiveness. However, several lines of research would be very interesting to explore in the future. For example: identifying the variable "frequency of meetings" in terms of an actual number of days clients meet with HRD, in order to determine the frequency which optimises the effectiveness of such service; or, being able to analyze the influence of a series of specific subjects about which clients meet with their HRD. In this manner we could analyze which meeting subjects instill a negative perception toward HRD.

On a more practical term, it should also be mentioned that in order to ensure that the multiple constituency approach is indeed useful, few conditions must be met in order for it to be instrumental. These include:

1. Clearly identifying the distinct groups/clients or users of the HRD - Measuring the effectiveness of the HRD requires careful identification of the client groups who will be evaluating it, and classifying them in order of their importance. Accuracy helps avoid omitting some client/"evaluators" who could be critical to the proper functioning of the organization. Tsui defines a group of HRD clients as a group of individuals having dependence or influence on the Department who also share similar preferences in terms of the services offered (Tsui and Milkovich, 1987). More precisely, the use of this method requires the evaluator to create small groups of clients having approximately the same expectations vis-à-vis HRD services offered. Before going on to one such function, the evaluator must distinguish between the two main categories of HRD client groups; clients inside the company and those outside (Tsui and Milkovich, 1987). Internal client groups are usually identified according to the organizational structure which places them on different hierarchical levels. It is also possible to identify them with the help of an informational flow chart (in case of conflicts, or for the transmission of strategic information).

2. It is necessary to assemble two separate evaluation tools (questionnaires) - The first should be administered amongst clients with the view of assessing their needs (expectations) and their level of satisfaction in relations to the services offered by the HRD. The second questionnaire should be directed

toward the person in charge of the HRD who, in turn, provides some general information about the HR department (size, number of professionals, strategy, etc.).

3. It is important to collect and analyze data in accordance with established performance criteria - a consensus should be reached pertaining to the performance criteria or standards. For example: what is the level of satisfaction (effectiveness) at which we will consider our HR Department effective?

4. Finally, the evaluation process should followed by recommendations and a period during which its results and the new orientation of the Department are communicated - It is certain that the clients who took part in the study are expecting that their needs will be considered and that the HRD is committed to meeting them, or at least providing an explanation as to why it has not done so.

Even if each step is carried out in compliance with the methodology specified above, there is always the risk that not all the clients be clearly identified (Dolan and Belout, 1994). There is also the fact that expectations change over time, and arbitrary factors may come into play if clients are not acting in the interests of the company. However, one way of avoiding this divergence of interests is by spreading the results of the evaluations and justifying any changes to be implemented with a cost/benefits analysis. Finally, the last point to keep in mind concerning this approach is that not only can diverse client groups have different expectations and perceptions of satisfaction, but that these may also be incompatible.

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