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***From HR model to contextual system: An exploration of how the HR function is organised and the factors that influence the organising of HR***

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## LIST OF ABBREVIATIONS

AI	Artificial Intelligence
B2B	Business to business
B2C	Business to consumer
BPs	Business Partners
CHRO	Chief Human Resource Officer
CIPD	Chartered Institute of Personnel Management
COE	Centres of Expertise
COO	Chief Operating Officer
CPO	Chief People Officer
D&I	Diversity and Inclusion
EA	Executive Assistant
E-HRM	Electronic Human Resources Management
ER	Employee Relations
GBS	Global Business Services
HQ	Headquarters
HR	Human Resources
HRBPs	HR Business Partners
HRD	Human Resource Director
HRIS	Human Resource Information System
HRM	Human Resource Management
HRMs	Human Resource Managers
IPA	Interpretive Phenomenological Analysis
MNCs	Multi-national Corporations

OD	Organisation Development
RBL	Results Based Leadership
RBV	Resource-Based View
RPA	Robotic Process Automation
SHRM	Strategic Human Resource Management
SSC	Shared Service Centre
TA	Thematic Analysis
TCE	Transaction Cost Economics



# ABSTRACT

## **Background:**

This research examines the organisation of the Human Resources (HR) function. The narrative from the profession has been dominated by a single model, the 'Ulrich model' (Ulrich et al., 2008) that has influenced the way that HR functions organise; however, there is limited empirical research which has examined the organisation of HR in practice. Research in this area of HR has focused upon examining individual elements such as shared services, outsourcing etc. and there has been a lack of holistic examination. For this reason, little is understood about what influences the organisation of HR and there is an absence of theoretical explanation. At a time when the HR function has increased its standing in the organisation following COVID-19 and the aftermath, and as organisations go through a period of rapid change requiring the support of HR, it is important that HR is capable of continuing to be an integral part and meet the needs of the organisation.

## **Aims:**

The aim of this research is to understand how HR is organised, whether organisations have adopted the Ulrich model or how it may have been adapted upon implementation. The aim is to be able to apply theory to explain the resultant organisation through identifying the influencing factors.

## **Method:**

The data for this empirical research was gathered through conducting semi-structured interviews with 33 participants who worked in 32 organisations that varied in terms of industry, size, geography etc. The data was analysed using thematic analysis.

## **Findings:**

The research finds that there is heterogeneity in how HR is organised when examined at a detailed level and some of the individual elements are interrelated and have an effect on one another. The organisation is continuously evolving through the effect of a number of factors that come from outside the organisation, within the organisation and HR and individual agents. Systems theory can be applied to explain the resultant HR organisation, influenced by strategic choice and institutional theory.

## **Conclusion:**

HR functions are heterogeneous in their organisation, a system of interrelated parts, a product of strategic choices influenced by their context which includes environmental, organisational and individual factors.

## **ACKNOWLEDGEMENTS**

Firstly, I would like to express my heartfelt gratitude to my Supervisor, Professor Emma Parry, for accepting me onto the PhD programme initially and her continued belief in me and encouragement over a period of nine and a half years. Special appreciation also goes to Dr. Chibuzo Ejiogu who pushed me when I'd given up and gave me hope that I could make it to the end.

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I also want to take this moment to thank the University of Bath, CIPD, Lace Partners, and KPMG for their support. I worked for these organisations whilst studying for this doctorate and it provided an opportunity to learn and shape my research.

Of course I also want to thank my family. My husband for supporting me financially enabling me to go on this journey and never telling me to give it up, and my children two of whom have never known their mummy not doing a PhD. I look forward to being more present with them and hope I have inspired them to learn and fulfil their academic potential. My thanks go to my mum who in the early days helped look after my babies when I was studying.

Dedicated to my Father-in-Law who passed away eight weeks before my thesis submission. He inspired me and everyone he met to always challenge their thinking. I also dedicate this to my children whom I hope will be encouraged to do the same.

# 1 Introduction

*'Of course, change requires change' Dave Ulrich.*

This doctoral research is concerned with the organisation of the Human Resources (HR) function, and it seeks to understand how HR is organised and what factors are influencing this. There is probably not a single HR practitioner or HR consultant who is currently working in the HR profession or HR consulting who has not heard of the Ulrich model. A systematic literature review of HR roles revealed only three studies that did not cite, refer to, or use Ulrich's model, highlighting its influence on academic research (Cayrat & Boxall, 2023).

The Ulrich model is the name of the HR structure of roles and responsibilities that became synonymous with Dave Ulrich, an academic from the University of Michigan in the 2000s. This model of HR shared services (SSCs), HR business partners (HRBPs) and Centres of Expertise (COEs) became perceived by HR practitioners, consultants, and professional bodies as the way that the HR function needed to organise itself to take on a strategic role in an organisation and add value. It is the case, however, that the origins of this model are unclear, they are not empirically derived; the intent of Ulrich's (with whom this model became synonymous) intended research was focused on HR roles and competencies. The model has also received criticism for creating operational challenges (Hird et al., 2010). We have a situation where organisations have for several years adopted a way of organising to enable the HR function to become more strategic that has an uncertain reasoning and receives criticism.

It was this dominance of a single model, being advocated by consultancies and adopted by their clients that motivated the researcher to understand this area in greater detail. Having experienced working for three HR consultancies over a period of approximately 15 years they all presented target operating models (blueprints) that described how the HR function should be organised (incorporating process; roles; technology; structure; governance and data) which continued to be underpinned by the Ulrich model of SSCs; HRBPs and centralised specialists. The majority of

organisations that were transforming HR were implementing technology. This was seemingly the way of organising for any organisation regardless of sector: i.e. large multi-national oil companies, professional services organisations, public sector health organisations. The researcher was motivated to understand how HR was actually being organised, what was the reality of how the dominant Ulrich model was implemented and adopted in organisations, and more importantly what was it that was influencing the resultant organisation.

Practitioner research in this area is more prevalent than academic literature, but practitioner research differs from academic research in that it is focused on solving the problem of how HR organises, rather than being able to explain how it comes to be (Ulrich, 2023). Much of the academic research in the sphere of strategic HR has instead focused on HR practices rather than how HR organises (Boon & Lepak, 2019). The existing academic research examining how HR organises is limited, it is dated with the exception of more recent literature on technology (Reilly, 2018; Vrontis et al., 2022) and agile organisation (McMackin & Heffernan, 2021), it is dominated by empirical research that examines elements of how HR has organised which focus on evaluating their effectiveness and it is under theorised, for example, shared services (Farndale, Paauwe, Hoekseman, 2009; Maatman, Bondarouk & Looise, 2010; Meijerink & Bondarouk, 2013); outsourcing (Klaas, 2008; Lepak & Snell, 1998; Tremblay, Patry & Lanoie, 2008); business facing HR roles (Caldwell, 2008; McCracken, 2012; Ulrich, 2020).

Despite the lack of academic research in this area, it remains an important area to understand, particularly academically and particularly now, because the HR function is in another period of change driven by the wider changes affecting organisations. The evolution of technology is one of the trends affecting organisations, along with rapid change and increasing complexity within which organisations were operating (Ulrich, 1998). Organisations are being affected by factors such as: rising inflation; social unrest; the aftermath of the global pandemic; changing customer demands; the changing world of work; and technological advances. An HR function within an organisation needs to be able to support an organisation and its people to respond to these challenges (Association for Innovation in HR, 2023).

During the COVID-19 pandemic, HR played a pivotal role in many organisations, supporting the well-being of employees affected by the pandemic and the national lockdowns, and since then supporting people returning to the office and the current economic crisis that has eschewed, has solidified their standing in an organisation and the perception of the value HR creates (Harbert, 2021).

Now that HR functions have cemented themselves firmly into an organisation, they need to ensure that they can remain fit for purpose to support the continual evolution of organisations responding to complexity and change and support their diverse workforces and the future of work. To ensure this, it is necessary to better understand how HR is organising today, what factors are influencing this and explain the resultant models and then use this knowledge to enable HR functions to organise appropriately in the future.

This knowledge is developed through qualitative empirical research across a number of case study organisations designed to answer the following research questions:

1. How does HR organise in practice?
2. Do organisations share common features that come together as an Ulrich model or an adaptation of the Ulrich model?
3. What are the factors that influence the organisation of HR and how can we explain how HR organises?

Chapter 2 of this thesis proceeds with an analysis of the existing practitioner literature. This is not common practice in a thesis but is felt to be relevant in the context of this research because the topic has been so heavily dominated by practitioner research and writings, and to a lesser extent by academic research and papers. The practitioner research therefore provides useful context before embarking upon an analysis of existing academic literature.

Chapter 3 presents a review of the existing academic literature to demonstrate what is known already about how HR organises, what is influencing this and how it can be explained.

Chapter 4 describes the Research Methodology, the researcher's philosophy that underpins the empirical research, and provides a description of the design of the empirical research and how it was conducted, and how the resulting data was analysed.

This will follow with Chapters 5 and 6 which present the findings. Chapter 5 describes the findings about how HR is organised and Chapter 6 describes what was found to be influencing this organisation. This is followed by Chapter 7 in which these findings are discussed in relation to what is already known in the field, and it also highlights how this research contributes to building knowledge and understanding in this area.

## **2 The practitioner's perspective on how HR should organise**

As already referenced, this chapter describes current practitioner thinking on how HR should organise. There are increasing arguments for including non-academic literature, such as practitioner literature in literature reviews. This literature is referred to as 'grey literature' in which it has been identified there are different tiers consisting of different types of literature including blogs, emails, and tweets (at Tier three); news articles, Wikipedia posts and annual reports (at Tier 2) and government reports, and think tank publications (at Tier one) (Adams, Smart & Huff, 2017, p. 435).

The author does not want to include this 'grey literature' specifically in the literature review of this thesis but does want to consider the knowledge that can be gained from publications from consultancy organisations to help provide context in order to study the phenomenon of the organisation of HR. This is primarily because the research and literature that exist on how HR organises are far more extensive in practice than in academia. It could be argued that the reason for this is the role that consultancies play in supporting organisations to make changes to their organisation of HR, particularly where it requires capabilities and knowledge that are traditionally outside of the HR function, such as designing and implementing technology and agile working practices. It could also be argued that HR is so focused on supporting the organisation that it does not have the resources to focus on its own operations. For these reasons organisations have turned to the support of consultancies and consultancies have produced research and literature to win clients.

### **2.1 The Ulrich model**

As the Ulrich model is central to this thesis, the opportunity will be taken to present it briefly as practitioner literature in this section but it will be set in the context of strategic human resource management (HRM) later in the thesis.

Ulrich was the first academic to present three 'structures' for how HR could organise operationally, referring to roles and responsibilities for HR (Ulrich et al., 2008). He

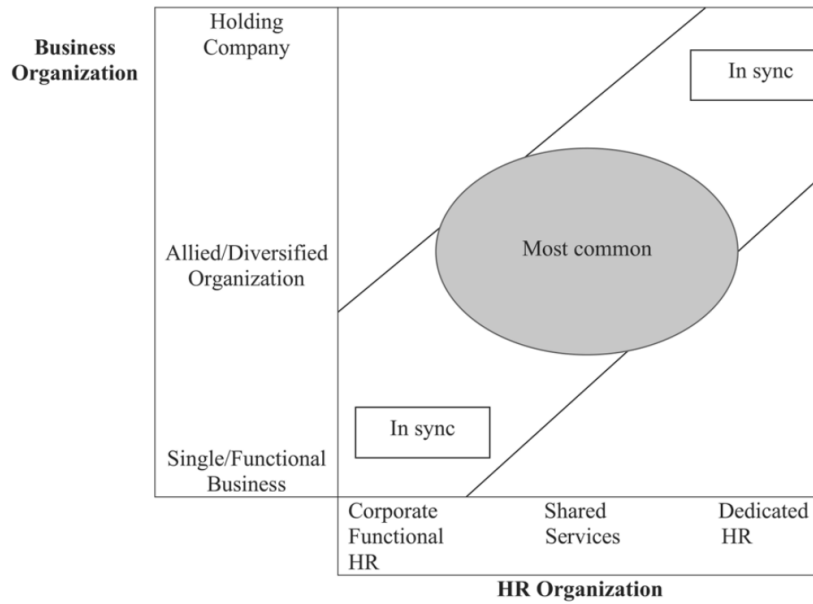


argued that the appropriate structure is driven by fit to the wider organisational structure, which is usually centred on a grid of centralisation/decentralisation (Ulrich et al., 2008). Figure 1 describes the different models proposed by Ulrich that HR functions could adopt.

This contribution to the organisation of HR, however, originated as a result of the response to a question in the 2007 HR Competency survey (a survey that Ulrich's consulting organisation ran every four years from 1987 and is described in more detail in section 3.2.4) which found that respondents perceived "HR departments to have 25% more impact on the performance of the business than the competencies of HR professionals", i.e. competencies had been the main focus of the survey.

No specific empirical research was undertaken to examine the structure of the HR functions of the respondents of the survey, but Ulrich proposed three models based on his largely US-based experience of working with organisations (Ulrich et al., 2008).

In this 2008 paper, Ulrich et al. argued organisations operated with three main business structures: Single/Functional; Holding; and Allied/Diversified which would result in three ways of organising for the HR function. A Single business is a business that only has one focus and HR only has to support that single focus in its people practices. A Holding company is composed of multiple, unrelated, independently managed businesses. An Allied/Diversified organisation has related or unrelated spectra of diversification. They create operating units or business units to compete in different markets yet try to find and exploit the synergies among the business units (Ulrich et al., 2008). It was concluded that the Allied/Diversified model would be the predominant model as this was the dominant structure at an organisational level at the time (Ulrich & Grochowski, 2012).



**Figure 1 HR organisation and alignment to business organisation (Ulrich et al. 2008)**

According to Ulrich, organisations with a single business would mostly retain HR expertise at a corporate level “establishing companywide policies, with HR generalists implementing these policies in the plants or divisions” (Ulrich et al., 2008, p. 831). Holding companies would have little or no HR at a corporate level, as “each business is expected to create and manage its autonomous HR practices based upon the needs of the business, therefore HR is embedded within the business” (Ulrich et al., 2008, p. 832). Companies operating with an allied/diversified structure would divide the work “into five roles and responsibilities”: Services Centres (which refers to the centralisation of HR work which is largely administrative and is enabled by technology and can be outsourced); Corporate HR (which is the part of the function that is responsible for identifying requirements from/for HR which are consistent across the whole organisation, responsible for ensuring that all HR work is consistent with the overall organisational strategy); Embedded HR (aligned to a business or geography and works directly with the business leaders and managers on supporting specific business strategy); Centres of Expertise (which operate as specialist internal consultancies supporting globally, or for a specific region); and Operational Executors (who bridge the gap between the operational work that is not picked up by the service centre and should not be picked up by the strategic HRBPs) (Ulrich et al., 2008).

**Table 1 Description of allied/diversified model**

<b>HR Role and Responsibility</b>	<b>Description</b>
<b>Shared Service Centres</b>	Centralisation of HR work. Largely administrative tasks. Enabled by technology. Can be outsourced.
<b>Corporate HR</b>	Responsible for identifying the requirements for consistent organisational culture and programmes. Responsible for ensuring that all HR work aligns with the business strategy. Ensure HR professional development.
<b>Embedded HR</b>	Work within geographical or functional business units. Work directly with line managers and organisational leadership teams. Support business strategy discussions and audit the effectiveness in reaching goals, identify the practices etc. required to achieve the strategy.
<b>Centres of Expertise</b>	Operate as specialist consulting firms inside the organisation. Might be corporate-wide or regional. Create service menus; diagnose needs and recommend most appropriate services; collaborate with embedded professionals to select and implement the right services; shepherd the learning of new services across the organisation.
<b>Operational executors</b>	Pick up operational work that is not done by the service centre and should not be done by strategic HR Business Partners (HRBPs), such as, casework; operational tasks such as setting up interviews; analysis, and reporting such as within the compensation review; and delivering initiatives.

## **2.2 Recent practitioner perspectives on how HR should organise**

According to the current practitioner literature, when discussing how HR is organised it is often referred to as an HR operating model, which can be defined as the way the HR team is organised to deliver value to its internal customers and stakeholders (Association for Innovation in HR, 2023).

This has been given renewed attention in the last few years as it has been identified that HR needs to change to support organisations that are affected by factors such as rising inflation; social unrest; the aftermath of the global pandemic; changing customer demands; the changing world of work; and technological advances (Deloitte, 2019, 2020; McKinsey, 2022).

In addition to literature from practice being less focused on explaining why something occurs (Ulrich, 2023) literature from practice also differs in that it is often focused on what organisations 'should' do rather than what 'they are' doing. When examining how organisations should organise HR, currently several of the published consultancies and HR associations do this, not by prescribing a specific new model,

like the Ulrich model but instead, they offer principles and design choices (Deloitte, 2019, 2020); principles (Bersin, 2023), or areas to optimise (Deloitte, 2020). Bersin (2023) rejects the idea of a model and argues for an “integrated operating *system*” focused on solving problems (Bersin, 2023) and Ingham (2023) presents a ‘melded model’ which includes communities and networks alongside traditional functions and horizontal teams. The Association for Innovation in HR and McKinsey (2022) each present five alternative models.

Practitioner literature, in addition to offering a new way of looking at how HR organises, also offers a description of the different parts of the HR organisation (what each does or what they are responsible for); the type of knowledge that is required by each (i.e. the HR team’s capability); and how the work is enabled (i.e. through technology, use of data). The greatest emphasis is on describing the parts of the organisation and what each does.

Table 2 summarises how some of the consultancies and thought leaders in this area are currently describing the organisation of HR and what it comprises.

**Table 2 The practitioner perspective on how HR organises**

<b>AIHR (undated)</b>	<b>McKinsey (2022)</b>	<b>Gartner (undated)</b>	<b>Deloitte (2019, 2020)</b>	<b>Bersin (2023)</b>	<b>Ingham (2019, 2023)</b>	<b>Mercer (2023)</b>
Describes different parts of the organisation by what they do i.e. shared services; advisory; strategy; service delivery; solution; and identifies technology	<p>Talks about HRBPs; Centres of Expertise (COEs); business services; line managers and the use of technology. Describes where parts of the HR organisation in the Headquarters (HQ) are located, in the business or virtually. Describes responsibilities such as execution; end-to-end responsibilities; flow to work pools; task to team logic; strategy, policy, and execution; counsel &amp; advice.</p> <p>Describes tasks as being: standardised; automated.</p> <p>Describes knowledge as being: functional, specialised.</p>	<p>Describes roles and what each will do:</p> <p>Head of HR</p> <p>Strategic Talent Leaders</p> <p>Pool of problem solvers</p> <p>Next generation COEs</p> <p>An HR Chief Operating Officer (COO) who has:</p> <p>Shared services</p> <p>Human Capital Intelligence</p> <p>People Relations Managers</p> <p>HR technology team</p>	<p>References: HR customer; Digital; HR Insights; Operational HR; Business HR; Communities of expertise; external networks and partners/HR community. Describes the role of each of these components.</p> <p>Choices about:</p> <p>HR Scope; Governance; Employee Experience; HR Service Differentiation; HR Process; Workforce Data; HR Technology; HR Capability; HR Resource Location; HR Roles</p>	<p>Describes there being HRBPs and HR leadership.</p> <p>Describes the work as being: programs; solutions; cross-functional problems. Driven by talent intelligence, AI, analytics, insight on skills, labour market, and workforce.</p> <p>Measured as a driver of reinvention, transformation, reskilling, agility, productivity, and business growth.</p> <p>HR team continuously growing and learning focused on business alignment, systems thinking, transformation and benchmarking.</p>	<p>Describes different groups in the organisations involved in HR in two circles, those within HR such as HR leadership; HR projects, HR communities and HR networks, and those within the organisation such as Project managers; people coaches; team coaches; Network brokers and Community managers.</p> <p>These groups operate as a network.</p>	<p>Focuses on:</p> <p>HR interaction and role design</p> <p>Technology</p> <p>HR skills and capability</p>

Although practitioner literature does not focus on explaining why the model results, there is a dominant narrative of ‘best fit’ and the importance of a model fitting an organisation’s context; however, there is an emphasis on no ‘one-size-fits-all’ (Deloitte, 2019, 2020), although some organisations might share several characteristics (Deloitte, 2019, 2020; Mercer, 2023) but these are arrived at through a number of strategic choices (Deloitte, 2019, 2020; Mercer, 2023) or as a result of people’s passions and motivations (Ingham, 2019).

**Table 3 Influences**

Source	Best fit, Best Practice, Strategic Choice	Fit to
Association for Innovation in HR (undated)	Best Fit	Organisational context  Business strategy  Budget
McKinsey (2022)	Best Fit	Innovation shifts, such as:  Agile; employee experience; empowering line management; personalisation; productization; automation.  Note that large organisations might fit several archetypes.
Gartner (undated)	Best Practice	Universal principles
Deloitte (2019, 2020)	Strategic Choice	No one-size-fits-all model.  Arrived at through several strategic design choices organised into three categories: Business Strategy, Business Environment, and People & HR Strategy.
Bersin (2023)	Best Fit	Create integrated teams centred around design around business problems
Ingham (2019, 2023)	Motivation	Melds of communities and networks driven by people’s interests and passions.
Mercer (2023)	Strategic Choice	Designing and optimising based on unlocking potential in:  HR interaction and role design  Technology  HR skills and capability

There is also a dominant narrative of optimisation rather than a ‘dramatic’ overhaul of models (Deloitte, 2019, 2020; Mercer, 2023). Deloitte talks about a Discover – Design and Deliver cycle. Discover: understand the unique business and market environment in which the function operates, assess HR’s ability to offer value; Design: HR outcomes and how HR will optimise to deliver these outcomes and Deliver: Implement change in a continuous fashion, have continuous feedback loops (Deloitte, 2019, 2020).

Ingham (2023) has provided a critique of both the McKinsey (2022) and Bersin (2023) models. He makes four criticisms of the McKinsey model. Firstly, he criticises the McKinsey point of view that organisations will choose one innovation and thus this will drive a subsequent model as he argues that all organisations will be responding to all shifts, so it is not about an organisation choosing one model, they want a bit of all of them. McKinsey does, however, note that organisations might combine archetypes (McKinsey, 2022). Ingham (2023) argues that the five types are common features of any evolved HR model and that we should use our bespoke principles and outcomes to build a best-fit operating model that may or may not resemble one or all of these archetypes.

Ingham (2023) also criticises Bersin (2023) for his idea of an HR operating system. Ingham states that it is no different from Ulrich’s (1997) argument that HR should be a partner with the business, as the concept of business partnering was upon the basis of integrating all the elements of the HR function. He also argues that when Bersin describes an operating system as one without “job titles, levels or politics”, he could be describing a model, albeit a different model, and that his definition of a system is no different from the definition of a model. He suggests that Bersin’s idea that HR needs to be restitched together so that it isn’t functionally aligned and becomes focused on problems rather than programmes, should be advanced and attached via “velcro rather than restitching” to address the need for it to be agile and responsive.

Although the practitioner literature is insightful, its weakness is that it is not examining how HR is actually organised and what is influencing it. However, the

advantage is that in the majority of cases, practitioners' proposals are underpinned by empirical research, albeit there is limited information about methods and methodologies. McKinsey (2022) claims their models and eight innovation shifts are derived from interviews with over 100 HR Chief Human Resource Officer (CHROs) and other business leaders. Mercer (2023) surveyed 857 organisations about their HR operating models and asked them to self-evaluate the strength of the HR function. They also asked survey participants to share details on the specific setup of their models as well as their investments in supporting skills and infrastructure. Deloitte (2019, 2020) references a five-year piece of research but there are no details of the methodology and Ingham (2023) refers to his consultancy experience and research undertaken for a book. Bersin (2023) doesn't refer to a specific piece of research, but he is an analyst and his organisation undertakes extensive research.

The other advantage is that this practitioner research is current (Adams et al., 2017, p. 438). It provides insight into more recent ways of organising HR and by looking at what is described by each it starts to be possible to define what comprises the elements of how an HR function operates that should form the basis of the definition of an HR model and enable a framework of analysis.

The Results Based Leadership (RBL) group undertook a similar comparison of the models presented by the consulting firms and referenced similarities between the models, stating that almost all discuss a mostly similar design of the HR department (or operating model) using different terms to highlight how HR expertise (specialised knowledge) can be applied to business problems. Roles in an HR department include specialist, generalist, and technology experts. As Marc Effron, a thought leader in the HR space who summarised five of these models, said, *"The striking consistency in these approaches to existing HR design suggests that the debate around design is largely settled and HR should now focus on what enables the success of its structure. . . A new approach to HR design isn't needed to stay competitive. The model originally championed 20 years ago is still relevant to managing today's workplace and workforce and can be easily adapted to a variety of situations, as seen in our examination of the*



*identical models used by top consulting firms*” (Marc Efron, “It’s the Mortar, not the Bricks: The State of HR Organization Design,” May 14, 2020 cited Ulrich et al., 2023). The RBL group agreed with this statement, but the author of this thesis agrees with a caveat that beneath the high level there is detail in the design and it is within this detail that there is difference and it is how it is adapted that is important to understand.

In summary, a review of the practitioner literature provides useful context and reinforces the need for robust academic research that provides clarity in research method, is undertaken researching how HR is currently organised and provides a theoretical explanation for why HR organises in this way.

The academic literature that is relevant to build our understanding of how HR organises and forms the basis for justifying this study is now examined.

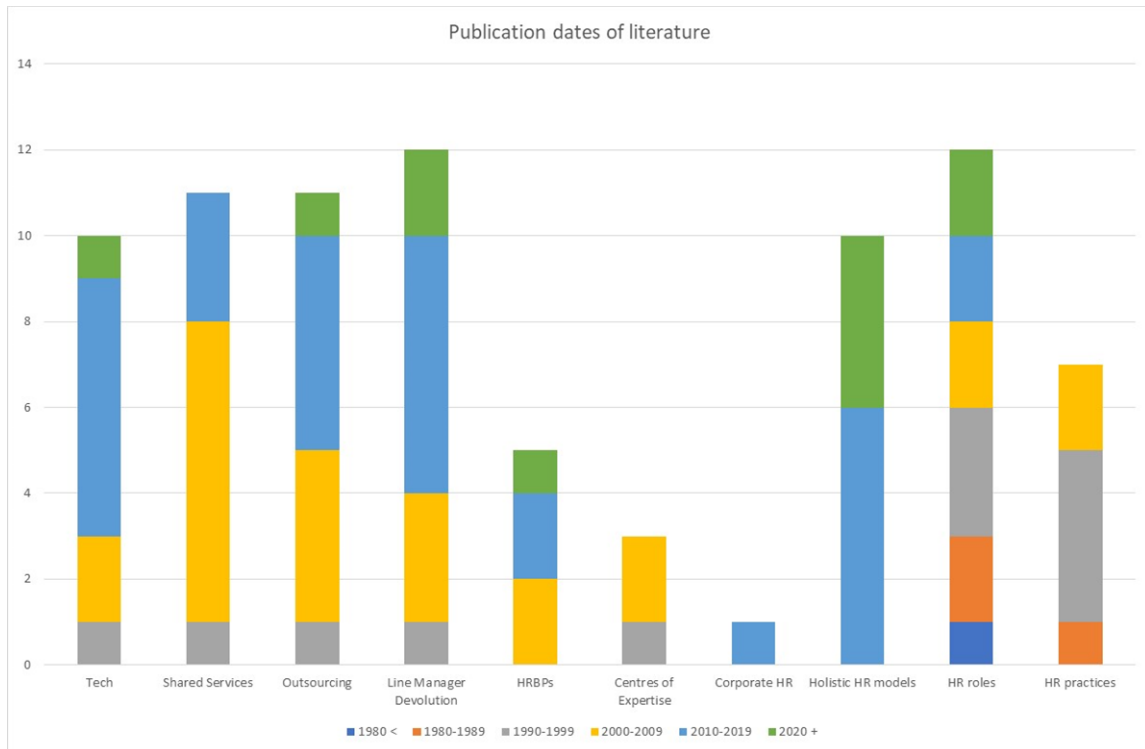
## **3 Literature Review**

### **3.1 Chapter introduction**

The purpose of this literature review is to understand the knowledge that already exists about how HR is organising, what influences this, and identify any existing theoretical explanations.

The literature in this review comes from a body of academic literature within the field of Strategic Human Resource Management (SHRM). This review will start by placing the literature on how HR organises within the wider SHRM literature. It will then critically examine the research and literature that has examined the whole of the organisation of HR and elements of the organisation such as shared services, HRBPs, etc. Following this it will examine the existing literature for what can be identified about influencing factors and associated theoretical explanations of the organisation of HR.

The literature for this review was obtained through key word searches in databases such as ABI-inform and EBSCO, as well as the inclusion of specific relevant papers. As you will see the literature on how HR organises is relatively fragmented, there is limited literature that examines HR holistically and is dominated by the literature that focuses on elements of the organisation. The literature in this area is also quite dated, the majority being published between 2000-2009 and the early 2010s. This is exemplified in figure 2 below.



**Figure 2 Publication dates of literature**

Following a review of the literature, the review will conclude by proposing the research questions that will be answered through this empirical research.

## 3.2 The organisation of HR

### 3.2..1 Definitions

There is no agreed terminology or concept for describing how the HR function is organised and operates. Using the word *design*, as in the context of organisation design, immediately implies that its form is deliberate and intentional. Practitioners frequently use the term 'HR operating model', but this is often future focused, as in a *target* operating model, or is designed to be a visual representation, thus simplified. The other terminology that is often used is a 'service delivery model'; this is appropriate if what HR is perceived to be doing is

delivering a 'service' to the wider organisation, but increasingly the 'service' component of HR is bound to the processes and activities delivered by the 'shared services' team rather than the more strategic, valued added activities.

Some academics have used the term HR architecture (Becker and Huselid, 2006) but this is a term that described the systems, practices, competencies and skills needed to develop and manage an organization's strategic human capital, so it is much broader and more encapsulating (Hird et al., 2010) or it has been used to describe HR practices, which is much narrower (Lepak & Snell, 2002). Ulrich (2015) in one paper introduced the concept of morphology when describing conceptually what he wrote about 'What's next for HR?', which he described as the study of structure or form, defining an organisation by three factors: roles, rules, and routines. More recently, McMackin and Heffernan (2021) introduced the concept of an organisational strategy which is defined as "the total pattern of decisions which shape the long-term capabilities of any type of operation and their contribution to overall strategy, through the reconciliation of market requirements with operations resources" (Slack and Lewis, 2002, p.16. cited in McMackin and Heffernan, 2021). Reid and Sanders (2010, p. 30) expand on this: "The role of operations strategy is to provide a plan for the operations function so that it can make the best use of its resources" (cited in McMackin & Heffernan, 2021). However, the author of this thesis argues that the definition of an operational strategy is more akin to a blueprint or a plan (like an operating model) rather than to the actual design in practice.

Due to there not being a pre-agreed terminology or concept for defining the phenomenon, this thesis has its own terminology; informed by that used by others, it will use the generic language of describing how HR is organising or is organised, which means how the HR function operates and deploys its internal resources through a structural form and factors that support this, such as the use of technology and outsourcing. This does not assume that it is deliberate; it does not refer to what HR delivers by means of HR practices and it is focused on the current and not the future.

### 3.2..2 The role of HR

Existing research on how the HR function is organised is limited but there is a body of literature looking at the roles of HR in an organisation (Legge, 1978; Storey, 1992; Tyson & Fell, 1986).

Legge (1978) proposed three roles that personnel managers could play to gain acceptance. This was prior to the mandate to be strategic but whilst HR was still focusing on how to be most effective, responding to the challenges they were facing due to ambiguity within their role and limitations on their power (Legge, 1978). The three roles that 'personnel' could occupy were: conformist innovator (focus on performing activities that demonstrate an impact on organisational success); deviant innovator (obtain acceptance by focusing on a different set of means and outcomes that are not the ones dominant in the organisation, possibly more humanistic ones) and problem-solver. According to Legge (1978) a perceived need for HR to appeal to boardroom interests resulted in too much emphasis on the first of these roles by HR and too little on the others, although the 'problem-solver' role was acknowledged at the time as likely to be the role that would prevail in the future. The presentation of three different roles advanced thinking by providing a critique of the normative prescriptions that had been provided at that time by personnel text books (Cayrat & Boxall, 2023).

Following this, Tyson and Fell (1986) identified three distinct 'types' of 'models' of HR functions which drove different types of organisational effectiveness and ranged from a basic administrative model (clerk of the works) to a sophisticated, industrial relations model (contracts manager) and a business-oriented, strategically-aware function which designed the employment relationship (the architect). Unlike Legge (1978), Tyson and Fell (1986) were looking at HR at a functional level, rather than an individual level of analysis. Their models were derived from an analysis of how personnel work was changing, resulting in three templates, with an acknowledgment that variations would exist but not an identification of how each model would be different or why. Their examination of the effectiveness of the function was not based on how it was organised but on

which type of role the personnel manager played in the organisation to be effective. What it did seek to contribute to was the argument that Personnel Managers had options and that “analytically different models of personnel management” could be adopted but that this knowledge was often missing from personnel specialists (Tyson & Fell, 1986, p. 89).

A further model was developed by Storey (1992), through empirical work in 15 UK companies examining the impact of workplace change and its associated impact on personnel roles. He identified that personnel practitioners could hold four different views of people management which would affect their actions. ‘Advisors’; acted as internal consultants, they left the running of people management to the line and management colleagues (p. 167). ‘Handmaidens’; were also reactive but less consistent, they were customer-led in the services they offered (p. 167). ‘Regulators’; were more interventionist, they “formulated, promulgated, and monitored observance of employment ‘rules’ (p. 167). Finally, ‘changemakers’ were seeking to “put relations with employees on a new footing – one which was in line with the “needs of the business”, thus favouring a management approach which engendered employee ‘commitment’ and a willingness to ‘do the extra mile’ (Storey, 1992, p. 169). These roles were differentiated based on two polar dimensions: intervention versus non-intervention and strategy versus tactics. The criticism of Storey’s model is that it was developed based upon a small UK-only sample and, similarly to Legge (1978), it focused on the differences at an individual practitioner level rather than on the function as a whole (Storey, 1992). As with Legge (1978) and Tyson and Fell (1986), because the research was situated at an individual unit of analysis, it also did not explore the consequences of these different roles for the overall operational design of HR at a functional level.

These three pieces of research demonstrated that there were different roles that could be played as a function in an organisation and also that individuals within the function had different roles to play. This is the thinking which evolved through Ulrich’s (1997) work, as will be examined in more detail later in the thesis, but will firstly be set within the context of the strategic HR literature.

### **3.2..3 Strategic HR**

As the focus on HR's contribution to organisational value intensified in the 1990s, HR academic research started to look at how HR could align or influence strategy (Golden & Ramanujam, 1985 cited in Buyens & De Vos, 2001, p. 74; Dyer, 1983). Strategic HR research has focused more intently on the evolution of the HR function and its role in an organisation, in particular, its shift from personnel management which was recognised as being more administrative towards, more latterly, how it can play a strategic role, recognising that organisations could create unique competitive value from their people (Barney & Wright, 1998). Strategic HR research was dominated by how HR could perform this strategic role, specifically what competencies they needed to develop.

A second theme within the field of Strategic HR was dominated by research on the link between HR practices and organisational performance, contributing several arguments including models of best practice HR practices (Pfeffer, 1994, 1998) and an alternative 'best-fit' argument which specified the need for HR practices to be aligned with business strategy (vertical integration) or internal horizontal integration of HR practices into 'bundles' (Boxall & Purcell, 2011; Huselid, 1995; MacDuffie, 1995). Although this research was focused on what HR needed to deliver rather than *how* HR should be organised operationally to deliver, it highlighted the suggestion that HR systems should be context-specific and the ineffectiveness of a one-size-fits-all approach.

### **3.2..4 HR competencies and the work of Ulrich**

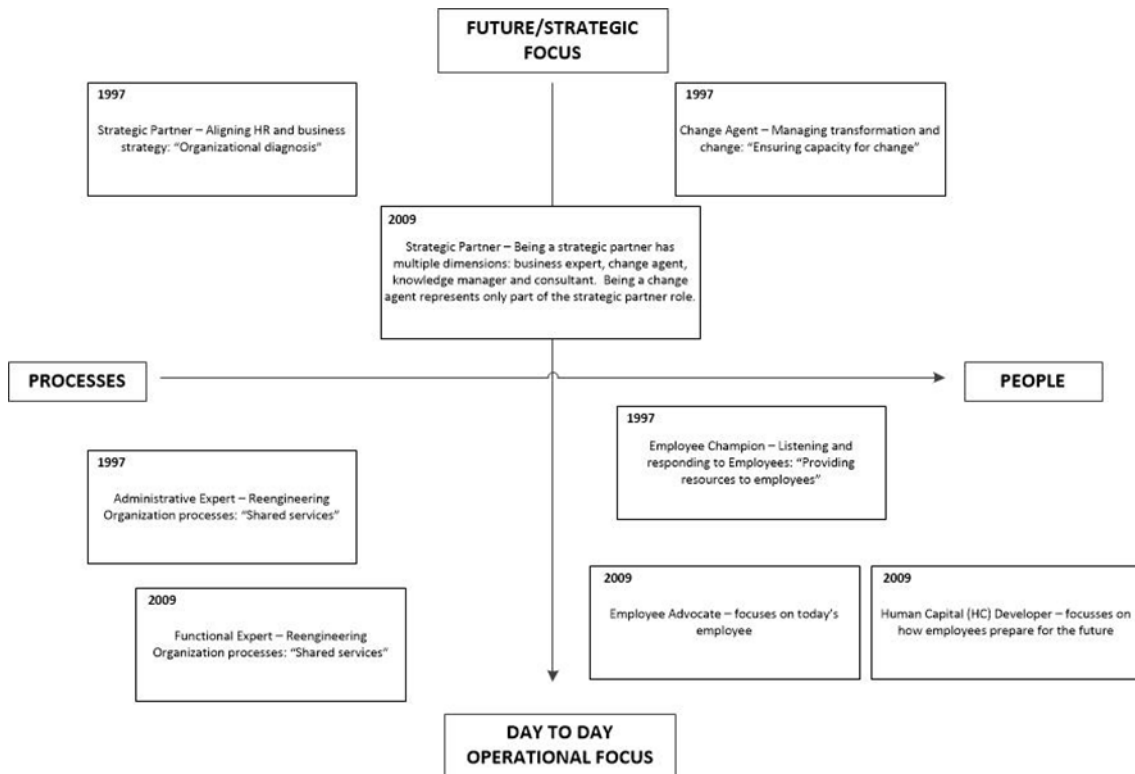
Although it was recognised that HR had a strategic role to play in organisations, insufficient academic attention was given to how the function should be organised in favour of examining the role the function should play and what it should deliver by way of practices.

Before moving on to examine the literature that exists in this area, this study makes a quick digress to the organisation design literature, to make the case for the importance of how a function organises. Organisation design research validates the effect of structure on organisational performance (Khaleghi et al., 2013). HR seems to recognise this in developing capabilities that can support the rest of the organisation with its organisation design but has not recognised the importance of it for itself and to support its value-adding role.

As referred to in the introduction, a model of how HR should organise is central to this research; this is the Ulrich Model (2008).

Ulrich et al. (2008) responding to the strategic mandate for HR, focused on arguing that the HR function had a responsibility to help an organisation build the necessary capabilities to drive performance and that these capabilities would result from HR practices. He argued that HR organisations need to be focused on delivering outcomes for many stakeholders inside and outside of the organisation in several 'results domains' organised along an axis of *Focus* (ranging from short-term/operational to long-term/strategic) and *Activities* (ranging from managing processes (HR-tools and -systems) to managing people). HR professionals needed to be operational as well as strategic which resulted in several result-domains and roles that HR has to play (Buyens & De Vos, 2001).

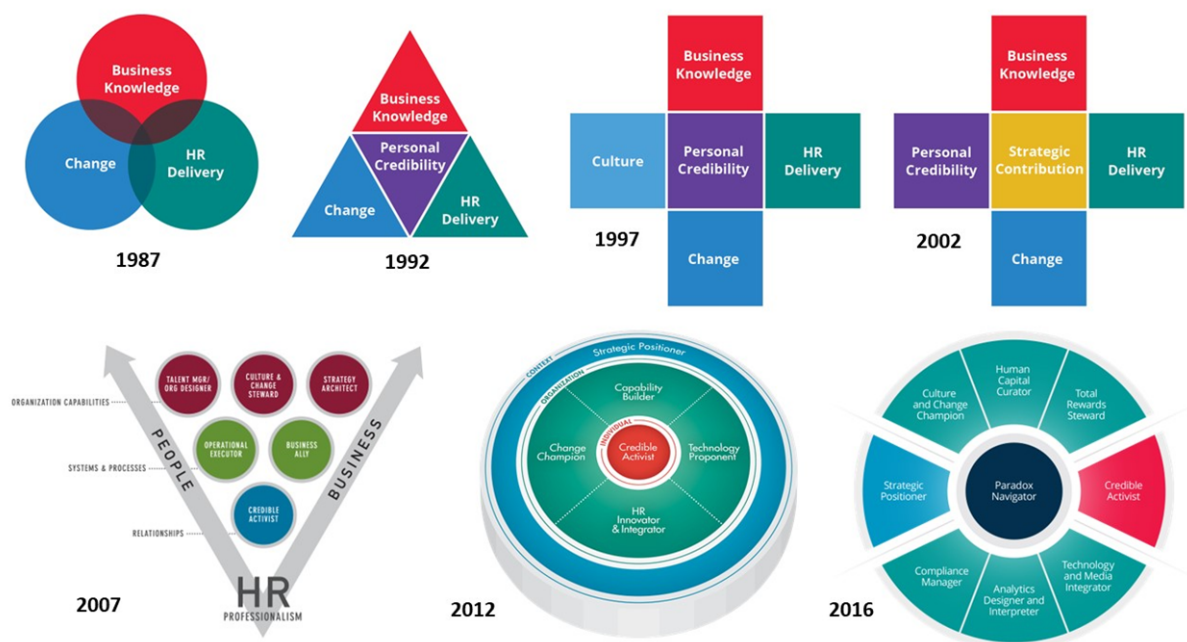




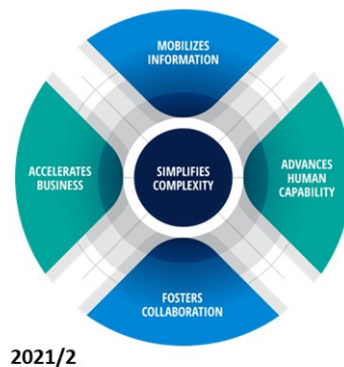
**Figure 3 Evolution of HR roles (Ulrich, 1997; 2009)**

Ulrich's research focused on the competencies an HR function needed to develop to become a strategic HRBP and deliver in all of the identified results domains. This global practitioner-driven research has been conducted every four years since 1987 (Ulrich, 1987; 1992; 1997; 2002; 2007; 2012; 2016; 2021). Initially, he argued this resulted in three domains but this has evolved and he later proposes that there are currently five: Simplify complexity; meaning HR professionals can think critically and objectively about the challenges their organisation faces, particularly in conditions of uncertainty. Mobilises information; meaning HR professionals are able to access, analyse, and act on information by using technology to solve problems and influence decisions considering social issues that will impact the organisation. Advances human capability; meaning HR professionals work with line leaders to elevate and develop talent and deliver HR solutions that improve both individual talent (human) and organisation performance (capability) with a focus on diversity, equity, and inclusion in the workplace to improve overall organisational

performance. Fosters collaboration; meaning HR professionals are open and self-aware, inspire trust and respect, and effectively build relationships that bring people together. Finally, Accelerates business, meaning the extent to which HR professionals add value by generating competitive market insights, influence the business, get the most important things done and help drive agility throughout the organisation (The RBL Group, 2021). Ulrich argued these roles were all of equal value and an effective organisation would deliver in all domain areas; however, his work has been criticised for creating a perception that the strategic roles are of greater importance for the creation of value and for the practicalities of suggesting that all roles need to be played because of the paradoxes that are created between roles, such as between the role of an employee champion and a strategic partner (Lemmergaard, 2009).



**Figure 4 Evolution of HR competencies (HRCS research) 1987-2016**



**Figure 5 HR competencies (HRCS research) 2021/2**

It was in the late 1990s that practitioners began to talk about a three-legged stool model comprising ‘shared-services’, ‘business partner’ and ‘centres of expertise’, for organising the HR function. There is debate about the origins of this model in relation to who defined it, and where it originated from; however, according to Hird et al. (2010) it was a practitioner model developed by Mercer (the consultancy firm) which became synonymous with Ulrich, although he is adamant that he did not create it (CIPD, 2015).

### **3.2..5 How HR organises**

#### **3.2..5.1 Criticisms of Ulrich**

As introduced in Chapter 2, a way of organising HR has dominated the academic and practitioner literature; this model has been referred to as the Ulrich model. Chapter 2 described the five-part model that Ulrich defined (Ulrich et al., 2008). This model has also been simplified into a three-part model, referred to the ‘three-legged stool’ consisting of shared services; centres of expertise and HRBPs. The origins of this simplified model are unclear, but assumed to have been coined by a consultancy organisation and not empirically derived.

There has been limited academic empirical research to evolve Ulrich’s model despite extensive criticism. The author of this thesis is uncertain whether it was addressed as a five-part or three-part model and the HR profession has received

extensive criticism for the profession being so centred on one model (Hird et al., 2010). Ulrich et al. (2008) argued that the dominance of the model was the result of the dominance of organisations with the allied/diversified organisational structure. However, we don't truly know whether this is the model that is implemented in the majority of organisations, due to the lack of empirical research to provide evidence. However, there has also been criticism about how HR adopts this way of organising, with claims that organisations 'shoe-horn' (Hird et al., 2010) this model into organisations, "starting with the business model and reverse engineering what this means for the most appropriate structure" (p. 23). This is a pertinent criticism that supports the justification for this research and challenging the appropriateness of a 'one-size-fits-all' model.

The model that is perceived to exist has also come under criticism for its effectiveness. It is criticised for creating a siloed way of working which leads to activity falling through the gaps and can result in the appearance of the HR function as being fragmented (Gratton, 2003, cited in Hird et al., 2010).

Specific elements of the HR model have also been criticised, such as the business partnering, where there exists confusion about whether being a HRBP is about the way the function operates with the business or whether it is a specific role within HR (as we will discuss in section 3.3.5). The HRBP skill sets and the appropriateness of a single set of competencies have also received criticism (also in section 3.3.5).

### **3.2..5.2 Evolution of the Ulrich model**

The latest practitioner perspective of the organisation of HR has been presented in Chapter 2.

There have been some further evolutions of thinking regarding how HR should organise. Ingham and Ulrich (2016) advanced Ulrich's original argument of three different models for different organisational structures, (also without explicit empirical research), recognising that organisational forms had evolved and thus identified three additional organisational forms for HR: horizontal/process;

community-based; and network-based. They added to the original argument about the link with the business structure to include the idea that the behaviour and relationships between individuals within the organisation were more important for success (Ingham & Ulrich, 2016). The addition of this determinant could have been an attempt to change the conversation about structure, which had become so dominated by one model in conversations about HR organisation, and shift it to focus on other factors, such as relationships, influential for HR effectiveness.

**Table 4 Ingham & Ulrich's (2016) evolution of the Ulrich model**

New organisational forms	Impact to HR structure
Horizontal/process	HR operating in multi-functional teams dealing with HR related issues or outcomes
Community-based	HR professional groups i.e. projects on analytics or digital HR
Network-based	HR professionals connected across the organisation dealing with particular issues or requirements.

The most significant recent academic contribution to how HR organises has been by made by McMackin and Heffernan (2021) who describe this in the context of an evolution of operating *strategies* in HR. They define operating strategies as the total pattern of decisions that shape the long-term capabilities of any type of operation and their contribution to overall strategy through the reconciliation of market requirements. McMackin and Heffernan (2021) describe how HR operational strategies have evolved from Wave 1 (1950-70s) where HR operated as independent HR specialisms focused on efficiency; into Wave 2 (1970s-1990s) where the focus is strategic value and efficiency using outsourcing, shared services, and HRBPs; into Wave 3 (1990s-2010) focusing on the value chain and supporting dynamic values capabilities. Most recently, Wave 4 (2010 to the present) is the development of an agile HR function that helps the

organisation adapt and cope with uncertainty. McMackin and Heffernan (2021) present two case study organisations that describe the way they are utilising scrum teams working on sprints, continuously adapting to customer feedback assigned based on shifting strategic priorities using kanban and “swarms” to quickly problem solve alongside HRBPs and expert teams (McMackin & Heffernan, 2021, p. 9).

McMackin and Heffernan’s (2021) work on operational strategies is valuable because it looks at the evolution of how HR organises through time, alongside the evolution of organisational strategy and HR strategy, suggesting that there is an influence of both on the resultant operational strategy. It is also current so recognises the evolution of and most recent challenges that the HR function is responding to.

The evidence for the latest wave and agile operational strategy is based only on two case study examples and there is no theoretical explanation provided on why organisational strategy and HR strategy affect operational strategy, although the description of an operating strategy is as this ‘pattern of decisions’; however, it serves to recognise that HR structure and deployment of resources is still neglected despite remaining an issue of importance to practitioners and perhaps that renewed focus is needed particularly as the goal of the HR function evolves from adding strategic value to demonstrating the need for agility (McMackin and Heffernan, 2021).

### **3.3 Elements of the organisation of HR**

It is because of the weaknesses in the existing literature in understanding how HR is actually organised and exploring a broad range of influences and an understanding of why these affect how HR is organised that this thesis turns to the more extensive literature that focuses on examining certain elements of how HR organises in order to grow our understanding and knowledge.

This section examines the literature identified in papers that focus specifically on elements such as: shared services; business partnering; business partners; centres of expertise or excellence; line managers; HR technology; and outsourcing; seeking to understand how these areas are organising, what is influencing them and why. There is literature on skills and competencies and specific HR process areas such as Talent Management and Learning and Development, but this work does not focus on these literatures because of its interest in how resource is deployed and organised.

### **3.3..1 Roles and responsibilities**

### **3.3..2 Shared services**

There is the most literature on shared services, probably due to its association with the Ulrich model (2008). Shared services are the consolidation of activity into either Centres of Expertise (COEs) which according to Ulrich et al. (2008) operate as a specialist consulting firm in an organisation, meaning that they have specialist capabilities that they use to support the rest of the organisation or Shared Service Centres (SSCs).

For this section, only the administrative element, Shared Service Centres (SSC) as referred to in Table 1, will be examined which involves 'consolidating and standardising common tasks associated with the HR function across different parts of the organisation into a single services centre (Maatman et al., 2010 cited in McCracken & McIvor, 2013) and in the late 1990s and early 2000s this was referred to as an 'emerging form of organisation structure for HR' (Farndale et al., 2009, p. 544). These were commonly referred to as transactional services; those that were typically centralised were activities such as benefits administration, compensation, pay, learning and development, and record-keeping activities (Adler, 2003).

According to Farndale et al. (2009), the ethos behind the service concept is that it is the client who decides which services to receive from the centre, rather than

the function deciding which services it will deliver. SSCs are thus designed to deliver services of the highest value at the lowest cost to internal clients.

The business case for SSCs was to “provide a better service to multiple customers at a reduced cost” (Horan & Vernon, 2003). Whether this has occurred has been the subject of debate, particularly the goal of providing a better service. Empirical research in a public sector organisation in the Netherlands found that, to a limited extent, implementing an SSC had released HR’s time to partner with managers and had also improved standardisation but end-user satisfaction had dropped. Line managers experienced increases in the HR workload, poor HR problem-solving, and longer response times (Meijerink & Bondarouk, 2013). To maximise the success of shared services, Meijerink and Bondarouk (2013) proposed several baseline contingencies to support the realisation of the intended benefits of HR SSC; end-users and clients have to effectively maintain the centralised organisational capital; the knowledge of the HR SSC staff has to be updated; and the HR shared services and its clients have to develop strong collaborative relationships.

For this research, the interest is in how shared services are organised within an organisation and what influences this. Empirical research has mainly focused on looking at the effectiveness of shared services as an organisational form. But that which has examined shared services in different organisations has identified that there are many forms it can take, differentiated by the *types of activities they perform* i.e. transactional, professional expertise, *the business model they adopt* i.e. whether considered to be a separate business entity providing services to external customers or into the organisation or as a Joint Venture with another organisation; and *where they sit within the wider organisational structure* i.e. centralised; part of the corporate centre or embedded within a particular business unit (Farndale et al., 2009).

Literature also tells us that the SSC can be incorporated into four different operating models: the basic model (consolidating transactional activities to achieve economies of scale); the marketplace model (adding professional expertise centres to transactional activities); the advanced marketplace model



(where the centre is considered to be a commercial enterprise, possibly providing services to external customers); and the independent business model (in which the SSC is defined as a separate business entity, a spin-off from the mother company) (Quinn et al., 2000 cited in Farndale et al., 2009). Strikwerda (2004 cited in Farndale et al., 2009) also identifies possible organising structures. She offers that SSCs can be an internal joint venture between different business units, where resources are pooled to provide a single-location service. The SSC could also be set up as a separate business unit, itself responsible to the Board as are all other business units. A more centralised solution is for the SSC to be part of the corporate centre, housed alongside the headquarters. For an SSC that is only active for a specific business unit, it may be embedded in that business unit. External models include Joint Ventures between the organisation and an external party, or the SSC being completely independently run by an external party, selling its services to the organisation (such as the partnership between Procter and Gamble with IBM running its HR shared service centres – see Kidman, 2005 cited in Farndale et al., 2009). This literature demonstrates that there are differences in how the shared services operate within the wider organisational structure. There is also empirical research that describes how an HR SSC looks internally. Reilly and Williams (2003) describe three tiers of job roles for HR staff; HR front-office employees or call agents (first tier); HR advisors (second tier); and HR experts (third tier); however, Farndale et al. (2009) claim that in reality there is considerable overlap between these roles.

There is no research however that compares organising using SSCs with other alternative ways of organising. Reilly and Williams (2003) also state that it is difficult to define a typical model, suggesting that not all HR SSCs are organised in the same way internally and that there is variation across organisations.

As previously stated, the focus of academic research on HR SSCs has been on their effectiveness or the outcomes of their implementation and therefore there has not been any specific research looking at what influences their organisational form. Limited literature has referenced factors influencing shared services (often implicitly). Horan and Vernon (2003) and Ulrich et al. (2008), identify the

influence of the wider business structure, also highlighting the contributory factor of the size of the organisation and demographics; cultural & language differences; infrastructure; investment; labour costs; consistency of program & processes; availability of expertise and regulatory requirements which would be considered to be institutional factors (Horan & Vernon, 2003). In Meijerink and Bondarouk's (2013) research the main argument is centred on the decision about the extent to which an organisation wants to centralise or decentralise their HR function.

The literature on Centres of Expertise will now be examined.

### **3.3..3 Centres of Expertise**

As already referred to, another opportunity to centralise in HR has been through the formation of Centres of Expertise or Excellence (COEs). In contrast to SSCs that centralise administrative and transactional activity, COEs centralise transformational services that are non-routine and non-administrative, activities such as strategy implementation and culture creation. Ulrich et al., (2008) defined a COE as having experts who have best practice knowledge in their technical area and who can translate this best practice to apply to their company-specific issues.

The majority of research on HR COEs looks at the holistic organisation of HR which is known to be limited. From research that is focused on evaluating the effectiveness of COEs it is possible to gather latent themes about how they might vary from organisation to organisation. Hird et al. (2010) identified issues with resource alignment in COEs associated with the business and HRBPs engaging the services of the COEs; communications between the different parts of the function; and getting the right blend of skills between specialist knowledge and appreciation of business requirements, which would suggest differences from organisation to organisation. However, COEs can operate as the designers and custodians of business policy; an internal consultancy function; or have an

indirect relationship with the business via the HRBP who implements the programmes they design.

As well as limited research that examines how COEs are organised there is also an absence of research about what influences the organisation of COEs. It could be inferred from Ulrich et al.'s (2008) arguments about HR's role in delivering organisational capabilities through HR policies and practices that an organisation's capability requirements determine the specialist HR capabilities that are required within COEs but this is not stated explicitly and there is no empirical research that has examined organisational capability and its relationship with HR COEs. Ulrich et al. (2008) when describing some of the challenges that face COEs, highlight the influence that business needs, embedded HR and the business can have on their role. Ulrich refers to the importance of a COE's service offerings not being out of touch with reality, or being one-size-fits-all, or being canned solutions, suggesting that what HR COEs need to deliver is influenced by the organisation they support and their needs, and also the context in which they operate. This is however inferred from the challenges he highlights and there is no evidence of how they might need to organise to deliver this.

Therefore, similarly to HR SSCs there is also a theoretical gap in understanding what influences the organisation of COEs in HR, although it can be inferred that there are some behavioural effects and contingencies such as business needs that might be shaping it.

The next section examines how HR is organised using outsourcing and what influences this.

#### **3.3..4 Outsourcing**

HR outsourcing is a strategy to externalise tasks and services of HR functions previously performed in-house to external vendors. This can take the form of single processes or shared services (Cooke, Shen & McBride, 2005).

Similarly to the other literatures on elements of HR organisation, there is still a focus on evaluating the effectiveness of outsourcing in driving strategic value (Lepak & Snell, 1998) and also in cost reduction (Cooke et al., 2005). However, in some situations, it was found that organisational headcount costs went up because the HR team was able to shift their focus to more strategic activities and required more expensive resources to do so, resulting in higher total costs (Cooke et al., 2005).

In evaluating outsourcing's effectiveness there has also been criticism of it degenerating service quality and a loss of face-to-face contact with HR (Yan et al., 2013); however, there is also evidence of increased service quality whereby specialist capability is procured from external providers (Braun et al., 2011)

In the outsourcing literature, in comparison to the other literatures on elements of HR function organisation, there is a greater discussion about what HR activities should be outsourced, and this determines the effect of the structural arrangement. Lepak and Snell (1998) present a model of a 'virtual' HR architecture using partnerships and outsourcing to deliver HR activities. They argue, drawing upon the theory of Resource-Based View (RBV) that the activities appropriate for outsourcing will vary, based on the organisation and what they perceive to derive strategic value. Therefore, no organisations outsourced model will be the same.

In addition, there is also more literature that refers to the factors influencing outsourcing. In addition to RBV theory as referenced above, other factors driving outsourcing are cost reduction and demand uncertainty; these can influence the decision to outsource rather than build capability in-house (Klaas, 2008). The need for expertise represents a divergence of outsourcing non-core activities and is often used by smaller organisations to access capability that they don't have in-house (Cooke et al., 2005). This is affected by the availability of delivery

partners and the frequency with which the activity is to be performed. According to Vernon et al. (2000) the decision to outsource will also be influenced by the firm's position on outsourcing and tends to lend itself to more centralised organisations (Vernon et al., 2000 cited in Cooke et al., 2005).

Theoretical explanations for outsourcing therefore have been dominated by RBV but also Transaction Cost Economics (TCE) to explain the cost efficiency rationale. However, research carried out by Sim, 2012 (cited in Patel et al., 2019) found that particularly with reference to HR activities, the outsourcing decision is “largely determined by the need and strategic fit to outsource” rather than by transaction cost theories or the RBV (p. 710).

The following section now looks at strategic business partnering and the strategic HRBP role.

### **3.3..5 Strategic Business Partnering & HR Business Partners**

Two main perspectives on Business Partnering can be found in the literature. The first is the concept of the HR function as a strategic BP to the business. The second is the HRBP role within the function.

The HR function as a partner to the business originated in the work of Ulrich, who recognised the requirement for HR to start adding value to an organisation whilst also continuing to deliver its operational responsibilities. This was the intended purpose of his competencies research which has already been discussed in section 3.2.4 and morphed into a perceived model for organising HR.

Ulrich (2020) has since evolved the concept of HR being a BP and argues that most mature HR functions now see HR from the ‘outside in’, existing to add business value that impacts external stakeholders rather than only existing to partner with business leaders to help make strategy happen (Ulrich, 2020). This evolution could be in response to the criticism made that the strategic BP moved

HR too close to organisational leaders and their modus operandi and thus neglected other parts of the organisation (Marchington, 2015).

In addition to the idea of the HR function as a BP, the concept of the HRBP as a *role* within the HR function has also been popular. It was through Ulrich's competency research that one of the roles for HR was identified as a 'strategic positioner': able to position a business to win in its market (Ulrich, 2020) and it was this role that attracted the most interest (Marchington, 2015). There seems to be a dominant ideology focused on strategically serving the business rather than serving other stakeholders; therefore, performing roles such as employee advocates/advisors have become perceived as being less attractive (Marchington, 2015).

Some research on the HRBP role has been focused HRBPs' competencies and what competencies those partners should have. Caldwell (2008) undertook research into HRBP competency models and challenged the concept of universal/generic competency models that had been defined by organisations such as the CIPD or SHRM in the US, emphasising that the role should be context-specific. Research and academic literature also focused upon the challenges that faced the HRBP role, such as balancing both strategic and transactional activities, and supporting both employees and line managers (Beer, 1997; Caldwell, 2008; Francis & Keegan, 2006; Kochan, 2004; Lawler, 2011; Pritchard & Fear, 2015 cited in McCracken et al., 2017). However, Ulrich et al. (2008) would argue that the strategic HRBP role should be focused on strategic activity and supporting leadership.

According to Lawler and Mohrman (2003), much research was posited as the business partnering role being the role that HR should play, but there was limited empirical investigation regarding if it actually was the role that they were playing.

When examining the factors that influence the role of the HRBP, there is evidence that their role can be impacted by their capability, but also that their role can be impacted by other parts of the HR organisation. Lawler and Mohrman's research (2003) found that HR was more likely to be a full partner in the strategy process

when a completely integrated human resource information system (HRIS) system existed; however, they also found that having a completely integrated HRIS system didn't guarantee that HR would be a strategic partner (Lawler & Mohrman, 2003). Marchington (2015) found that structural decisions had been made in some organisations to support the HRBP role, such as the implementation of remote service centres, e-HRM and line manager devolvement.

However, it was also identified that often managers want administrative support from HR (not support on strategic issues) (Hird et al., 2010) and that it is "really important to get the right person" highlighting the importance of the relationship between the HRBP and the line manager to enable the HRBP to perform its defined role. This relationship and the necessary culture in the organisation can take time to develop (McCracken and Heaton, 2012).

The line managers' role in the organisation with regard to HR and what influences this is the next to be examined.

### **3.3.6 Devolution to Line Managers**

HR activities and decisions are not only delivered by HR professionals, in addition, to outsourcing and information technology (which will be examined in section 3.3.8), line managers are playing an increasing role (Tremblay et al., 2008 cited in Parry, 2011). This is commonly referred to as devolution of HR to the line and is often typified as "the allocation of tasks formerly undertaken by the personnel specialists to line managers" (Hoogendoorn & Brewster, 1992, p. 4). This is different from decentralisation which includes a complete shift of power and decision, rather than just the movement of activities (Intindola et al., 2017). Decentralisation is more commonly referred to in the centralisation/decentralisation debate which discusses the shift of HR decision-making into the business and business leaders.

Kurakra, Kou and Pak (2022) described four main phases of research about line manager devolution: a *Preconception* research phase (1982–1991) about the changing role of personnel and increasing responsibility to line managers; an *Attention* research phase (1991–2000) which examined devolution of HRM to line managers, and documented evidence of a perceptual discrepancy between HR and line managers' HR competencies; an *Emergence* research phase (2000–2007) which examined in greater depth the barriers facing line managers' handling of people responsibilities and uncovering the divergent perceptions over HR devolution between HR and line managers; and finally a *Growth* phase (2007–2020) which began integrating a range of theoretical perspectives into the HR devolution research in attempts to address lingering issues and challenges such as the social dynamics, the multi-level nature of HRM, line managers' HR implementation behaviours, and the newly emerging business context.

Bainbridge's (2015) research could potentially be argued to fall into this 'growth' phase. His main focus was to develop and test a model that described the rationale for devolving people management to the line and its influence on people management effectiveness via multiple mediators; he found that there were two types of devolution. There was devolution undertaken to increase the line's ownership of people management or HR efficiency which enhanced HR's strategic integration and devolution. This was undertaken to centralise HR or cut costs that undermined HR's strategic integration; however, there have been mixed results showing the effectiveness of devolution in achieving these rationales. Reichel and Lazarova (2013), suggest that devolving tasks hurts the strategic position of the HR department as it results in a loss of power. Gooderham et al.'s (2015) empirical research also highlighted how the devolvement of decision-making was greater in some contexts than others.

In addition to the identification of specific contingencies, within the devolution literature there is substantial reference to the theory of AMO (Ability-Motivation-Outcome) (Bainbridge, 2015; Kehoe & Han, 2020; Kurakra et al., 2022; McDermott et al., 2015). Traditionally this theory is used to explain the effectiveness of HR practice implementation; however, its relevance in this



context is to demonstrate the influence of line manager behaviour in shaping the role the line manager plays in people management. It demonstrates that line managers have discretion in the extent to which they take on the people management responsibilities that have been defined as part of their role which, in turn, has an effect on the adoption of intended HR practices. Renwick (2003) interviewed 40 line managers about their experience of and involvement in undertaking HR work in organisations where devolution had occurred. His research did not find a universal opinion of devolution. Some line managers were keen to do people management activities and saw career benefits from doing so; however, often the line manager had many duties, and felt they lacked expertise and the time to do HR well. Some did express that they felt that doing HRM diluted their 'general manager' focus, with little authority and appreciation from the firm for doing it. There is also evidence that where line managers do not take on their people management responsibilities there have to be adaptations in the organisation to adjust to this. Research by McDermott et al. (2015) studied devolution in the context of the Healthcare industry and their research introduced the concept of 'tripartite roles' with senior managers supporting line managers in the delivery of HR in some contexts, having found that some line managers needed support from HR to be able to perform their people management roles.

In addition to the effect of line manager behaviour's effect on the devolution of activities to the line, a number of additional contingencies can be identified as having an influence. Larsen and Brewster (2003), when conducting empirical research in Europe, found that the extent of devolution and the perception of it varied by country. Intindola et al. (2017) in a narrative literature review, also highlighted a relationship between devolution and decentralisation, arguing that because devolution assumes the complete devolvement of activity and decision-making to line managers it is often more common in decentralised organisations because it is not possible to retain decision-making centrally when devolving it to line managers.

### **3.3..7 Technology and data**

Technology is a major component of how HR organises (Ulrich et al., 2008). It has a role influencing and enabling shared services and outsourcing, and influences driving the standardisation of HR processes. It also has an influence on other elements of the model by automating and subsequently reducing the need for manual resources to perform activity, shifting access to activities, and enabling data which also has an effect on the wider organisation of HR.

Table 5 describes the evolution of technology usage within HR from the use of mainframe computers in the 1940s to the use of Artificial Intelligence (AI) and Machine Learning in the last few years. Literature indicates, as would be expected, that the extent of technology use varies between organisations; this was found by Johnson et al. (2006) who surveyed 19 organisations to examine the link between e-HRM and HR professional competencies.

Academic literature on technology usage, similarly to other elements of HR organisational design, has focused on examining the relationships between HR technology and HR effectiveness in helping HR to be more strategic (Bondarouk & Ruël, 2013; Martin & Reddington, 2010; Parry, 2011). The majority of empirical research in the HR technology literature focuses on examining HRISs and e-HRM. HRISs are described as 'composite databases, computer applications and hardware and software that are used to collect/store, manage, deliver, present and manipulate data for Human Resources (HR)' (Kossek et al., 1994) and e-HRM practices are a 'way of implementing HR strategies, policies, and practices in organisations through conscious and directed support of and/or with the full use of web-based channels' (Ruël, Bondarouk & Looise, 2004, p. 281). More recent research is less empirical and more conceptual on the potential impacts of newer technology because adoption of these technologies is immature and it is harder to research the effects at this earlier stage.

There exists research that demonstrates that there are different types of e-HRM in existence. One distinction was between automational (automating voluminous administrative HR tasks) and informational (decision support oriented) e-HRM

(Ball, 2001; Broderick & Bodreau, 1998; Kovach & Cathcart, 1999 cited in Stohmeier & Kabst, 2013). Another was made between operative (aim to support the firm to increase efficiency) e-HRM and strategic (aim to have a direct impact on corporate strategic objectives) e-HRM (Stomeier & Kabst, 2012 cited in Stohmeier & Kabst, 2013). Research focused on the effectiveness of e-HRM has received mixed findings. Some researchers have found limited support for its role in helping the HR function to become strategic by increasing the time available for HR to focus on strategic issues (Bondarouk & Ruël, 2013). Evidence has also been found that it can transform the traditional business model by e-enabling HR to provide strategic value to organisations which it could not do previously, by using online learning to 'feed-forward' into organisational learning and knowledge (Martin and Reddington, 2010).

Greater support is found for the cost-saving effects of e-HRM by reducing transaction costs and also to HR headcount by redistributing work that HR used to do to employees and line managers to do themselves through self-service (Kossek et al., 1994; Parry, 2011; Ruël et al., 2004).

Literature is more limited on the evaluation of HRIS. Kossek et al. (1994) state that, similarly to e-HRM, it should change the nature of the work performed by Human Resource Managers (HRMs) and professionals from administrative to strategic; however, this has yet to be empirically proven.

Table 5 provides a high-level description of the advances in HR technology and some of the implications for HR, including how HR operates (Johnson, Lukaszewski & Stone, 2016).

Technology has enabled easier access to people data which has facilitated the rise of data analytics. This has changed the way that HR makes decisions and has enabled more strategic decision-making; however, a systematic literature review of the HR analytics research revealed that no empirical research looked at the effect of the rise of analytics on the organisation of HR (Marler & Boudreau, 2017).

According to Reilly (2019), Robotic Process Automation (RPA) can be used to perform HR transactional activities. Casework can be supported by chatbots, allowing humans (e.g., workers, prospective applicants) to interact with virtual agents in natural language, providing information and in certain cases can even complete tasks (e.g., actioning a request for an employment reference, or adding calendar notifications for events such as planned leave or travel, and booking places on training courses), allowing human experts to focus on more complicated queries where human expertise adds value. This will dramatically improve the efficiency and quality of HR operations (Strohmeier & Piazza, 2015).

The use of AI is proposed to have a dramatic effect on HR; however, because organisations' AI implementations are in their infancy there is very limited empirical data that we can draw upon to understand how organisations are using it in practice and what is influencing its use.

Reilly (2019) claims that AI could impact HR in the following areas: administrative roles to be found in payroll and records undertaking transactional tasks, such as data processing; operational HR support to managers (and sometimes employees) handling casework, recruitment, training, etc.; policymaking and advice as executed in centres of expertise and activities performed by HRBPs to strategically influence and shape the business from a people perspective (p. 43). However, according to Budhwar, Soumyadeb Chowdhury, and Wood cited in Budwar et. al 2023) although some tasks that were previously done by humans, such as data entry and analysis, may now be automated which could free up time for employees to focus on more strategic and creative tasks, which could increase the meaningfulness of their work. However, it could also lead to a sense of disengagement or lack of purpose for employees who are now doing more routine tasks. In practical terms, AI may relieve a great deal of the drudgery around, say payroll, and help drive more equitable reward systems; it may also add to the overall administrative burden by generating ever more petty decisions for approval.

As Marler & Parry (2016, cited in Parry & Battista, 2019) suggest, the technology enabled shift from being primarily administratively oriented to being more strategically oriented, and the increasing availability of data might re-structure decision making processes creating new opportunities for HR people to be involved in “complex, judgment-oriented and professionally demanding tasks and responsibilities” (p. 2234). Reilly (2019) also describes how AI can be used to inform policymaking by challenging group think, external benchmarking, or data gathering and also gathering stakeholder feedback to accelerate consultation. Reilly (2019) also brings a different lens to the impact of AI by describing a new role for HR to support organisations’ adaptation to AI more broadly, as it influences jobs, leadership and structures, and also in helping the organisation to be ready for these changes (p. 47).

However, the implementation of technology in an organisation is susceptible to agency. Research has demonstrated how some employees and line managers have been resistant to using e-HRM. Following a review of the literature from 1970 – 2010, Bondaruk, Parry and Furtmueller (2017) developed the TOP framework depicting how technology (system usability and capability); organisation (organisation size, planning and project management, Data access, security and privacy and capabilities and resources); and people factors (top management support; user acceptance; communication and collaboration between units; HR skills and expertise; and leadership and culture) affect e-HRM adoption (Bondaruk, Parry and Furtmueller, 2017). This was further enhanced by Zhou et. al (2022) who identified social influence as another factors influencing e-HRM adoption, in the effect of social pressures placed on line managers and employees to meet leaders and colleagues expectations (Zhou et. al. 2022). When considering new AI technologies, Stone et al. (2015) cited in Vrontis et al. (2022) suggest there is a danger lurking behind technology-focused HRM and that technology should be viewed as a decision support tool that enhances but does not replace the HR professionals in organisations, thus indicating that the perception of the role of technology and how it is to be used in the organisation will imply the wider model.

**Table 5 Evolution of HR Technology**

<b>Date</b>	<b>Timeframe Evolution in HRM</b>	<b>Evolution in HR Technology</b>
Prior to 1940	Manual record keeping and payroll	
1940s–1950s	Federal tax regulations introduced	Homegrown payroll systems emerge
	Skill inventories and job classifications needed for government and military	Development of electronic data processing systems on mainframe computers to support “personnel” and payroll
	Large companies (GM, AT&T, Mobil, & GE) invest in “personnel” technology	ADP is founded
1960s–1970s	Employment Laws Increase Reporting Needs (CRA 1964, ADEA 1967)	Field of MIS emerges
	Tracking of administrative costs and turnover	Introduction of IBM/360 and other large-scale systems to support HR and organisation functions
	Increased government regulation (ERISA, OSHA)	Vendors create software programs for different HR functions
	Increased employee reporting due to increased labour costs	Personnel information systems available for mid-sized business due to decreasing costs and evolving technology
	Growing HR data needs brings the need to streamline and eliminate data redundancy	SAP founded and R/2 released: precursor of integrated ERP
1980s–1990s	Globalisation and expansion leads to integration of all systems (accounting, HR, finance, manufacturing)	Emergence of central servers, LANs, client-server computing, and “microcomputers” allow HR data to be accessed on personal workstations
	HR use analysis & HR planning	PeopleSoft version 1 released
		Decision Support Systems for HR are developed
1990s–2010	Employee empowerment and shifting “ownership” of employee data to employee	Growth of ERP systems for HR (Leading Vendors: PeopleSoft, Lawson, SAP, Oracle)
	Privacy directive in European Union	Intranets make HR data available more broadly for employees outside of HR
	Move from internal paper processor to external focused strategic partner	Web-based ERP and upgrades to be Y2K compliant
	Global reach for talent	Implementation of self-service systems (ESS, MSS)
	Offshoring of IT & HR call centres	Emergence of “best-of-breed” systems that focus on a single HR function (e.g., e-learning, e-recruiting, etc.). Leading vendors (Kronos, Taleo, Hewitt)

	Development of the balanced scorecard to measure HR effectiveness	Metrics to support reporting requirements of balanced
	Additional government regulations (e.g. HIPAA, ERISA, etc.)	Incorporating risk controls.
2010–2016	Continued focus on cost containment and effectiveness of HR practices	Implementation of cloud-based software for HR (leading vendors: Success Factors, Workaday)
	Passage of the Patient Protection & Affordable Care Act	Big data, metrics & analytics to support HR and manage human capital
		Use of social media in recruitment, selection, and employee relations (ER)
		Mobile HRIS: large-systems increasingly being developed for mobile devices
2016–2023	Focus on improving the employee experience	More personalised experiences of technology
	Greater use of AI to better understand what is going on in the workforce and obtain actionable insight	Use of chatbots to answer employee queries
	More efficient business processes	Overlay technologies, called “journeys” by some vendors, serve to unify the specialised point solutions and apps in suites to create a common user experience
		Blockchain technology allows organisations to connect with suppliers, contractors, and third-party distributors

### 3.3..8 Summary: How is HR organising?

From an analysis of the literature that examines how HR organises, it is predominantly literature that focuses on specific elements of organisation rather than examining how the function operates holistically.

The Ulrich model has dominated literature about how HR should organise holistically, but the basis for this model is empirically weak. The model has become synonymous with Ulrich but was not invented by him.

Ulrich’s work on how HR should be structured has been misinterpreted and his proposals for three ways of organising influenced by the wider organisational structure lost. Ulrich et al. (2008) proposed three different structures comprising

different roles and responsibilities; there was a structure for single/functional organisations, holding companies and allied/diversified organisations. The allied/diversified is argued to dominate, which was where an HR function of: shared services; centres of expertise; HRBPs; operating executors and corporate, would support an organisation with a related or unrelated spectra of diversification and operating units or business units to compete in different markets yet try to find and exploit the synergies among them. The model that prevails only has three parts: centres of expertise; HRBPs and shared services.

The literature that examines elements of the organisation of HR is more extensive and although it does not specifically focus empirically on exploring how HR organises it does suggest differences in shared services organisation, what organisations choose to outsource, the extent of line manager devolution, the HRBP roles and HR's use of technology.

As a result of this there is limited holistic understanding of how HR is actually organised, and limited empirical evidence of whether the Ulrich model (five-part of three-part) exists in organisations or how it might have been adapted in an implementation or adopted in practice. We are left to try to decipher, from the research that focuses on elements of the organisation, what their implementation looks like, but from within empirical research that was focused on evaluating their effectiveness, i.e. not to understand how they are implemented or adopted in practice and what is influencing this.

Due to this lack of empirical research, particularly looking at the whole HR organisation, it is argued that there is a necessity for empirical research that examines how the whole of HR is organising, to establish the extent to which this aligns with the dominant Ulrich model or what is actually in existence.

### **3.4 What is influencing the organisation of HR?**



The section above presents what is known in the literature about how the HR function is organised. This next section describes what can be elicited from the literature about the factors that influence this organisation.

As already identified from the previous literature in this area of strategic HR, the literature describing the factors that influenced the organisation of HR is limited. There is no empirical research that focused on what was influencing the organisation of HR as a whole function or in the larger literature that examined elements of organisation. The identification of factors that influenced how HR organised was not the main focus of the paper or research and was largely implicit, by which we mean decipherable from the literature reviewed within other papers or associated findings as opposed to specific empirical research (Horan & Vernon, 2003).

As previously stated, this could be because much of the literature was focused upon evaluating the effectiveness of a particular form of organising, particularly concerning HR becoming more strategic or how HR could add more value (Marchington, 2015).

From this limited literature the author of this thesis attempts to derive factors that seemingly influence the organisation of HR, recognising that these are empirically weak in most cases. This analysis will be presented by examining what is known about what influences the whole of the HR function and also each of the elements that are discussed in the literature. At the end of this section the factors influencing the whole of the HR function and the associated elements are summarised in Table 6.

As already referred to, the one explicit influence on the way HR organises itself was identified by Ulrich et al. (2008) as the wider organisational structure; however, this relationship or influence was not empirically derived or theoretically explained. Marchington (2015) also spoke about the effect of HR's focus on satisfying shareholders and executives meant that HR had focused on the needs of certain stakeholders to the detriment of others but he did not say how that manifested itself in the organisation of HR.

When turning to examine some of the elements of how HR is organised, there was slightly more evidence of factors influencing organisations to implement shared services. Horan and Vernon (2003) referenced that it was more common in large geographically diverse organisations, but this was not empirically derived. Farndale et al. (2009) said that the use of HR shared services had been influenced by technology which created new possibilities in in-sourcing; however, the paper that introduced this was conceptual and focused on examining the influence of technology on professional and service delivery logics (cost-efficiency and effectiveness). Meijerink & Bondarouk (2013) also alluded to the effect of power/control, with greater control to the employee, perhaps leading to more shared services as Ulrich (1995) was clear to point out that in shared services clients should be in control as the “user is the chooser”, i.e. they could choose what services to engage in and shape the services the centre offered (Ulrich, 1995 cited in Meijerink & Bondarouk, 2013, p. 156) or greater business power/control could drive a decentralised model.

There was slightly more empirical evidence of factors influencing outsourcing. Delmotte and Sels (2008) undertook empirical research to understand outsourcing trends and identified that size of organisation had an effect on the use of outsourcing. Larger organisations had a higher average level of outsourcing, although smaller firms did outsource because they had a greater need for external expertise, highlighting the different rationales for outsourcing. Klaas (2008) sought to understand why firms were outsourcing and how different firms were likely to make use of outsourcing. Drawing upon his experience of large US firms he explained the rationales for outsourcing as being driven by cost-efficiency, to gain competitive advantage and to gain organisational legitimacy by being perceived to organise in a way that creates value. What can be derived from Klaas' (2008) paper is that if organisations are choosing to retain activities that are perceived to create competitive advantage, this would suggest that this differs from one organisation to another, as does what they choose to outsource. However, we know organisations tend to outsource the same routine transactional activities. Horan and Vernon (2003) cited in Cooke et al. (2005) found that 77% of organisations outsourced Training and Development activities.

Cooke et al. (2005) reinforced the same cost saving, effectiveness and “trend” rationales for outsourcing but also highlighted how doing so ‘liberated the retained HR function’ to perform more strategic activities.

There was also some literature on factors influencing organisations to devolve HR activity to line managers. Gooderham et al. (2015) found that devolution to line managers was associated with how much power the HR function had; for example, in organisations where the HR function had less power, devolution of activities to line managers was more likely. Larsen and Brewster (2003) undertook empirical research and identified that there was variation in the practice of line manager adoption of people management across Europe. This was based upon the perception of senior HR practitioners and did not explore why this varied but noted the implications of this on the size, role and shape of the HR department and shape of the organisation. They also found that there was variation across countries in the types of HR activities devolved to the line; for example, in France and the UK, Industrial Relations activities were more likely to be devolved to the line than in Denmark and Germany. Their research did not, however, describe who in the line was performing these devolved activities. Bainbridge (2015) undertook empirical research and identified that there were different rationales for devolution and these had different consequences for HR and HR’s interactions with line managers and employees. The two devolution strategies he identified were: a strategy of devolution to increase line ownership and a strategy of devolution to centralise HR. He found that devolution undertaken to increase the line’s ownership of people management or HR efficiency enhanced HR’s strategic integration. In contrast, devolution undertaken to centralise HR or cut costs undermined HR’s strategic integration and was associated with decreases in HR function size (Bainbridge, 2015, p. 860). His research, however, did not describe the different roles of HR or line managers based upon these different strategies.

There was less literature describing the factors influencing the role of the HRBP, potentially because the role was so wrapped up in the wider rhetoric about HR needing to become more strategic and this role being identified as being critical

to this. Ulrich and Beatty (2001) referred to the need for the function to add value to meet firms' strategic challenges resulting from changing business demands, which resulted in the competencies that HR needed to demonstrate. Caldwell (2008) found that the effectiveness of competency models for selecting and maintaining HRBP performance was influenced by context, the degree of change experienced by the HR function, how consistently business partnering is implemented, overall levels of reduction in transactional HR, and that the patterns of centralisation/decentralisation of the HR function all influenced the specific competencies an HRBP needed to demonstrate. They were more effective in selecting HRBPs in organisations that were undergoing extensive transformational change in HR; a number of organisations saw value in them for maintaining effective competence levels although some organisations resisted and saw competencies as being business- or industry-specific. There were also some mixed findings with regard to the effect of reducing transactional administration on HRBP competence. The data did not demonstrate that HRBPs can make a greater strategic contribution only if they can offload more and more transactional HR responsibilities; however, there were some strong views in the interviews that indicated otherwise. Competency models for selecting and developing HRBPs are perceived to be more effective when HR activities are centralised. In contrast, perceptions of the effectiveness of competency models in linking HR strategy with business strategy and predicting performance in a HRBP role appear to be stronger when HR activities are decentralised. Caldwell's (2008) findings are relevant to understanding the factors influencing the HRBP role, as from his research the effect of what else is going on in the wider HR organisation can be seen, such as reduction in transactional activity; centralisation and perceptions about what is specifically needed for an organisation or within an industry, to link HR strategy to business strategy.

Finally, innovation is seen as a factor influencing technology and also the effect that technology has as a factor itself influencing other parts of the model (Farndale et al., 2009). Stohmeier and Kabst (2013) identified contextual factors such as size and strategic orientation of the organisation effecting the type of e-HRM (Stohmeier & Kabst, 2013). The adoption of technology is also influenced

by user resistance (Pillai, et al., 2022) so even if it does exist and is implemented in an organisation line managers and employees might not use it because they are satisfied with how things currently operate or it is too difficult to use, or not so convenient or they prefer the traditional methods.

**Table 6 Summary of what factors influence the organisation of HR derived from the literature**

<b>HR organisation</b>	<b>Factors influencing</b>
<b>Whole HR organisation (models)</b>	<p>Wider organisation structure (Ulrich et al., 2008)</p> <p>HR's focus on short-term goals to satisfy certain stakeholders (Marchington, 2015)</p> <p>Organisation strategy which affects HR strategy (McMackin &amp; Heffernan, 2021)</p>
<b>HR shared services</b>	<p>Technology/automation to realise the benefits of cost-reduction and service delivery improvements (Farndale et al., 2009)</p> <p>Improve performance of HR for large geographically diverse organisations (Horan &amp; Vernon, 2003)</p> <p>Increase HR value (Meijerink &amp; Bondarouk, 2013)</p>
<b>Outsourcing</b>	<p>Organisation size (Delmotte &amp; Sels, 2008)</p> <p>Minimising transaction costs, strategic value of tasks and emulation of other organisations' behaviour (Klaas, 2008)</p> <p>Reduced cost, liberation to perform strategic roles, improved efficiency, improved service quality (Cooke et al., 2005)</p> <p>A number of other factors present in organisations that outsource, such as HR managers having a strategic orientation, outsourcing being supported by management and used more widely in the organisation, as well as larger organisations (Tremblay et al., 2008)</p>
<b>Line manager devolution</b>	<p>Increase strategic significance of HR (Gooderham et al., 2015)</p> <p>Country and area of HR (Larsen &amp; Brewster, 2003)</p> <p>Transform HR and improve its reputation (Kulik &amp; Perry, 2008)</p> <p>Increase line ownership or to centralise HR (Bainbridge, 2015)</p>
<b>HR Business Partners</b>	<p>Context effects the competencies HR professionals require (Caldwell, 2008)</p>

	HR professionals will need to play a number of roles, be different based on the organisation's needs (Ulrich & Beatty, 2001)
<b>Technology</b>	Line manager and employee resistance to technology (Rajassthrie et al., 2022)

Therefore, as summarised in Table 6, factors have been identified from the literature that influence the organisation of the HR function and the adoption of some of the specific ways of organising, such as the use of shared services and outsourcing. This suggests that there is not just a single factor that influences the HR organisation, as suggested by Ulrich et al., 2008 and Ulrich and Ingham (2016); it is likely that there are a multitude of factors and some of these are contextual from outside of the organisation or from within the organisation. Other influences are a desire to achieve certain strategic goals and there are also individual behavioural influences.

With knowledge of these factors, what might be the theoretical explanation for how HR organises is considered next.

### **3.5 How theory can explain how HR organises**

Due to the lack of explicit use of theory in the existing HR organisation literature, it will necessary to draw upon literature from organisational theory and other areas of SHRM to theorise the findings from the literature regarding the organisation of HR.

From an analysis of the existing HR organisation literature there exists explicit use of two main theories: Transaction Cost Economics (TCE) and Resource-Based View (RBV).

These theories align with the dominant focus of the literature on explaining the outcome effects of certain ways of organising, under the prevailing narrative that has overshadowed the HR function regarding cost reduction and adding value to an organisation.

TCE is focused on cost and efficiency, and accordingly, the theory predicts that managers will implement the organisational form that minimises transaction costs (Van Hoek, 2000). This theory has mainly been used to explain the rationale for outsourcing and moving to a shared services organisation, and that these decisions are influenced by perceived or actual lower cost to operate. In shared services, this is due to the rationale that you can reduce duplication and obtain economies of scale through centralisation of activity (Cooke, 2006; Meijerink & Bondarouk, 2013) and in outsourcing the cost of the outsourcing company acquiring knowledge is perceived to be much less than the cost of acquiring that knowledge internally, particularly the costs associated with performing less frequently-performed activities (Klaas, 2008).

The decisions that an organisation makes to respond to the strategic mandate can be in principle explained by the theory of RBV. This view focuses on firm resources that can be sources of competitive advantage within the industry (Barney, 1995 cited in Wright & Barney, 1998). Three basic types of resources can provide competitive advantage (Barney, 1991). Physical capital resources include such things as the firm's plant, equipment, and finances. Organizational capital resources consist of such things as the firm's structure, planning, controlling, coordinating and HR systems. Finally, human capital resources include such things as the skills, judgement, and intelligence of the firm's employees. According to Wright and Barney (1998) four questions, i.e. Value (increasing/decreasing costs), Rareness (rare characteristics), Imitability (characteristics of the firm's HR that cannot easily be imitated by competitors), and Organization (organised to exploit the resource) (what is referred to as the VRIO framework) (Barney, 1995) must be asked of a firm's HR as well as the proper role of the HR function in managing the firm's HR to achieve such an advantage.

One of the tenets of RBV, that doesn't wholly resonate with what is found regarding the organisation of HR, is that how an organisation creates value will be heterogeneous (Penrose, 1959), thus suggesting that how HR organises itself to create value will be unique to that organisation and will not be able to be

imitated by others. The limited literature suggests that this is not the case and has favoured a more universal prescriptive narrative dominated by the Ulrich model, demonstrating that organisations lean towards the adoption of similar models, although evidence of differences in the implementation of some of the individual elements was found.

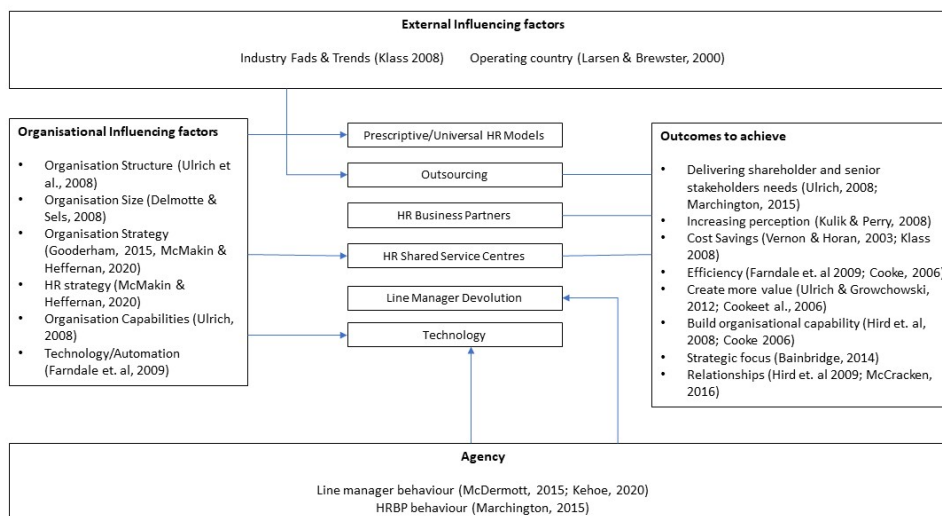
Both RBV and TCE are appropriate theories for explaining why shared services and outsourcing have the strategic value adding or cost reduction effects that they have when utilised as a form of organising, but they are not useful for explaining why HR is organised in the way that it is.

There are four key themes that emerge from the literature regarding how HR is organising and what is influencing this. The first is the perceived dominance of a singular way of organising for HR, i.e. the Ulrich model. The second is the overlooked argument made by Ulrich that the organisation of HR (the adoption of a model) is influenced by the wider organisational structure (Ulrich et al., 2008).

The third is the limited evidence of differences in how some elements of HR are implemented, such as within shared services (Farndale et al., 2009), outsourcing (Lepak & Snell, 1998) technology (Johnson et al., 2016) and line manager devolution (Larsen & Brewster, 2003). Fourthly, there is the identification of some limited factors that influence the organisation of HR. These can be grouped into *external factors* that influence the organisation of HR such as industry fads and trends (Klaas, 2008); *internal factors* (in addition to organisational structure, Ulrich et al., 2008) such as size (Delmotte & Sels, 2008), strategy (Gooderham et al., 2015), operating country (Larsen & Brewster, 2000) etc. There are also factors which share similarities around *achieving outcomes* such as saving cost (Horan & Vernon, 2003; Klaas, 2008) and creating more value (Cooke, 2006; Ulrich & Grochowski, 2012) and then finally factors where *individuals' behaviour* in the organisation affects the organisation (Kehoe et al., 2020; Marchington, 2015; McDermott et al., 2015).

We have summarised the different types of influences and the effect that these have upon how HR organises in Figure 6.





**Figure 6 Summary of influences derived from the literature**

### 3.5..1 Contingency theory

At first glance, contingency theory would seem to be a useful model for explaining organisations' choices for how their HR function is organised.

Contingency theory presents organisations as rational objects from which prescriptive designs are dictated by various contingencies. Prescriptive designs are predominantly focused on structure, the goal being 'fit' with the identified contingency, such as the external environment (Burns and Stalker, 1961; Lawrence and Lorsch, 1967), strategy (Chandler, 1990; Miles and Snow, 1978), or technology (Woodward, 1965).

Ulrich et al. (2008) stated that "as a business within a business, the HR organisation should be structured to reflect the structure of the larger business. Business organisations align with the strategies of the business they support, and HR should follow suit" (p. 830). As we have seen, he described three different ways of organising HR and described these as being contingent on the wider organisational structure. Although never specifically referencing contingency theory as the theoretical explanation it was presented as being deterministic. More recently, we can see the presentation of an HR operating strategy, as

argued by McMackin and Heffernan (2021), as being influenced by HR strategy and organisational strategy.

Ulrich et al. (2008) argued that organisations with an Allied/Diversified structure would best be suited to a Shared Services organisation, a single/functional organisation structure to a Corporate HR organisation. and a Holding company should have dedicated HR functions in each business (as explained in more detail in Chapter 2.1). McMackin and Heffernan (2021) did not present alternative models but described how an evolution in organisational strategy, had an effect on HR strategy and thus how HR needed to operate.

The appropriateness of contingency theory as an adequate explanation for the organisation of HR is challenged by the dominance of the Ulrich model. Ulrich et al. (2008) argued that this dominance was as a result of the majority of US organisation structuring at the time of writing having an allied/diversified organisational structure. This would be challenged by the knowledge that organisational structures have most definitely evolved, now favouring 'new approaches to organizing, utilizing a more diverse and fluctuating composition of workers in multiple work modes, collaborating inside and outside the organization, with varied skills and differentiated human capital, and inevitably, establishing different employment relationships and (sub)cultures that are continually evolving' (Snell et al., 2023) or as McMackin and Heffernan (2021) describe, more agile structures. Ulrich and Ingham (2016) even presented an evolution of the models recognising that organisational structures have evolved but these evolved structures for HR have had no reference in academic papers other than where they were introduced. If organisational structures have evolved why is it that the Ulrich model narrative still dominates?

### **3.5..2 Institutional theory**

An alternative explanation could be that the choices of how to organise HR are driven by the need to obtain legitimacy within a particular institutional environment. In this case we would argue organisations adopting the Ulrich model did so because it gave HR functions a sense of 'legitimacy' in the

profession, and could therefore be explained using institutional theory. This was important for HR as it had struggled to gain the recognition and place in the organisation that it felt it deserved (Legge, 1978; Vosburgh, 2007).

Institutional theory emerged in the 1970s as a response to the more rational and prescriptive contingency theories. Institutional theory recognised that things tend towards homogeneity because of social influence. Meyer and Rowan (1977) introduced the concept of isomorphism to explain the homogeneity of the formal structures of organisations to conform to the requirements of external environments for legitimacy. The requirements for legitimacy for the HR function, however, were more likely to be coming from inside the organisation from shareholders and senior leaders, due to the mandates to become a more value-adding but cost-effective function.

Evidence can also be seen in the literature of external influences such as 'fads and trends' in relation to the adoption of outsourcing (Klaas, 2008) which would align with the concept of 'mimicry' (DiMaggio & Powell, 1983) and the idea that mimetic isomorphism occurs when organisations model themselves on other organisations in the organisational field, which are perceived to be successful and legitimate (DiMaggio & Powell, 1983). There is evidence in the context of HR that HR departments would tend towards similar solutions in the same sector, e.g. Public sector (Kessler et al., 1999); McCracken & McIvor, 2013; Paauwe & Boselie, 2004 cited in Truss, 2009) indicating the presence of mimetic isomorphism. Further evidence of this can be found in the work of Tremblay et al. (2008) who identified that, in making the decision to outsource, many organisations would benchmark themselves against other organisations; however, this was inferred by research focused on the Canadian HR outsourcing market. Klaas (2008) however, challenged this by finding no reliance upon competitors when making outsourcing decisions, although this argument was not derived from empirical research.

DiMaggio and Powell (1983) also argued for two further external pressures that organisations experience: coercive and normative pressures. Coercive isomorphism results from both formal and informal pressures exerted on

organisations by other organisations, shaped by cultural expectations in the society within which they operate (DiMaggio & Powell, 1983). Organisations can receive these pressures as force, persuasion, or invitation to join in collusion (Meyer & Rowan, 1977). They are referred to as coercive forces and are mainly, 'embedded in regulatory processes, which can manifest themselves in different forms, and differ in their degree of enforcement' (Paauwe & Boselie, 2004). Cunningham (2010), in the context of voluntary organisations, found that relationships with the State dictated standards in HRM practices and in particular how particular pressure in the area of training and development meant that training departments had moved towards a degree of uniformity in their training infrastructure (Cunningham, 2010, p. 197). This indicates a presence of 'coercive isomorphism' influencing certain HRM practices which then influence the organisation of training in the function.

Normative isomorphism is pressure stemming from professionalisation, which in this context would be the HR profession. These refer to norms that come in particular from education and training and professional networks (DiMaggio & Powell, 1983).

Although not the result of empirical research, anecdotal evidence in practice supports the role of institutional isomorphism. Typologies such as those developed by Ulrich (1997) have become normative and implemented by organisations regardless of industry and size. The HRBP role has become the 'title of choice for ambitious HR practitioners' (Francis & Keegan 2006), with some HR professionals recognising it as a 'fad' (McCracken & McIvor, 2013). Professional institutions encourage normative behaviour, particularly with the publication of generic and context-independent competency frameworks such as those they have published for many HR roles (Lawson & Limbrick, 1996).

Examining the organisation of HR through the lens of institutional theory explains the effect of external factors on the organisation of HR and why organisations tend towards the adoption of similar structures and forms (Greenwood et al., 2017). However, the existing literature indicates that there are differences in how organisations are organising their HR function, which can be seen through the

different types of shared service arrangements (Farndale et al., 2009) and what HR activities organisations outsource (Lepak & Snell, 1998) and it also indicates the presence of choice to pursue certain strategies such as cost-reduction. This would indicate an inadequacy of institutional theory alone, in providing a complete explanation for the organisation of the HR function. Therefore this thesis moves on to examine additional theoretical explanations in the form of strategic choice theory, to combine with institutional theory to provide a more thorough explanation for how HR is organising.

### **3.5..3 Strategic choice theory**

Similarly, to the above, strategic choice theory would appear to provide a suitable explanation for why organisations demonstrate differences in how they organise HR in practice.

Strategic choice theory emerged as a corrective view, that an organisation's design and structure is determined by their operational contingencies (Child, 1997). Strategic choice theory adopts a 'non-deterministic' perspective (Child, 1997) and recognises a relationship between agency and structure.

Strategic choice theory (Child, 1997) posits that leaders of the organisation who are referred to as the 'dominant coalition' as part of a political process, make decisions about structure (Child, 1997). As with many of these organisational theories, they were positioned at the level of analysis at an organisational level, rather than exploring functions within an organisation and they focused on structure and not broader elements of organising; however, it can be argued that many of the concepts can still be applied at a functional level.

Strategic choice theory (Child, 1997) describes how the 'dominant coalition' makes their decisions to achieve certain 'targets'. The HR organisation literature demonstrates that how HR was organising was in many cases to achieve some specific outcomes such as cost-reduction (Horan & Vernon, 2003; Klaas, 2008) or to develop a more strategic (Bainbridge, 2015) or value-adding orientation (Cooke, 2006; Ulrich & Grochowski, 2012).

Strategic choice theorists do, however, recognise that choice is often 'constrained', and that one of the areas of constraint is factors that they define as 'an organisation's environment', such as size, technology and ownership (Child, 1997). These types of constraint would not adequately describe the external factors that have been identified as of an institutional nature, as seen in the literature, that seemingly effect the organisation of HR. They would, however, account for some of the internal organisational influences that we saw evidence of, such as organisational structure, as described above (Ulrich et al., 2008). Klaas (2008) argued for patterns in organisations based on a relationship between outsourcing and the size of the organisation; however, his work was conceptual as he was theorising about the future of outsourcing in small and large organisations. Farndale et al. (2009) also demonstrated the effect of strategic choice to implement technology in shared services and, although drawing on the theory of institutional logics (Paauwe, 2004, cited in Farndale et al., 2009, pp. 194-195), demonstrated the effect that this decision had on the professional logics (level of quality of the HR service) and service delivery logics (the ways HR can be delivered) (Farndale et al., 2009).

Another constraint that the 'dominant coalition' experience is 'action-determinism' (Whittington, 1988, cited in Child, 1997), the idea being that they select actions that are based on in-built preferences and information processing systems. Child (1997) cites Spender, 1989 who showed that manager in particular industries may share a common set of strategic recipes or assumptions as to the priorities and actions appropriate to performing well in their industry which can inhibit innovative responses. This could be an alternative plausible explanation for what has been previously described above as being caused by isomorphic 'mimicry'.

Combining strategic choice theory (Child, 1997) with institutional influences (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) provides a seemingly more accurate explanation of how HR organises, recognising that it is a process of strategic choice, driven by achievement of certain targets or objectives and constrained not only by 'environment' factors and their 'cognitive' processes but also some external institutional factors.

However, the area that these combined theories do not adequately explain is what we have seen in the literature which identifies the effect that line managers and HRBPs' behaviour has on how HR organises, particularly line managers' willingness to perform people management activities and use of technology, particularly self-service. The literature also highlights the emergence of informal organisation design elements resulting from individual's relationships and their development into informal structures (Mukherjee, 2015; Tichy et al., 1979). With this as part of the rationale, it is argued that it is therefore also appropriate to consider systems theory to explain the way HR organises, alongside institutional theory and strategic choice theory as influences that shape the organisation of HR.

#### **3.5..4 Systems Theory**

Systems theory recognised the 'interdependence of organisational elements and the reality that all organisation functions and activities are conducted in the context of broader systems which can inform, shape and sometimes even determine behaviour' (Von Bertalanffy, 1968 cited in Harney & Lee, 2022). Systems theory also recognises that 'organisations operate under both external and internal constraints and there are multiple social systems within the organisation's internal environment' (Heffernan et al., 2021 cited in Harney & Lee, 2022).

Although as we have seen to date the exploration of the organisation of HR has not been holistic and more focused on the parts themselves rather than the sum of the parts, we can see the effect of a broader system on the organisation of HR. We have seen the effect of external and internal constraints as described above and employees, line managers, HR leaders and HRBPs and the businesses they support, all of whom influencing the organisation of HR social systems within the organisation.

Certain tenets of systems theory start to resonate with the field of organising HR and help to explain and theorise it, with however, the limited literature on offer. It is valuable to highlight here, that a systems view has been more extensively

applied within the context of HRM and the study of HR practices, with the work of Delaney and Huselid (1996) as an example which has already been acknowledged as a more researched and theorised area of HR research and at an organisational level (Burns & Stalker, 1961; Nadler & Tushman, 1980).

Drawing upon systems theory we are able to explain the effect of context on the organisation of HR and also the effect on individual behaviour as part of a sub-system. This agency influence which challenges the formality of the intended way of organising (for example by line managers not using self-service), systems theorists acknowledge this informality and agency in organisation (Harney & Lee, 2022). Systems theory also emphasises the idea that there exists 'equifinality' in organisations, the idea that 'there are multiple, equally effective ways of meeting the same desired outcome' (Harney & Lee, 2022). We have seen some evidence of this in the way that organisations adopt different ways of organising shared services and outsource different activities or devolve different activities to the line, but there has been an absence of research evaluating these different options in achieving the same desired outcome. Instead the literature and research has focused on evaluating the element of organisation at a higher level (i.e. how effective e-HRM is in reducing costs or increasing effectiveness (Parry, 2011)).

There has also been some indication from criticisms of the Ulrich model that would indicate that the organisation of HR would better be researched thinking about it as a system with interrelated elements that affect one another (Katz & Kahn, 1966, cited in Harney & Lee, 2022, p. 4). As earlier discussed, there has been a focus upon looking at the individual elements of the organisation of HR and criticism of roles within HR, such as HRBPs having a 'silo mentality', 'challenges joining up local initiatives with corporate ones', 'unclear interfaces between experts and HRBPs', 'fragmented service centre provision', 'challenges with balancing control and standardisation with also the need to flex to internal customer needs' (Hird et al. 2010 cited in Sparrow et al., 2010, p. 34-38).

It seems that systems theory starts to become more appropriate when we consider the environment in which organisations are operating today and we see evidence of this in McMackin and Heffernan's (2021) argument that HR needs to



move towards an agile model. Systems theory recognises the complexity that organisations experience when operating in an open system (Harney & Lee, 2022).

### **3.6 Chapter summary**

In this chapter the existing literature has been reviewed to establish what is known from the academic literature about how HR is organised and what is influencing its organisation. It has been established that there is limited literature that examines the whole organisation of HR, particularly literature based upon empirical research. The majority of literature in the area is focused on elements of the design, and the most empirical research has been undertaken examining outsourcing and line manager devolvement.

We can see that there is no dominant theoretical underpinning in the literature which explains the organisation of HR. TCE and RBV are referred to in relation to shared services and outsourcing to explain the rationales for their adoption, focused upon adding value to an organisation and cost-efficiency but these theories are not adequate in explaining what leads to the HR organisation.

Institutional and contingent theories have been evaluated as possible explanations for the Ulrich model has dominance (Ulrich et al., 2008). But with the knowledge that there do seem to be differences in how HR organises, influenced by external and internal factors, it is suggested that it would be more appropriate to apply systems theory and see the organisation of HR as a system, influenced through institutional pressures and a process of strategic choice.

With the limited literature in this area and particularly the lack of any empirically derived theory to explain the organisation of HR, it is felt that this provides a strong justification to undertake this research. The author poses the research questions below which would enable readers to better understand how HR is actually implemented and adopted in organisations through the gathering of empirical data, examining it as a whole and doing so by identifying what is

influencing the organisation of HR to enable the contribution of an empirically derived theoretical explanation of the phenomenon.

### **3.7 Research questions**

As already mentioned in the section above the literature that describes the organisation of HR has been critically analysed. As demonstrated, this literature is limited. What does exist is dominated by one author and the form of organisation proposed was not a result of empirical research that examined the different organisations of HR, but was based upon empirical research looking at HR competencies and roles. It also did not provide a theoretical explanation of why organisations were formed in the manner that they are.

The additional literature that was examined to build knowledge and understanding was that which focused on specific elements of how HR was organised. The main purpose of much of this research was to examine the effectiveness of these forms of organising, particularly about helping HR become more effective or value-adding. Therefore, it was weak in examining different organisational forms and the factors influencing them.

This academic empirical research is designed to address this existing gap in academic research and provide a theoretical explanation for how HR organises by answering the following questions:

1. How does HR organise in practice?
2. Do organisations share common features that come together as an Ulrich model or an adaptation of the Ulrich model?
3. What are the factors that influence the organisation of HR and how can we explain how HR organises?

The next chapter describes the approach that was undertaken for the research and data analysis.

## 4 Research Design and Methods

### 4.1 Chapter introduction

This section of the document describes the philosophy underpinning this research and the approach that was taken for gathering data and undertaking analysis.

This is summarised in Table 7 to demonstrate that the method used ‘fits’ the project’s purpose, that theoretical assumptions, research question and methods are in alignment, and that the overall research design is coherent, which is argued to be important when undertaking empirical research especially when there are many different research methods and data analysis approaches in existence (Willig, 2013 cited in Clarke & Braun, 2017). This will be described in more detail in the sections below.

**Table 7 Summary of Research approach**

<b>Research Questions:</b>					
<ol style="list-style-type: none"> <li>1. How does HR organise in practice?</li> <li>2. Do organisations share common features that come together as an Ulrich model or an adaptation of the Ulrich model?</li> <li>3. What are the factors that influence the organisation of HR and how can we explain how HR organises?</li> </ol>					
<b>Ontology</b>	<b>Epistemology</b>	<b>Research Philosophy</b>	<b>Research Approach</b>	<b>Research Method</b>	<b>Data Analysis</b>
Subjective	Subjective	Interpretivist	Inductive	Qualitative	Thematic and Template Analysis

## **4.2 Research Philosophy**

In academic research, the main types of philosophical perspectives are positivism (and post-positivism), interpretivism or social constructivism, and realism (Al-Ababneh, 2020). A researcher's methodology is influenced by their ontological and epistemological positioning, which influences their philosophical position.

### **4.2..1 Ontology**

Ontology is a researcher's view of reality. There are three main ontologies: constructionist, subjectivist, and objectivist. According to Al-Ababneh (2020), objectivism means that meaning and meaningful reality exists as such and apart from the operation of any consciousness (Crotty, 1998), and it represents "the position that social entities exist in reality external to social actors" (Saunders, Lewis & Thornhill, 2019, p. 110). Constructionism refers to the meaning that comes into existence in and out of human engagement with the realities in the world due to there is no truth waiting to discover it as well no meaning without a mind. This view supports that subject and object emerge as partners in the generation of meaning. Finally, subjectivism refers to the idea that meaning comes from anything but the object to which it is ascribed; the object itself makes no contribution to the meaning that is imposed on the object by the subject (Crotty, 1998 cited in Al-Ababneh, 2020). In the opinion of this researcher, the phenomenon being researched, i.e. the organisation of HR, does not exist independently of social entities, and it is not an object that can be studied. To understand this phenomenon requires data to be gathered from participants who work in an organisation and experience how HR is organised. This exists through their subjectivity and how they describe it based upon their personal experience. Therefore, the researcher aligns with a subjectivist ontology.

### **4.2..2 Epistemology**

Epistemology is concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible and how we can ensure that they are both adequate and legitimate. Similarly to ontology, knowledge can be subjective or objective. Researching how HR is organised cannot be objectively measured. To understand the phenomenon it is necessary to understand structures, roles, behaviour and perceptions, but these cannot be objectively observed and require subjective understanding from the researcher or organisational participants. This also pertains to understanding what is influencing the organisation of HR, the complexity of an organisation and its environment. It is perceived by the researcher that these influencing factors cannot be objectively observed, they can only be understood through the subjectivity of organisational actors, and it is for this reason that this research has a subjective epistemology.

### **4.2..3 Interpretivism**

A philosophical perspective describes the philosophical stance a researcher takes, thinking about the development of knowledge, informing and determining the research methodology (Crotty, 1998). There are typically four types of research philosophies referred to: positivism, interpretivism, realism and pragmatism (Saunders et al., 2009). Ontologically and epistemologically aligning with subjectivism, lends this study to be philosophically aligned with interpretivism.

An interpretivist philosophical stance looks for culturally derived and historically situated interpretations of the social lifeworld (Al-Ababneh, 2020), whereas the positivist approach follows the methods of natural sciences by purporting value-free, detached observation, identifying universal characteristics that provide explanation and consequently predictability and control (Crotty, 1998). The interpretivist philosophy develops knowledge differently by focusing on a subjective and descriptive method to deal with complicated situations rather than an objective and statistical method (Pather & Remenyi, 2005). The interpretivist

philosophy looks to the social world of business and management science as too complex to be treated as a physical science, purporting that its complexity would be lost if it was reduced to law-like generalisations. Interpretivist philosophy views the situation in each business as unique (Al-Ababneh, 2020).

It would not be appropriate for the study of the organisation of HR to be undertaken through a positivist philosophical lens unless it was believed that it, and what influences it, could be observable without social actors. A research methodology informed by an interpretivist philosophy would allow qualitative, descriptive data to be gathered from organisations and analysed in a way that would recognise the complexity and differences that might emerge and would allow the gathering of 'rich and subjective' data (Al-Ababneh, 2020). It also facilitates the development of theory, which is important as this area of HR research is under-theorised and it is necessary to be able to understand and explain what is leading to the organisation of HR.

### **4.3 Data Collection & Analysis**

#### **4.3.1 Sampling**

Undertaking research informed by an interpretivist philosophy naturally leads the researcher to use qualitative data collection methods. An alternative would be to collect quantitative data. This may have been appropriate to understand how HR was organised had there been a more extensive literature with pre-existing and measurable concepts that could have been utilised or if the research had been focused on understanding the prevalence of the Ulrich model without wanting to identify any variation. However, because it sought to understand how HR is organised based upon a limited literature as well as understanding the influencing factors, qualitative data was perceived to be more appropriate.

Before collecting data for the final study, a pilot study was undertaken. The intention was originally to undertake case studies with multiple interviewees in a

small number of organisations. Therefore, the pilot study involved interviewing 14 respondents in one organisation. Five interviews were conducted with 'practitioners' (those regarded as experts or leaders within the function) who were HR Directors and nine with 'subjects' (those who worked within areas of HR (Smith & Elger, 2012).

This approach is valuable as it provides access to the viewpoint of several participants in the organisation; however, the disadvantage of this approach for this research is that it reduced the number of organisations that could be included in the sample. One of the findings from undertaking the pilot was that within an organisation there is only a limited number of respondents who can speak holistically about the way HR is organised. Therefore, it was felt that to better answer the research questions (to explore how HR was organised and what was influencing this organisation) it would be advantageous to have a larger sample of organisations and to speak to fewer people within each organisation ensuring that those in the sample had knowledge to describe the holistic organisation of HR.

Therefore, for the final study, the researcher used interviews across multiple organisations to gather the data. This approach meant that the researcher only had one interviewee per organisation, but had a larger sample. This was important for answering the research questions, in particular to be able to compare how HR was organised in different organisations and to have a broad understanding of influencing factors.

The sample was identified through the researcher's network including a post on LinkedIn that asked to "interview senior HR professionals who could talk holistically about how HR operates in their organisation" and by sending an email to two contacts who subsequently reached out to their network to request participants. (The email is included in Appendix A).

This type of sampling is commonly known as probability sampling (Saunders et al., 2009). For this research, respondents needed to have knowledge of the organisation of HR. The sample also needed to be representative of

organisations from across a number of sectors, industries and sizes of organisation to be able to best answer the research questions. The sample was adjusted part way through, which is common practice, to include smaller and younger organisations in order to provide more insight (Corley, 2015, p. 603).

Thirty-two organisations responded to the request, with 33 senior HR professionals acting as 'key informants' from different organisations providing the data collection population. Depending upon the organisation, these were either Chief People Officers (CPOs) who had responsibility for the whole organisation; HR Directors (HRDs) who were responsible for a division or subsidiary within a large organisation, or Head of People in smaller organisations. Two individuals were responsible for leading the transformation of the function, so were responsible for designing and changing the way the function would operate.

The disadvantage of undertaking interviews using this approach was that there was only one respondent per case organisation, and it relied on the perspective of one individual, but as already mentioned the pilot highlighted there are very few people in an organisation that have oversight and can talk to the organisation of HR holistically.

A table in Appendix C shows a breakdown of the organisations in the sample by industry, size of the organisation and size of the HR function.

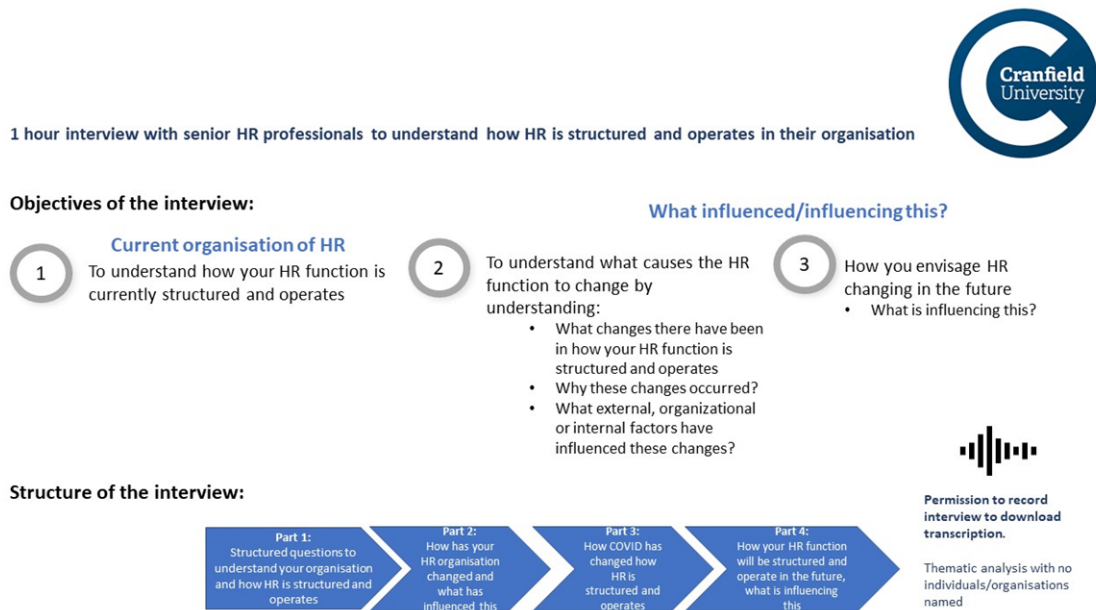
#### **4.3..2 Interview design**

Semi-structured interviews were chosen as the method of gathering data. Semi-structured interviews lie between structured interviews which are "highly formalised and structured", using standardised questions for each research participant (often called a respondent), and unstructured interviews which are "informal and unstructured conversations" (Saunders et al., 2009, p. 318). Semi-structured interviews allowed for some pattern of questions that would be asked of each participant, supported by an interview protocol (included in Appendix B) that had been tested and refined during a pilot phase, but also had the flexibility to explore what the respondent said in greater detail if clarification was required



or it was perceived to be valuable in understanding how HR was organised and what influenced it.

The interview was designed to answer two of the research questions directly (How does HR operate in practice and what are the factors that influence the organisation) and to enable analysis to be undertaken to answer the second research question about the extent to which it represents the Ulrich model or an adaptation of the Ulrich model. At the start of the interview, the interviewer shared with the interviewee the objective and high-level structure of the interview. This information was added to the interview protocol based on feedback from the interviewees in the pilot who suggested it would be helpful to understand at the start of the interview the structure of the interview and what the interviewer wanted to obtain from the interviews.



**Figure 7 Interview design**

The interviews were one hour long and took place either on Zoom or MS Teams as video interviews due to remote working practices in place in the National Lockdown during the COVID-19 pandemic.

The interview had four parts to it. Firstly, to understand how HR was organised, secondly to understand how this had evolved during the interviewee's tenure and what had influenced the changes and then thirdly to understand how they thought it might look in the future and what was driving these changes. As the interviews were taking place during the COVID-19 pandemic it also felt appropriate, where time permitted, to explore the impact that the pandemic had had on the HR.

During the first part of the interview, the interviewer used an interview protocol that listed different elements of the model, built using knowledge from the literature review, as prompts to help elicit an understanding of how HR was organised. This protocol can be found in Appendix B. Respondents could choose an appropriate answer or offer their own. As the interviews progressed and the interviewer became more comfortable with the contents of the protocol the order in which questions were asked became much more fluid, which was useful to do at the start of the interview in order to 'break the ice' with the respondent and establish a rapport.

The main part of the interview focused on the questions that asked the interviewee to describe how their HR function had evolved during their tenure and what had influenced this and also how it was likely to evolve in the future and why.

Time was one of the challenges in the interviews, particularly within the 60mins, to give equal weight to understanding how HR was organised and the influencing factors. As the interviews progressed and the interviewer became more proficient there came a point where sufficient information had been gleaned to understand how HR was organised which enabled the focus to switch to trying to understand what influenced it. This was aided by the questions asking them to describe how it had evolved in their tenure and also how they thought that it would evolve in the future. On reflection, longer interviews or the option of having follow-up interviews after the first interview and initial transcription or after listening to the recording would have been beneficial. This would have allowed for points to be clarified or expanded upon to further probe into the relationships between the

factors and the organisation of HR to test that it had been interpreted correctly or to ask for more detail about the influencing factors.

### **4.3..3 Data analysis**

The first stage of the data analysis was to transcribe the recorded interviews. An advantage of using Zoom and MS Teams to record the interviews is that an automatic transcript can be downloaded from the software and is available almost immediately after the interview has finished. It was then necessary to validate the transcripts against the recording to ensure that they were correct; this is a significantly quicker process than transcribing them from scratch.

These interview transcripts were saved as a pdf document and they were uploaded into NVivo for analysis.

#### **4.3..3.1 Data analysis approach**

Bryman and Burgess (2002) highlight the challenges with qualitative research, particularly data analysis and the tension that has existed in the literature between 'methods' and 'methodology' when undertaking a qualitative approach. (p. 2). They quote Bechhofer (1994) who describes qualitative social research as "messy" and they argue that it cannot be reduced to a particular technique nor to set stages, but rather that a dynamic process is involved which links together problems, theories and methods (Bryman & Burgess, 2002, p. 2).

There are, however, common methodologies and methods to support researchers in this process. Thematic analysis (TA) (Braun & Clarke, 2006) was selected as a methodology to guide the analysis of data in this study. TA is a method of identifying, analysing, and interpreting patterns of meaning with qualitative data (Braun & Clarke, 2006). Template analysis (Brooks & King, 2014) is a method of thematically organising and analysing qualitative data.

Having chosen a subjective, qualitative approach to study this phenomenon and what is influencing how HR is organised, TA was felt to be appropriate because

of its focus on patterns in the data that would help to establish themes that would describe how HR was organising and what was influencing it (Braun & Clarke, 2006). Template analysis (Brooks & King, 2014) would allow these themes to be organised using a coding template.

There were other methods available to the researcher that were considered but dismissed. Interpretive Phenomenological Analysis (IPA) and Grounded Theory were other such qualitative data analysis methods (Braun & Clarke, 2006). However, the researcher perceived IPA as unsuitable because of its alignment to phenomenology and Grounded Theory was also rejected as this research had research that had already been informed by a literature review and a research question that had been defined prior to data collection upon which the research design and the approach to data gathering had been based.

TA identifies patterns in the data and is defined as theoretically flexible which means that it can align with an interpretivist philosophy. Its theoretical freedom signals it is a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex, account of data (Braun & Clarke, 2006, p. 78). It also advocates an organic approach to coding and theme development (Braun & Clarke, 2006) which suits the inductive approach.

The inductive approach uses detailed readings of raw data to derive concepts and themes (Thomas, 2006, p. 238, cited in Azungah, 2018), in comparison to a deductive approach that uses concepts predefined from the literature or pre-existing frameworks. Template analysis (Brooks & King, 2014) however, promote the use of a priori themes. These are initial themes derived from the literature which in this case were informed by the dominant Ulrich model literature which the researcher sought to examine organisations against. This approach was appropriate because it also allowed for the emergence of other themes that were relevant to the research questions and the capture of other themes and patterned responses or meaning within the data set. Researcher judgement was of course necessary to determine what was a theme; however, there was caution used so as not to code to the researcher's analytical pre-conceptions (Braun & Clarke, 2006, p. 82).

The coding sought to identify features beyond the semantic content of the data, and to identify or examine the underlying ideas, assumptions, and conceptualizations/ideologies that are theorised as shaping or informing the semantic content of the data. According to Braun and Clarke (2006) this latent TA involves interpretative work, and the analysis that is produced is not just description, but is already theorised (p. 84).

The codes that represent the themes derived from the data analysis are represented in figures eight, nine and eleven in section 4.3.3.2 below and they form the structure of sections 5 and 6 the findings chapters. There were additional codes that were identified in the data analysis that represented additional themes in the data but the decision was made by the researcher not to present these in this paper. This was because these were uncommon themes, that is they were not reported by a number of recipients or the data from which they were derived was not provided as a “thick or rich. Thick data is a lot of data; rich data is many-layered, intricate, detailed, nuanced, and more” (Fusch & Ness, 2015, p. 1409).

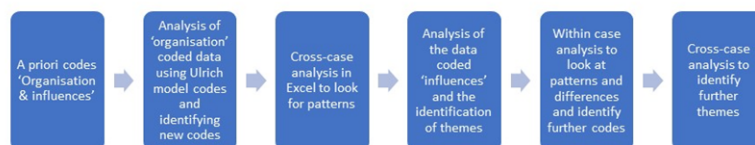
Further to this, the description of the qualitative findings has been chosen to be presented as primarily qualitative data and not as quantitative data, that is, other than some themes such as the high-level model where we report how many of each high-level model exist, there has not been a focus on quantifying how many organisations were organised with specific elements. Presenting qualitative data in a quantitative manner is often used where ‘writers want to present the most prevailing or frequently occurring theme in their data and then address deviations from the “mean”, it is useful when trying to show convergence and divergence in a group experiencing the same event (Sandelowski, 1998, p.380). However, this was deemed as not the most appropriate manner of presenting this data. This was primarily because it was important in this study not to simply reinforce seemingly best practices or fads. The presentation of data describing how many organisations were organised by ‘pools of HR business partners’ might encourage the reader to think that this is the way that their organisation should operate and in doing so would dilute other findings that organisation of HR should

be context specific. Therefore, it was decided that by exception the number of respondents with a particular code or theme would be reported but in the main more generic terminology such as ‘majority’ or ‘several’ would be used to convey the identification and inclusion of the theme.

In addition, it would have not demonstrated rigour to present the findings about what influences the organisation of HR using quantitative terms. This is because the interview questions asking about what influenced the organisation of HR were designed as ‘open’ questions, enabling the respondents to describe how their HR organisation had changed and what they thought had influenced this. We did not ask every interviewee about the effect of *all* the identified influences on their HR organisation.

#### 4.3..3.2 Data analysis process

Figure 8 describes the process that data analysis followed. This broadly follows the TA-defined approach which proposes following a six phased approach. This is described as: phase one which involves familiarising oneself with the data through transcription, phase two - generating initial codes, phase three - identifying initial themes, phase four - reviewing the themes, phase five - naming the themes and phase six - writing the report (Braun & Clarke, 2006, p. 87).



**Figure 8 Data analysis process**

Two a priori codes based upon the research questions were utilised in the first level coding these were: 'organised' to answer the element of the research question that was focused upon understanding how HR was organised and then 'influences' to respond to the part of the question that was focused on understanding what influenced the design of HR. Use of a priori codes is a common practice in preliminary coding (Brooks & King, 2014). Each line of data in the transcript was analysed to identify whether the respondent was describing how HR was organised or describing how it came to be that way.

Following this, a further set of second level codes was developed for the data that had been coded 'organised'.

These second level codes consisted partly of a priori codes that came from the literature representing different elements of the Ulrich model, such as: shared services, centres of expertise, Corporate HR, Embedded HR and BFHR. A priori themes can be very useful in accelerating the initial coding phase of analysis, which can often be rather time consuming (Brooks & King, 2014). When the transcripts were reviewed for a second time the data was analysed to identify where respondents were talking about one of the Ulrich concepts when describing how HR was organised or where they identified a new concept. This is a feature of inductive analysis which is described as a recursive process that involves moving back and forth between data analysis and the literature to make meaning out of emerging concepts (Neeley & Dumas, 2016). Had only the concepts derived from the Ulrich model been utilised this would have followed a more deductive approach but it also would have meant that this study wouldn't have been able to realise the advantage of inductive reason which is to allow the "findings to arise directly from the analysis of the raw data, not from a priori expectations or models" (Thomas, 2006 cited in Azungah, 2018, p. 391). A purely deductive approach to analysing how HR was organised would not allow for the identification of codes and themes that represent ways of organising that have not to date been identified by the literature.

First level coding	Second level coding
'organised'	COE Corporate HR Shared Services Operational Executor Embedded HR N – business doing HR N – corp transformation N – double-hatting N – front-line training N – gigs N – HR operations N – other countries N – outsourcing N – property N – change management N – group N – ER N – payroll N – tech

Ulrich et al.,  
2008

**Figure 9 First and second level coding of how HR is organised**

With identification of codes that describe how HR was organised, further analysis was undertaken in MS Excel. The purpose of this analysis was to be able to compare cases and look for patterns in the organisation of HR. To enable this, it was first necessary to build a detailed understanding of how each of the cases has organised HR. This was done using TA within the second level codes which identified additional themes such as whether shared services were on-shore, off-shore, part of Global Business Services (GBS) etc. As referred to by Bernard, 1998 (cited in Miles & Huberman, 1994) being able to describe something means “making complicated things understandable by reducing them to their component parts” (Bernard, 1998, p. 90). It was necessary to understand the component parts of each of the cases to then be able to look across the cases and look for patterns in the component parts. Figure 10 below describes the different elements that were analysed as part of the cross-case analysis.



Organisation Context	Organisation Model	HR organisation	Leadership	Shared services	Embedded HR	Operations	Specialists	Other
Industry Size Size of HR Ownership	Description of organisation model	High level description of HR organisation	Role title Reporting Group/Corporate Role description	Part of a wider business services or just HR On-shore Off-shore No shared services Part of HR or another function HR Advisory	Reports into HR or business Strategic	Business aligned Operational HR BPs/Administrators Project Managers/ Delivery	Centralised Specialists as part of the business People not in HR responsible for HR activities Location of ER Change Management Training	Automation and Technology Line Manager Involvement Other roles/responsibilities Ways of Working Outsourcing

**Figure 10 Excel With-in Case and Cross-Case analysis**

On completion of the analysis of the data coded to 'organised', analysis took place of the data classified as 'influences'. TA identified second level codes and patterns in the influences, identifying that some came from outside the organisation, some from within HR and some from the wider organisation. Third level codes were assigned under each of these to describe themes that were emerging from within these second order codes.

First level coding	Second level coding	Third level coding
Influences	External Influences	Industry Benchmarks/ratios Ulrich Legislation/Regulation Politics Societal Events Unionisation
	Organisational Influences	Ownership Strategy Structure Operating Geography Centralisation/Decentralisation Size Proximity to the business
	HR Influences	Role of HR People Strategy Technology Business Perception HR Capability HR Capacity HR Career Development
	Agency/Stakeholder	HR leader behaviour HR team behaviour Line manager

**Figure 11 First and second level coding on factors influencing the organisation of HR**

When data saturation was reached, i.e. when it was felt that no further code could be identified, a final stage of cross-case analysis was undertaken to look for and validate themes that had emerged during the previous stages. As touched upon in later stages of this thesis, data saturation is achieved when “no new codes can be developed, no new themes are identified” (Guest et al., 2006).

Cross Case analysis
Ulrich No shared services (bus/geog) Generalist
Heterogeneity Continuous Evolution System

**Figure 12 Final thematic analysis**

#### **4.3..4 Research Quality & Integrity**

The typical measures of research quality in quantitative research (validity, reliability and empirical generalisability) are not applicable to qualitative research. Instead the quality or “trustworthiness” of a qualitative study is measured through rigour (thoroughness and appropriateness of the use of research methods), credibility (meaningful, well presented findings) and relevance (utility of findings) (Kitto, Chesters & Grbich, 2008).

Four criteria have been defined and come to be accepted by qualitative researchers in pursuit of a trustworthy study (Guba, 1981 cited in Shenton, 2004). These criteria are: credibility (in preference to internal validity); transferability (in preference to external validity/generalisability); dependability (in preference to reliability); and confirmability (in preference to objectivity) Guba, 1981 cited in Shenton, 2004). How this study has addressed each of these criteria will now be demonstrated.

According to Merriam, credibility deals with the question “How congruent are the findings with reality?” (Merriam cited in Shenton, 2004). Shenton (2004) suggests that there are multiple ways that researchers can enhance the credibility of their study some of these include, adopting well established research methods; developing familiarity with the culture of the participating organisations; random sampling of individuals to be informants; using triangulation of data sources or multiple respondents. He also notes that there are things that can be done when gathering data to increase credibility such as: doing things to encourage honesty

in informants like building rapport and using iterative questioning to help uncover any lies. During an analysis stage he suggests undertaking negative case analysis, providing thick detailed description of the phenomena under scrutiny, examining previous research findings to assess the degree to which the projects results are congruent with those of past studies and encourages member checking (asking participants to verify the researcher's findings). Throughout the process he says that researchers must ensure that regular de-briefing sessions occur between themselves and their supervisors, so that there is peer scrutiny of the research project and the researcher takes the opportunity for reflective commentary (Shenton, 2004).

As a study it is not possible to incorporate all of the above techniques to improve the credibility of the research; however, research methods were chosen that were typical of a qualitative research study and, aligned with the research philosophy, participants voluntarily engaged with the research by accepting the email or social media request to participate. At the start of the interview the researcher ensured a rapport was built with the interviewee by describing how the interview would proceed and giving the opportunity for the interviewee to ask any questions and introduce themselves. The background of the interviewer with experience in HR transformation, also gave the interviewer credibility with the respondents. Several respondents asked whether the interviewer was familiar with models such as the Ulrich model, which the interviewer was and this enabled them to talk with greater complexity and depth and render unnecessary the simplification of their explanations. Where you are unable to develop the trust of the interviewee, or perhaps where your credibility is seen to be lacking, the value of the information given may also be limited, raising doubts about its validity and reliability (Shenton, 2004).

Finally, the findings were discussed in relation to previous work that had been undertaken in the area, both academically and practically, and it demonstrated congruence. The researcher also had regular reviews with a research panel and supervisory panel. Further techniques to enhance credibility could have been in the form of peer coding of interview transcripts and greater triangulation of

research methods, for example, also collecting documents that describe the organisation of HR or observation.

The second criteria that qualitative research needs to address to demonstrate its quality is transferability. This is the extent to which its findings can be applied to other situations (Shenton, 2004). It is argued that the large sample size of 33 organisations would suggest it is likely that the findings would be transferable to the study of the organisation of HR more broadly. It is not certain however that these findings would be transferable to other parts of the organisation, such as understanding and explaining the organisation of finance or marketing.

The third criteria a study must address to demonstrate its quality is dependability. Dependability is similar to the positivist concept of reliability (Shenton, 2004, p. 71), i.e. if the same work were repeated in the same context, with the same methods then similar results would be obtained (Shenton, 2004). To best ensure this a detailed description of the research design and how it was executed, including providing an interview protocol has been included.

Finally, researchers must be able to demonstrate confirmability to increase the trustworthiness of their qualitative research. According to Shenton (2004) this is comparable to the positivists' concern regarding objectivity; steps must be taken to ensure that the work's findings are the result of the experiences and ideas of the informants, rather than the characteristics and preferences of the researcher. To reduce the likelihood of interviewer bias, open questions were asked and the interviews were semi-structured so that respondents had the possibility to provide thick description. During analysis only a few a priori codes were used and the majority of the codes were allowed to emerge from TA of the data.

Data saturation in the study was perceived to be realised when all interviewee respondents had been interviewed and when additional organisational interviewees had been sought to ensure that there was a sufficiently representative sample. This is acknowledged as one of the factors that can influence data quality, the personal lens through which an interviewer approaches research can mean that they are less likely to realise when data is saturated

(Fusch & Ness, 2015). Each interviewee was asked the same semi-structured questions, which is necessary to achieve some level of data saturation (Fusch & Ness, 2015). It is difficult to say whether, had further interviews been undertaken, no new codes would have been developed, and no new themes identified as per Guest et al.'s (2006) definition of data saturation. Additional interviews may have identified additional codes because of the identification of the theme of 'heterogeneity' in the design of HR organisations; however, these additional codes are likely to have reinforced the identified themes and simply provided a 'thicker' description of that already provided (Fusch & Ness, 2015). The researcher felt comfortable that they had obtained a sufficiently large and representative sample and when analysis was being undertaken no new codes were emerging from this dataset.

#### **4.3..5 Research Ethics**

There are five considerations that must be given to research to ensure that it is ethical. These are as follows: informed and voluntary consent; confidentiality of information shared; anonymity of research participants; beneficence or no harm to participants; and reciprocity (Halai, 2006). How each of these is addressed in the conduct of the research is now considered.

The interview sample was gathered via an email and social media post using the researcher's network, and participants voluntarily agreed to be involved in the research. At the start of the interviews, participants were asked for their permission for the session to be recorded and were assured that their responses would remain anonymous with no quotes attributed to specific organisations or individuals and organisations would not be named in the final report. This was important for several of the interviewees who expressed that they were participating in the research as themselves and not as representatives of their organisation, and this facilitated greater access to their knowledge as anonymity meant that they were less inhibited and spoke more freely.

During the thesis write-up interview transcripts have been stored securely on the researcher's PC and within NVivo software. Upon submission of this thesis the transcripts will be anonymised and deleted from NVivo and securely stored and the original interview recordings will be destroyed.

This research also obtained ethical approval through the university's Ethics approval process.

#### **4.4 Chapter summary**

This chapter describes the researcher's ontological, epistemological, and philosophical position, to justify the interpretivist research approach that has been designed to undertake this empirical study.

It describes how qualitative subjective data was gathered, using semi-structured interviews from a sample of organisations that were obtained through the researcher's network.

Data was analysed drawing upon TA and template analysis, initially starting with some a priori codes and then allowing themes and codes to subsequently emerge from the data.

## **5 Findings: How is HR organised?**

### **5.1 Chapter introduction**

This chapter presents the findings following the analysis of the data. It is structured into two sections. The first section presents the findings about the elements used to describe how HR is organised. The second section describes what was found about what appears to be influencing how HR is organising. The presentation of these findings is structured around the five roles and responsibilities that Ulrich et al. (2008) described, and within this there are sub-sections describing the related elements and presenting additional themes. It is structured in this way, with familiar roles and responsibilities, to make it easier for the reader to understand the findings.

### **5.2 How is HR organising?**

#### **5.2.1 What describes the organisation of HR?**

It was found that when respondents described how HR organised, they spoke about structure and location of HR activities, the different roles, and responsibilities, the use of technology, the role of line managers and employees and other parts of the organisation, how technology was used and how HR worked internally and with other parts of the organisation. Table 8 details how these were described in more detail.



**Table 8 What are the elements of how HR organises?**

High level element describing the HR organisation	Detailed elements describing HR organisation
Structure	CPO/HRD/Head of HR reporting lines  CPO/HRD/Head of HR direct reports  Business/Geography HR team reporting lines  Type of reporting line (solid/dotted)  Centralisation/decentralisation of teams
Location	Physical location of different HR resources  Use of outsourcing/external providers
Roles and responsibilities within HR	Leader (CPO, HRD, Head if HR)  Strategic roles  Specialist roles  Generalist roles (Advisory, Administration, project management/consultancy)  Double hatting  Who is supporting leaders, managers, employees
Roles and responsibilities of line managers	Use of technology to perform HR activities  Line manager people management capability
Roles and responsibilities of employees/other parts of the organisation	Use of technology to perform HR activities
Technology	Type of HR system  Automation  Self-service  Reporting capability  How technology supports different areas of HR
Relationships and Ways of Working	Within HR  With HR and the business  Governance and Decision-Making

When describing the structure, respondents described where the CPO or Head of HR reported into, and which roles reported into the CPO/Head of HR. They also described if there were teams supporting the business or geography, whether these teams were part of HR or part of the business/geography team and reporting lines for the heads of these teams. They also described these reporting lines as 'solid' or 'dotted' reporting lines. The different parts of the organisation delivering HR activities were also described according to how centralised they were within the wider organisation, decentralised into the various business/geographies, which in a couple of cases was described as 'federated', or where there was a combination of centralisation and decentralisation, which respondents described as a matrix or 'hybrid'. Increasingly, they also referred to 'squads' or 'pools' of resources.

*“So we've got the business facing HR team and that is with solid reporting lines into me but also with dotted reporting lines into the business.”*

**CPO, Technology, Mid-sized**

*“We are taking opportunities to centralise, minimise, reduce admin, etc. and so we have recently – maybe it's a year ago now – we have brought together what used to be called our people advisors, which used to be our people admin – so the people admin teams that were aligned to our people partners – they're now in a pool – so they work as one centralised team and the work comes in and the work goes out.”*

**Head of Organisation Design, Retail, Large sized**

*“It is kind of a federated organisational set up and so federated will be one of the themes that underpins our conversation as to why HR is set up the way it is.”*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid-sized**

When describing where HR was located, at the time of the interviews HR teams and the majority of organisations were working from home because it was during the COVID-19 lockdown. So they described the normal physical location of the HR team, which office or region they were located in if it was predominantly a UK

operation, or of which country if it was a multi-national or global organisation. When describing SSCs they also described if activities were 'off-shored' or if they were using external providers or outsourcers.

*“So the shared services team were located in Basingstoke, which was the head office. The corporate functions business partnering role was located there obviously, because most of the corporate functions were within Basingstoke. The role supporting the two biggest businesses, which within the XX are the roadside business which is Breakdown and the Insurance business, which is covering all of the... mainly the Financial Services side of the business; one role was based in Basingstoke and one role was based up north, but only because the incumbent happened to be up north; those roles would normally be based where the people were and both of those business leads sat in Basingstoke, so those roles were there.”*

***Chief Human Resource Officer, Automotive Services, Mid-sized***

When describing roles and responsibilities of the HR teams, roles were described across three different dimensions: strategic or operational, specialist, or generalist. Within generalist, administrative, advisory and project management roles were described. A number of different specialisms were described such as: Change Management; Communications; Diversity and Inclusion; Payroll; Employee Relations; Strategic Workforce Planning; Well-being; Organisational Development; Mobility; Reward; Talent Acquisition/Recruitment; Talent Management and Data Analytics. There were also some less common HR activities referred to such as Property/Workplace Management; Travel Management and also a couple of organisations were leading on wider business transformations.

*“With the generalists I have in the business around the globe, what we also get them doing is they report in to their division so they are part of the function and part of the business – so part of the division and they are obviously servicing the business unit, but they are also part of the country – so on top of it, we have a soft structure that is country based, where, e.g., all the German HR people, who*

*sit across nine divisions, and so there's nine different generalists in Germany with their own teams, they meet each other regularly across German issues as well."*

***Group HR Director, Manufacturing, Large sized***

*"We've created... is much more specialist teams embedded that are local – so if you go to the HR community in the tech team, you wouldn't know they were the HR people, you'd think they were the technologists. They just have to be specialist in recruiting especially as, you know, the IT lead runs all my systems, my internal processes, and she sits at the moment in the IT leadership team and is as capable as any of the other IT leaders about her knowledge of the systems and infrastructure, and she also happens to understand HR engagement..."*

***Chief People & Culture Officer, Utilities, Large sized***

*"Our guy in Egypt performs a dual role because his region is not very big and he has huge capacity and enthusiasm – and so he's got a bit of a CEO role as well – so you should see that as a half generalist and half CEO role..."*

***Chief Human Resource Officer, Chemicals, Mid-sized***

Respondents also described the involvement of other parts of the organisation, specifically line managers performing people management activities and the extent to which they performed activities using self-service, with a particular focus on their people management capabilities. There were also references to the extent to which employees performed activities using technology. Respondents also spoke about the involvement of the wider organisation either taking lead roles in certain activities such as Diversity and Inclusion or Well-being or supporting on administrative activities.

*"We have partners who lead on things, so for instance; we have a partner who is the lead on well-being and so she works closely with me – we have a partner who works on D&I and she also works with me – so there are bits, but it's bringing all those bits together..."*

***Head of HR, Professional Services, Mid-sized***

*“We have an EA who helps us at the moment.”*

**Head of HR, Professional Services, Small Business**

*“So we’ve put in, for example, the new benefits admin portal and so employees can just go in now and that’s all self-service now – we don’t have anything to do with that. And then other stuff such as the sort of leavers, movers and joiners process isn’t automated – well it is automated in that HR can use it, but line managers can’t...”*

**Chief People Officer, Technology, Mid-sized**

Respondents also described how they used technology. They did not go into detail about all the areas of HR that were supported by technology, but they described the type of HR system that they had and referred to how it was used at a high level and how effective it was. More frequently respondents described how they use technology to automate HR activities and gather data in the HR systems to facilitate reporting.

*“We use Iris Cascade ...: we use it for: On-boarding; recruitment; everybody’s personal files are on there; we use it to upload any documents such as review forms; we use it to build workflows – so allocating new-joiners to the right groups; we use it for reporting on our stats.”*

**Head of HR, Professional Services, Small Business**

*“So we use Workday and Workday is a global system – and so we have people in the centre who configure and run Workday and our processes that we run off of Workday. So, performance management, talent; we do a number of other things with regards to surveys through Workday, we do feedback through Workday – we don’t have compensation on there yet, but that’s one of the six, then there’s absence management – so all of those programs are on from central resource and then they are administered out in the regions...”*

**Chief Human Resources Officer, Professional Services, Mid-sized**

Respondents also described ways of working in HR and with other parts of the organisation. They described the type of behaviour that HR displayed or needed to display and how they worked internally within HR and with the businesses they supported, and also there was limited reference to governance and how decisions were made.

*“You have to absolutely have the right behavioural framework going on within your HR function – so you have to be deeply collaborative and interested, and think about the implication of a decision for the people around you and if in doubt, communicate and talk to them.”*

**Group HR Director, Manufacturing, Large sized**

*“So we try to build that relationship where they can help us design it – but then we create it and then we help them implement it”* (talking about relationship between the business HR team and the COE).

**Chief Human Resources Officer, Professional Services, Mid-sized**

*“The other thing is around governance – So if we have a policy change for example, I have a route, including a number of partners and functional leaders that I use to meet on a roughly monthly basis to talk through key HR issues and to agree changes in policy for example – and so I think yes, things like that kind of governance – and then we’ve got an inclusion committee and we’ve got different recruiting affinity groups; so LGBT plus ethnic minority different groups – and we have representatives in an inclusion committee and we’ve got individuals that we’ve trained up called Inclusion Advocates and they’re in the business. We’ve got mental health first-aiders sitting out in the business. So the arms and reach of HR is kind of going beyond the structure of this and into individuals as well...”*

**Head of HR, Professional Services, Mid-sized**

These elements were used to analyse the organisation and identify if there were patterns in how HR was organising. Please see section 5.3 for details.

## 5.2..2 How HR leadership is organised

All organisations had HR leadership. The main difference between the organisations was whether they operated as a Corporate HR function, or as a Group HR function with a single HR leader in the role of a CPO or Head of HR.

The majority of organisations referred to how HR decisions were made and the extent to which the function had ownership of the entire HR budget, ownership of HR strategy, and core processes and systems.

In 17 organisations they had what they described as a Group HR function. These functions often had employees within them that required support from other Group functions.

*“I have four regions right now; North America, LAC, EMEA and APAC and then we have a Group centre. And the Group looks after all the functional areas as well as commercial, IT etc., from a group perspective. So really, it’s like five business areas that we look after and those HR functions again, very much sit within country or within region.”*

**Chief Human Resources Officer, Professional Services, Mid-sized**

Group HR typically has its own budget.

*“There is a central budget for Group HR, which is where I sit, and that rolls up to our Group HR Director.”*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid-size**

In some of the organisations, because of this, the Group function is getting smaller.

*“Actually our Group is getting smaller and therefore, the dynamic is shifting somewhat – so the luxury of a sort of pure Group team or Group only team outside of the UK team is not one that is genuinely affordable – not if you’re a low-margin retailer...”*

**Head of Organisation Design, Retail, Large sized**

Group HR functions typically created fewer global policies and procedures and in a minority of organisations where these did exist they were not mandatory to utilise and governed more using soft power and expectation.

*“They run us as a small number of core processes. So we have a common sort of what is essentially a contributory share plan that's run globally, although we administer it locally. For talent review – so for succession to the most senior roles – there's a process for that. And then there are a small number of procedures that we have to implement; so things like having to advertise all roles internally.”*

**Executive Vice President, Construction, Mid-sized**

*“The Group operate Workday as an HRS and there's an expectation for us to move on to Workday, because for all of the shared data, shared ways of working etc. etc. that will come from that, but that's then a decision for the board because obviously Workday is not cheap systems go onto.”*

**Chief Human Resource Officer, Media, Small Business**

In a minority of organisations, there was the expectation that utilising Group services would come at a cost.

*“That's a resource I can tap into. They have training programs. So leadership development programs that I can choose to pay for their consultants, Okay, to come and deliver those, um, and, but it's a choice, but there is a certain amount of ‘are you sure’ you know, that might come with those questions so you know.”*

**Chief Human Resource Officer, Media, Small Business**

Eleven organisations had Corporate HR teams. In these organisations the CPO reported directly to the CEO in most cases and owned an organisation-wide people strategy.



The role of the CPO differed from those organisations that had a group function by having full budget control and the CPOs in these organisations were more influential across the business. One CPO still described his role as one of an “integrator”; however, in this organisation HR was still reporting into the Purchasing Director.

Those leading the function spoke in their interviews as having more autonomy and influence in comparison to organisations where they were part of a group function or had decentralised HRDs reporting directly into the business. They spoke about “I did this.....”, “I’ve driven this”... “I have.....”.

As one Corporate CPO of a decentralised organisation described his role:

*“I spent a lot of time during my tenure there trying to kind of dance on the head of a needle as it were to, yes, try and get them to have more area responsibility but to also recognise that they ultimately had one company, one set of Ts&Cs that we had to operate together on – so what that required was, even if they were not going to have a really strong centralised decision process, there had to be a collegial decision-making process amongst the eight local HR Directors. So I spent time corralling them together and my job was evolving from telling them what to do to making sure none of them ever went rogue, and trying to hold them all together – so there was a lot of mentoring and cajoling involved...”*

***Group HR Director, Rail Infrastructure, Large sized***

### **5.2..3 How shared services are organised**

Twenty-four of the organisations in the sample had shared services; there were eight organisations in the sample that had no shared services. These findings will therefore focus on the former.

#### **5.2..3.1 Structure and location of shared services**

Organisations that had shared services had centralised activities and resources into one central team.

*“We have brought together what used to be called our people advisors, which used to be our people admin – so the people admin teams that were aligned to our people partners – they’re now in a pool – so they work as one centralised team and the work comes in and the work goes out”*

**Head of Organisation Design, Retail, Large sized**

These shared services were mostly (15) located on-shore, off-shore (four) or a combination of both on- and off-shore (two).

*“We outsource some of our back-office to India, which I think is a terrible thing and I am going to bring it back at some point. Our training administration type activities are in India and some of our recruitment back-end, back office is out there...”*

**Chief People & Culture Officer, Utility, Large sized**

In some organisations part of the organisation might be centralised but other parts might be done differently

*“North America has probably gone more into a shared services model and probably more like the full org model, right? – so they have a group of people who are doing transactional for the country and they have a hotline and that sort of thing.”*

**Chief Human Resources Officer, Professional Services, Mid-sized**

In eight organisations the shared services operation was part of a wider business services organisation and not part of HR.

*“We had an off-shore team for this – so essentially where this team sat was in the service centres for the group because, when you create a service centre, and it was a true service service-centre model, or rather an off-shore self-service centre model where you have a number of operational activities, repeatable*

*activities that needed to be done, which you then, instead of doing them on shore, you do them off-shore, but that activity would be done across the different areas, not just for HR, but across all parts of the bank – so even from a frontline business facing perspective, the Ops teams that are managing the payments processing, the risk checking and the sanction screening – and all those kind of activities – and that's where in the centre is where the other HR off-shore teams are sitting as well, but obviously HR would be one functional team that had different activities in those off-shore teams...”*

**Global HR Transformation Lead, Financial Services, Large sized**

### **5.2..3.2 Scope of services**

It was found that there were differences in the scope of the services that are supported within the HR shared services team. Some organisations put as much activity as they could into shared services.

*“When we did our transformation and created, I guess, a classical version of a shared service and when we did it, it took about 45% of the functions’ resource because we put just about everything we could think of in it from, obviously, all the tier-0 stuff but then all the way up to tier-2 complex case resolution – learning and development in there, recruitment in there, disciplines, grievances, everything.”*

**Chief People Officer, Manufacturing, Large sized**

Other organisations focused upon repeatable, transactional activity.

*“Shared services team are managing transactional, repetitive low value queries, things that people still need an answer to.”*

**Chief Human Resource Officer, Automotive Services, Mid-sized**

A couple of organisations had just centralised one area of HR such as analytics or recruitment activities.

*“We've started to create a small number of roles in our Delhi office – to use things like LinkedIn and mine LinkedIn and find candidates that way – and so you could do that kind of work from there – and then individuals in our team or another office would then make contact with those individuals to take that forward...”*

**Head of HR, Professional Services, Mid-sized**

It was found that in five organisations the Employee Relations (ER) activity resided in the SSC alongside other transactional work. In other organisations it sat as a specialist team or within the business HR team or business HR roles.

*“There was a Payroll team, Joiners and Leavers team, Pensions, Rewards team etc. So all the kind of key processes – and then there was a separate team to deal with all the disciplinary matters and grievances...”*

**Head of HR, Professional Services, Small Business**

*“So there was a separate team who were managing grievances and disciplinary in particular – so for example, we had an employee who was transitioning, so was transgender – so that case management would typically handle those types of sensitive things – but within shared service, they would handle the more admin/payroll etc., stuff and obviously with Workday coming in, there is quite a lot of interrogation of data you can do, e.g., days holiday taken – so those questions were coming into HR and not into Workday...”*

**HR Director, Non departmental Government Body, Mid-sized**

### **5.2..3.3 Internal structure and ways of working**

In some HR SSCs they organised resources around process area; in other shared services teams they organise them by employee life cycle and in one SSC the teams were multi-skilled.

*“We built multi-functional teams of three or four in a team who were all able to handle everything – so they could handle employment, low level employment*

*queries, they could handle administration, they could onboard people, they could build out contracts and issue contracts and offer letters. Multi-skilled, multifunctional to make sure that we had a team of people that could deal with any query that came in...”*

***Chief Human Resource Officer, Automotive Services, Mid-sized***

A minority of organisations described having an internal structure that was tiered, where enquiries would be triaged and passed through the organisation depending upon the nature of the enquiry.

*“Somebody from triage would pick it up as a query, which would typically be like a central mailbox that would typically sit off-shore – they would then triage it and, depending on the nature of the query, it would then either be managed – so if was truly obscure, it would be managed by somebody off-shore – but let's say if it's a slightly more specialized requirement, then it would then go to ER but it would then go to the relevant team, which would typically be sitting onshore...”*

***Global HR Transformation Lead, Financial Services, Large sized***

In two organisations HR Operations was also part of the SSC; this was the part of HR responsible for the HR system and operational processes.

*“Shared services and operations is coming together – we launched the first part of that service at the beginning of this year – so 1st January – so we are 11 days in.”*

***EMEA HR lead, Pharmaceuticals, Mid-sized***

#### **5.2..3.4 Technology and accessing services**

A number of organisations described how employees contacted the SSC to access their services.

A minority of organisations described using telephony, more organisations described using email and case management system.

*“The HR inbox and so they would come through to one mailbox and then get carved out from there.”*

**Chief Human Resource Officer, Professional Services, Mid-sized**

*“There's a portal and we have a case management system – so basically what they do is they'll raise a ticket on that and then someone will get back to them and they can also phone through if they want to...”*

**Executive Vice President, Construction, Mid-sized**

A minority of organisations described using chatbots and software that helps support end-users to be able to perform self-service transactions or find the information they require.

*“Live-Chat and there is another one with WalkMe, which is a service signposting that sits on top of all the others and so is not a proper channel in that sense...”*

**Global Head of HR and Service Delivery, Financial Services, Large sized**

## **5.2..4 How Embedded/Business HR is organised**

### **5.2..4.1 Structure and alignment**

Twenty-eight organisations spoke about how these resources were aligned to business/geographies.

Sixteen described themselves as being aligned to the business or a division.

*“Chief People Officer (CPO) for each business unit and we've got five business units. So each unit has a CPO who is responsible for whatever that business needs from a people strategy – they own the strategy and they leverage the strong centres of expertise and centres of excellence so we don't end up with multiple versions of the same thing.”*

**Chief People & Culture Officer, Utilities, Large sized**

Eleven organisations described themselves as being aligned geographically either globally, regionally or to countries.

*“I was the first global HRBP that they ever hired. So previously the HR team was very regional – it was done by country and by region and they didn't have HRBPs that we're looking at it from a global point of view and supporting the executive team from a global point of view and really kind of trying to coordinate throughout, all the way down from the top, all the way through the regions, through the countries etc., – so that was kind of starting to be built out when I first got here...”*

**Senior HR Business Partner, Technology, Mid-sized**

One organisation described itself as aligned to missions, i.e. the strategic priorities of the organisation, with a floating pool.

*“They are aligned to the key missions within the society and then there are specific pieces underneath that where there is a bit of a floating pool as well...”*

**Director People, Growth and Performance, Financial Services, Large sized**

Five organisations described their embedded resources supporting multiple businesses or geographies.

*“Well there's more than that – so you've got... the manufacturing is the one that remains only one function because manufacturing represents half the business and in terms of number of people – so I haven't yet worked out a way to make that one more cross-functional. But the guy who is the engineering lead also has quality and design and has purchasing, and so he has a chunk of functions. The commercial one is corporate and commercial – so that has the commercial function, sales and marketing but also has finance, has HR and has strategy, so those kind of classic core functions in there. So those two big jobs now have cross-functional responsibility...”*

**Chief People Officer, Manufacturing, Large sized**

#### **5.2.4.2 Reporting and reporting lines**

It was found that in some organisations Embedded HR roles had solid/primary reporting lines to the HR leader or the business leader. Often this was supported by a dotted reporting line to another leader. Nine organisations spoke about a primary reporting line into a business leader.

*“I have a good working relationship with the regional HRDs to be honest – they know that they have a business to support and I expect them to do that – but they also know that there's a functional responsibility and we talk as a team, every two weeks – so it's good because I just treat them as my direct reports anyway – they are a dotted line into me and a solid line into their regional CEO...”*

**Chief Human Resources Officer, Professional services, Mid-sized**

Five organisations had their solid reporting line into HR.

*“We've got the business-facing HR team and that is with solid reporting lines into me but also with dotted reporting lines into the business.”*

**Chief People Officer, Technology, Mid-sized**

#### **5.2..4.3 Roles and responsibilities**

In some organisation the role of the embedded HR resources was described as being more strategic, others more operational, some focused on ER and advice to employees and others a combination of all of these activities.

*“Business partnering (HRMs) – so their roles could be anything from implementing things, making sure kind of business as usual cycles such as pay review happen, appraisals happen, but could also be dealing with e.g., grievances and discipline, could be dealing with transformational change projects, a lot of coaching and guidance about how to handle people situations – so quite varied roles.”*

**Head of HR, Professional Services, Mid-sized**



In several organisations there was a team of HR people supporting a business and members of the team would have different roles based upon seniority.

*“Senior HR business partner and a small team in each of the operating units. So the senior HR business partner sits as part of the operating unit leadership team. So the solid line direct reporting line is into me and the dotted line reporting is into the managing director of that unit and most of them have then, depending on the size of the unit, two or three. So the structure, we have a senior HR business partner, an HR business partner and associate HR business partner and most of the units are big enough to have all three of those and sometimes more than that. So our biggest unit has an HR team of about eight or nine, but it's servicing an employee base of probably about 1500 and that also has a whole population of operatives. So again, from an ER perspective, there's quite high draw all the time...”*

***Executive Vice President, Construction, Mid-sized***

The most senior Strategic HRBPs in the majority of organisations were supporting the senior business leadership teams. Ten organisations referred to their embedded HR resources, which varied in title from CPO to HRD to HR VP to HRBP to Talent Partner performing strategic activities.

*“Business partnering population would be the most senior HR people in the organisation and hence fewer in number, because the idea is that the business partners would be right at the table with the business folks and develop the strategy and obviously they would guide the implementation of it, or at least provide an oversight on the strategy implementation.”*

***Global HR Transformation Lead, Financial Services, Large sized***

Three organisations described their embedded HR roles as also having specialist capabilities similar to that which would be found in a COE.

*“I had, but now everyone has got a double-hat apart from one person who is the Change Director because the amount of change we are pushing is phenomenal and so everybody else is double-hatting...”*

***HR Director, Telecoms, Large sized***

#### **5.2..4.4 Relationships and ways of working**

A majority of respondents spoke about the importance of the relationships in how HR organises; a number spoke about the relationship that the HR leader had with the CFO.

*“I think the other thing, which is often talked about and underestimated, is the relationship between the CEO and the CFO”.*

***Chief People Officer, Technology, Mid-sized***

Also mentioned was the relationship between the HR team (particularly the embedded business aligned HR team) and their business. One respondent, when evaluating the overall model for organising, pulled out personalities and relationships as being an important element.

*“Such a lot of it is determined not just by the type of organisation you are but by the personalities of the individuals and most of that for me is how good people are at building relationships.”*

***Group People Director, Utilities, Mid-sized***

Another referred to how, if they didn't build good relationships, they did not stay in the role long.

*“I usually mean people leaving the business. So we've had probably... we've had at least three or four HR business partners in the last five years that have left us because they haven't developed credibility, they haven't managed to develop relationships, they haven't firmly grasped the business.”*

***Executive Vice President, Construction, Mid-sized***

Several respondents also spoke about the importance of the relationship between the HR leader and the business or country HR leaders, particularly when HR is organised so that these businesses have a lot of autonomy.

*“I have a good working relationship with the regional HRDs to be honest – they know that they have a business to support and I expect them to do that – but they also know that there's a functional responsibility and we talk as a team, every two weeks – so it's good because I just treat them as my direct reports anyway – they are a dotted line into me and a solid line into their regional CEO...”*

**Chief Human Resources Officer, Professional Services, Mid-sized**

A minority of organisations that had centralised specialists also spoke about the relationship with the embedded HR team and the specialists and a tension that can exist between these two teams, particularly when the specialists design programmes or policies that the embedded HR teams do not see as appropriate for their business which they are responsible for rolling out and potentially have to pay for.

*“Regional HRDs on behalf of their regional MDs were almost going through the budget with a fine comb and saying ‘we don't want to pay for that, we don't want to pay for that’ etc., and we said ‘ok, that's fine, we'll take them out of the budget – how are you going to get that done?’”*

**Group HR Director, Non-departmental Public Sector, Large sized**

An additional theme that can be seen in a minority of organisations is around the culture that can be created or reinforced by the way the HRBP or embedded HR team operates. In one organisation the respondent described how the role of the embedded HR professional can create a culture of co-dependency that means that the HR leader depends on them to perform activities that they should perform themselves and this affects the role they play.

*“We're not so comfortable with including this idea of co-dependency – so those relationships amongst the generalists that go deep into the organisation that creates co-dependency and blocks the leader from taking up their role – it inhibits leaders taking up their role, but it's also not a very efficient way of operating, and that hampers our ability to be able to add value in our business because we're not aligning our people to the highest value work as efficiently as we would like.”*

*Head of People & Organisation, Financial Services, Mid-sized*

A minority of respondents also spoke about HRBPs starting to use data in their role and the positive effect that this had on their performance.

*“I find that the HR business partners are too nice and not robust enough on some of this stuff. But when you give them data and say ‘well if you can't fix it, actually, you're no good to me as an HR business partner’ – so you start using data to drive performance...”*

*Chief People & Culture Officer, Energy, Large sized*

## **5.2..5 How Centres of Expertise/Specialist capabilities are organised**

### **5.2..5.1 Structure and location of specialist capability**

The findings demonstrate that specialist capability is located at different levels of the organisation. In 13 organisations specialist capabilities were centralised across the whole organisation at the highest level but the majority of organisations had specialist capabilities that sat both centrally and locally in specific businesses or geographies. No organisations only had capability locally.

*“So, typically, in bigger geographies, what you would have is you would have those teams, because let's say for example, the geographies for us are the UK and Hong Kong – so that's where because there is a sufficient number of people in those geographies, at a geography level, they would have their own talent teams, but also, you would have talent teams facing off to the business, but ultimately functionally, they would always at some level roll up to the global talent team.”*

**Global HR Transformation Lead, Financial Services, Large sized**

*“Three COEs who are embedded in X; two COEs that are dotted line that effectively come from the Group.”*

**HR Director, Telecoms, Large sized**

Capabilities differed in the COEs, including how capabilities were grouped together. In one organisation, Pensions and Systems were together, in other organisations Pensions was part of Reward. Organisations also named similar capabilities differently. For example, in one organisation they referred to Talent Acquisition, another called it Recruitment. Some organisations had Talent and Capability and this included Learning and Development, others had Learning & Development separately. Global Mobility sometimes sat within the Global Reward team. There were also some more emergent capabilities such as Analytics and Real Estate.

*“Employee Experience function, which brings in both Real Estate; again, completely centralised – that is something we plan on behalf of the businesses.”*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid-sized**

The capability most likely to be found globally was the Reward specialist capability and programmes such as global share plans. The capability most likely to be found locally related to recruitment or learning.

*“So global head of recruitment and global head of reward and benefits. So that's where they are now, kind of sitting globally, trying to look at best practice but they don't necessarily have reporting lines in the global team and have a few extra resources, but it's about sharing best practice, trying to get consistency, trying to get a procurement in terms of cost efficiencies in decisions on things.”*

**Head of HR, Professional Services, Mid-sized**

Some specialist capabilities could be found outside of HR reporting in other parts of the organisation. These specialist capabilities tended to be D&I, Culture and Communications. In these organisations D&I and Culture reported directly into the CEO.

*“So Diversity and Inclusion reports directly into the CEO, led by a dedicated diversity and inclusion leader – and so it sits outside but works alongside HR...”*

**Director International HR Director, Technology, Large sized**

*“So internal and external comms is one woman in Singapore. Until the turn of the year, she reported into HR – she now reports into (before I joined), into the Chief Digital and Sustainability officer, which is a new role, but she has a dotted line into me so she joins my regular team calls – and she also owns Culture – so she has Communications and Culture...”*

**Chief Human Resource Officer, Chemicals, Mid-sized**

Some specialist capabilities were outsourced. Non-administrative outsourced specialist capabilities tended to be associated with Legal Advice; Recruitment Activity; Global Mobility; Disciplinary and Grievance.

*“Also one or two of the COEs – none of them were completely outsourced but some of them used outsourced third parties to do what they did – so an obvious one was the pensions and rewards team – they had a number of providers who they would draw upon but the key kind of intellectual firepower was still in-house...”*

**Group HR Director, Non-departmental Public Sector, Large sized**

*“There is only one, (I’m not sure if this is relevant) there is only one employment lawyer – and so in Europe, we have access to expert HR and we have the Legal Service attached to that.”*

**EMEA HR lead, Technology, Mid-sized**

### **5.2..5.2 Combining specialist capabilities**

In some organisations Embedded HR roles were ‘double-hatting’ and also performing specialist HR roles; leading in a specialist area of HR such as ER policy or Well-being alongside their strategic responsibilities.

*“Up until now, my business partners have also taken a lead role in each of the COE areas; so e.g., the performance, well-being, D&I etc.”*

***HR Director, Telecoms, Large sized***

Organisations also choose to combine different specialist capabilities when building their COEs. The findings demonstrated how in one organisation HR Systems can be found with HR Operations or in another organisation within Reward; Reward and Benefits can be grouped together or separate; Talent can be one team or can be split into Talent Acquisition and Talent Development or Learning and Development; Payroll can be in HR Operations or outside; Training can be part of Learning and Development or stand-alone and HR data, acknowledged as a newer capability can sit on its own, be part of Compensation and Benefits, with the HR system management or as part of the shared services.

*“HR measurement role in which service level agreements of HR with the business and KPIs managing and measuring the people metrics across the business – some companies are even developing that into a role of HR COO – so a kind of, an HR chief operator sort of role – others tuck it under Comp and Bens, and others put it under HRIS or systems and shared services.”*

***Chief Human Resource Officer, Automotive Services, Mid-sized***

In some organisations, interviewees referred to ‘non core’ HR activities sitting within HR. These activities referred to as this were: Property, Travel Management and Corporate Transformation.

*“Group health and safety and well-being and then the property piece, I mean we do call them non-core HR functions and it makes sense to say that it's not out of disrespect or anything – in every organisation I've worked for, these functions*

*don't have an ownership – sometimes they're reporting into finance, sometimes reporting into shared services, sometimes it's all the non-core activities having like a board member or someone ultimately, you know, looking after them.”*

*Global Head of HR, Telecoms, Large sized*

### **5.2..5.3 The role of Centres of Expertise**

The majority of COEs were described as doing 'design' work. Where specialist capability existed locally this was described as being design and delivery. In a minority of central and local specialist teams administrative activities were still being performed.

*“It is a COE that is the core design but a lot of delivery sits in our CFU (Customer Facing Unit) – because it is so complicated.”*

*HR Director, Telecoms, Large sized*

A couple of organisations referred to their specialist capabilities as working as “communities of practice” and being deployed onto “gigs” which were projects that they would work on temporarily as required.

*“Moving from almost a quite, kind of traditional centre of excellence to the creation of communities and practices, which the cynical side of me would say is not that different – we've just called them different things. So within that change, we've said that that – again we are working through this, there's a bit of a 'we need more specialists', but we also need people to be multi-skilled to work in lots of different areas.”*

*Director People, Growth and Performance, Financial Services, Large sized*

In two organisations the Specialists had been given integration roles. In one organisation they were responsible for strategy through to service delivery

*“COEs have end-to-end accountability for delivery but also create that strategy in-service role that works across the matrix in terms of how the resources are allocated.”*



**Chief People Officer, Manufacturing, Large sized**

In another organisation the specialisms reported into two Client Experience Directors alongside Embedded HR roles and the SSC so that one person could have overall accountability.

*“7.2 faces off into the office functions and 7.5 largely faces off into our channels, stores and distribution, etc., functions – so those two roles have a combination of both central teams and partnering teams, and that's how we've created that split – so in 7.2, that's designed the structure and filled the structure – so you've got OD and Resourcing sitting next to each other and then the Office Central PBPs – and then in Manage Colleague Experience there – sorry, in 7.5 Colleague Experience, that's where we've got the teams that support things like moving, health and wellness, colleagues support and colleague relations, and then the partnering teams that work with the MDS in the channels.”*

**Head of Organisation Design, Retail, Large sized**

In a majority of organisations the role of a COE was the provision of specialist expertise that they delivered in the form of processes and tools to the business HR teams to then implement in their businesses; this would ensure some sort of consistency and “glue”.

*“The COEs produce a whole series of useful tools that are simple and easy to use so the local HR teams do not have to go, ‘I need to be really good at reward management’ and ‘I need to be really good at the end-to-end process’ – just follow the end-to-end process.”*

**Chief People & Culture Officer, Utilities, Large sized**

In other organisations there was a more “pull” type of relationship where the consultants in the business would pull on the specialist skills. In one organisation they had not divided responsibilities into design and delivery, so the COEs retained overall end-to-end accountability.

*“If, for example, the strategic component was related to talent or to talent acquisition, so hiring, etc., they would then link in with the specialist teams or their counterparts in those specialist teams – so at a country level or at a business line level, they would link in with the talent specialists, because the consultants are not specialists, they are not experts in the subject matter.”*

**Chief People & Culture Officer, Financial Services, Large sized**

### **5.2..6 How the role of Operational Executors is organised**

Ulrich et al. (2008) defined Operational Executors as those who pick up operational work that is not done by the service centre and should not be done by strategic HRBPs, such as, casework, operational tasks such as setting up interviews, analysis, and reporting such as within the compensation review, delivering initiatives. Only two organisations did not provide any evidence for this type of operational/delivery role in their HR model.

The majority of organisations had junior HRBPs/HR Managers/HR Administrators performing this role aligned to businesses or countries supporting the HRBPs.

*“Technically locally, these people have a local HR business partner supporting them but when it comes to things like talent, performance, calibration, then it kind of rolls up to my level...the local people have more or less an operational remit – so they can okay payroll, access issues, getting badges, ordering laptops – stuff that you would want someone to support you with – but not necessarily global talent reviews or learning programs or global coaching, engagement etc., so something that is more than just the local...”*

**Global HR Transformation Lead, Financial Services, Large sized**

*“Then you've got senior HR Business Leaders who are based on sites and then they have their local teams to manage the local requirements – so you've got your sort of operational HR business partner teams in the countries.”*

**UK Head of HR Transformation & Digital, Aeronautical Engineering, Large sized**

Five organisations did not have junior HRBPs but had instead 'pooled' delivery resources into teams that supported across geography or business. Two organisations had both junior resources aligned to the business/geography and pooled delivery resources.

*"There's dedicated resource and they are provided to senior leaders, then there's more what I would call almost ad hoc resource and there was a particular kind of restructuring or OD program going on and you might want to put someone on that for a longer time..."*

***Director People, Growth and Performance, Financial Services, Large sized***

*"We will now have people who are skilled consultants who are available to work on gigs. We are going to move to a gig-based business so think of a professional services model where you've got a client relationship director or engagement and then you are forming a consulting team to deal with a particular client issue..."*

***Head of People & Organisation, Financial Services, Mid-sized***

Two organisations did not have separate junior HRBPs or pooled delivery resources; rather the HRBPs were also performing the Operational Executor role alongside their strategic responsibilities.

*"BPs were business-focused value-adding teams of three or four in a team who were all able to handle everything – so they could handle employment, low level employment queries, they could handle administration, they could onboard people, they could build out contracts and issue contracts and offer letters."*

***Chief Human Resource Officer, Automotive, Mid-sized***

### **5.2..7 How line managers are involved in People Management**

The extent to which line managers were involved in people management activities varied across the organisations in the sample. There were two main themes, one

was around line managers' capability to people manage and the other was regarding performing self-service activities.

#### **5.2..7.1 Line Manager People Management capability**

The extent of line managers' people management capabilities varied across organisations, as did their role and the accountabilities that they had. Several organisations were trying to increase line manager accountability for people management activities.

*“Line manager capability isn't that strong. Every time there's a difficult conversation that needs to happen, it's the HRBP having it rather than the line manager, but we are moving away from that.”*

*Director People, Growth and Performance, Financial Services, Large sized*

*“They can't do a lot at the moment and the shift that we are making in our operating model is to push more of the accountability to managers; so actually, these are your people, here are some rules about what we need you to do as a leader – now you've got considerable freedom as to how you do that – so if you want to give someone a pay increase, that's your call, you've got a budget to manage, you've got a bonus pool to manage – so you've got these things, these are not things for the HR function to manage, these are things for local managers to manage...”*

*Chief People & Culture Officer, Utilities, Large sized*

#### **5.2..7.2 Line Manager use of self-service**

With regard to self-service, some managers in a minority of circumstances did not have access to technology to perform activities.

*“It was just putting more of the ask on to managers, you know, enter your own salary adjustment into the portal for your colleague and we hadn't really had much functionality from an HR tool; that was a lot of calling like, I would as a store*

*manager, I would tell my HR manager, what I wanted. And the HR manager would call up you know people who could key it in the system.”*

***Group Head of Organisational Effectiveness, Retail, Large sized***

Also a number of organisations referred to the low frequency of performing activities in the system meant that it was difficult for them to remember what to do.

*“If you're a manager, so there's lots of hilarious assumptions. If you're a manager and you need to recruit somebody and you're on the front line, how often do you do that? You might do it two or three times a year. Do you actually remember how to do that? No you don't. Do you actually stuff it up? Yes, you do. Do you tick the wrong box and have to ring somebody to go, I'm really sorry I didn't understand how to?...”*

***Group People Director, Utilities, Mid-sized***

A number of organisations also referred to how line managers did not want to perform activities.

*“Well they are meant to – they do all their holidays and the partners are supposed to approve the holidays, and that doesn't always happen, or that very rarely happens – often they will just ring HR and say can you make this change for me – but yes, in theory, every employee can access their records and update them accordingly – but 9 times out of 10 they don't...”*

***Head of HR, Professional Services, Small Business***

## **5.2..8 How Technology is used**

### **5.2..8.1 Cloud-based HR systems**

All organisations in the sample used some technology; none had paper-based HR systems; however, the extent of usage and the technology varied between

organisations. The majority of organisations were using large cloud-based HR systems such as SuccessFactors or Workday, however, one organisation had not moved onto a cloud-based system and therefore was unable to use the system on mobile devices.

*“Workday is our core HR system and is implemented across the world – and so we have everybody on one system and we use Cornerstone TMS for learning...”*

***Global Head of HR and Service Delivery, Financial Services, Large sized***

*“We’ve used SAP SuccessFactors and we are moving to Workday as from next year...”*

***Director International HR Director, Technology, Large sized***

Several respondents spoke about having these systems implemented but not using all their functionality.

*“We have Workday and we’ve had it for eight years now, but it’s not fully operational – I mean, I still have components of Workday that we’ve just not turned on.”*

***Chief Human Resources Officer, Professional Services, Mid sized***

#### **5.2..8.2 Bespoke systems**

A minority of organisations spoke about specific systems for certain areas of HR such as Learning and Talent Management, and sometimes these systems were integrated.

*“Talent Management has several systems that they use to manage candidates – to manage kind of like the branding and reaching out to candidates, as well as, like what happens when a candidate applies. So they have quite a few systems that they are looking at – and then they have smaller systems that just help them*

*with like 'here's how you do online interviews and here's how you do online testing' – so those types of things..."*

**Senior HR Business Partner, Technology, Mid sized**

#### **5.2..8.3 Using a payroll system as an HR repository**

Two of the organisations were using Payroll systems as a repository for employee data.

*"We are still suffering with legacy systems where we don't have an HRM system, so we don't have a single records system for employees – we have a payroll system that we use for that purpose but it is not designed for that purpose – and then we have led on a whole series of other tools; I think we have 40+ applications that we are using in HR which includes the UK and the US..."*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid sized**

#### **5.2..8.4 Integrating disparate systems**

In a majority of organisations there was a theme around replacing several existing legacy systems with one centralised IT system.

*"[We have a] hodge podge of different systems and different processes across the Group and part of that is because we just have grown and not tackled the foundations and just put things on top of things and part of it is because we have grown through acquisitions – so EE as part of our enterprise as well – and so we are embarking on a systems transformation program and that is essentially going to rip out the existing architecture and put in a new one and then we will put the services over the top of it thereafter – so we are not tinkering around the edges anymore, we are going to the core and fundamentally restructuring our IT architecture to enable us to be much more effective than we are today, which will have benefits in terms of people cost savings across the HR model in the future,*

*but that is not the primary goal – the primary goal is to make it much better from an employee experience point of view...”*

***HR Director, Telecoms, Large sized***

#### **5.2..8.5 HR portals, automated workflows, self -service**

Organisations with large HR systems spoke about having an HR portal where employees and managers performed activities themselves which would create workflows; in several organisations this functionality was mobile enabled.

*“We have our HR portal for people who then have access through that – we are experimenting with chatbox on some early stuff – but most of the HR workflow is driven by; e.g., you raise a request in the system and off it goes on its merry way because most things about ‘I want to go on leave, I want to do this or do that’ are automated to some degree, but they’re not automated enough and actually we don’t use enough of the standard functionality in Success Factors to make that work, but we’re fixing that as part of all of this...”*

***Chief People & Culture Officer, Utilities, Large sized***

*“So people can kind of book on the day, check team details, etc., etc., but for example, we will be moving into people cloud, because at the moment you have to be tethered to your laptop to do it...”*

***Director People, Growth and Performance, Financial Services, Large sized***

*“We put in employee self-service, we put manager self-service in, it’s now mobile enabled – so people can do transactions, approve expenses, book holidays etc., using their iPhones...”*

***Executive Vice President, Construction, Mid sized***

In a minority of organisations, HR were the only people who could access the HR system and perform activities.



*“So at the moment we are using a system called Cascade. It really is an information repository – it doesn’t really do a lot of self-service or manager self-service – so by the end of this year we will be moving to, I think it is SuccessFactors – I am waiting to hear confirmation of that.”*

***EMEA HR lead, Pharmaceuticals, Small business***

#### **5.2..8.6 Chatbots**

A minority of organisations were starting to use AI and implement Chatbots or spoke about wanting to implement Chatbots to provide employees and managers with information.

*“We are experimenting with chatbots on some early stuff.”*

***Chief People & Culture Officer, Utilities, Large sized***

#### **5.2..8.7 Data and reporting**

In the majority of organisations it was found that there was an emphasis on using data analytics, which would change the way that HR could work.

*“Data analytics piece is just going to continue to explode because you know, we’re pulling data from every potential source that we can get to predict what the attrition is going to be, predict where we’re going to be able to find talent, predict how do we promote people from within.”*

***Chief Human Resources Officer, Professional Services, Mid sized***

In a minority of organisations, they spoke about being able to do reporting to generate metrics and being satisfied with their system’s capability to do this.

*“We’ve managed to do some pretty good HR metrics reporting using the finance system and so we are pretty good on that.”*

***Group HR Director, Manufacturing, Large sized***

## 5.2..9 Summary of how HR is organised

**Table 9 Summary of differences**

<b>Role and responsibilities</b>	<b>How models differ</b>
Shared services	<p>Location of shared services (on-shore, off-shore, for some parts of the organisation but not for others, part of global business services)</p> <p>Scope of shared services</p> <p>Internal structure (process aligned, life cycle, multi-skilled, tiered)</p> <p>Use of technology</p> <p>How to access services</p>
Corporate HR	<p>Group HR (fewer global policies and programmes, budget sits with business, decision-making with the business teams)</p> <p>Corporate HR (more corporate wide policies and programmes, centralised budget)</p>
Embedded HR	<p>Structure and alignment (to business/geography)</p> <p>Reporting line (to business/to HR)</p> <p>Roles and responsibilities (strategic capability, operational, advisory, combination)</p> <p>Relationships and ways of working (relationship with COEs, relationship with business, use of data)</p>
Centres of Expertise/Specialist capabilities	<p>Structure and location of specialist capability (globally centralised or in region/country or combination of both)</p> <p>Roles and responsibilities (combining specialist capabilities and whether just design or design and implement)</p>
Operational Executors (Delivery/project manager roles)	<p>None</p> <p>In junior HRBPs role</p> <p>Embedded in HRBP roles (performing strategic and operational activity)</p> <p>'Pooled resources' / teams of project managers/delivery experts</p>
Line managers (People Management)	<p>People manager capability</p> <p>Line manager use of self-service</p>
Technology	<p>HR system's different levels of functionality and supporting different processes</p> <p>Cloud-based systems</p> <p>Bespoke systems</p> <p>Mobile enabled</p>

	Self-service Automation Data analytics Reporting metrics
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## 5.3 Is it the Ulrich model or an adaptation?

### 5.3.1 Models referred to by respondents

Nine organisations made a direct reference to the Ulrich model when they were describing how their HR function was organised. They spoke about it in the context of either their evaluation of it as a model for organising – describing it as how they had organised – or as the basis for their organisation.

*“That is the classic Ulrich model but it works in a fixed hierarchy and the fixed hierarchy becomes more and more debilitating in managing the work you need to manage because annual plans don’t really work.”*

**Chief People Officer, Manufacturing, Large sized**

*“It was pretty much modelled along Ulrich lines, you’ll know the Ulrich model I’m sure: so we had a centre-of-excellence (COE), which I strengthened, we had business partners in each of the business units, again, which needed uplifting and strengthening and we had a shared services team managing the implementation of the HR system and the metrics.”*

**Chief Human Resource Officer, Automotive Services, Mid sized**

The only other model that was specifically referred to was an ‘agile’ model, which was described as an emergent model that would consist of HR professionals following an agile methodology and working in squads.

*“If you think of Agile, if you go really deeply agile, spotify style, there are no functions anymore...”*

**HR Director, Telecoms, Large sized**

*“That ability of the HR function to redeploy in a much more flexible manner, but then employing elements of agile working, has to become a feature of how we work more prevalently. In terms of how the rest of the function is organised, we can have that organised in a way, almost like a consultancy where we deploy to those areas where we see the work and the priorities are hopefully, build the capability to do that by working in a more agile, sprint-based manner...”*

***Head of HR, Professional Services, Small Business***

*“Unless someone can convince me that moving to agile and actually disbanding business partners and having these kind of crack teams to go in – and you know, we might have an element of that, but to be honest, where that’s one thing that’s happening – we pull people in and stand up project teams all the time – that’s what we do as a business – so I don’t see that core model changing that much, I really don’t – because [it] kind of works...”*

***Executive Vice President, Construction, Mid sized***

### **5.3..2 Three high-level models**

A high-level analysis of the data was undertaken to identify whether there were common models in existence and to answer the research question seeking to establish whether HR was organising with features commonly associated with the Ulrich model or an adaptation of the model or something different. The data was analysed using a framework defined by Ulrich et al. (2008) which described three different models and a number of roles and responsibilities, which included the allied/diversified model commonly referred to as the Ulrich model.

This was described in Section 2.2.1.

The first and largest group of organisations, all shared the common feature of the Ulrich allied/diversified model having some shared services. Twenty-four organisations out of the sample of 32 had shared services.

The second largest group of organisations (six) shared the characteristic that they did not have shared services; they had a central team but predominantly HR resources aligned with a part of the organisation or geography.

The third and smallest group of organisations (two) had no shared services and had no business or geographical alignment; they were smaller HR functions and had resources performing a broad range of roles or some limited specialist capability such as Learning.

However, when analysed in more detail the findings demonstrate that there are differences between organisations that share similar models; for example, organisations that have shared services, have organised shared services differently, as per the elements identified, there are differences in the location of shared services, scope of services, use of technology etc. These extensive differences when you analyse the data in more detail, render these models or similarities at a high level less useful in understanding how HR is organised. These differences are those described above in Section 5.2.

**Table 10 Findings high-level models**

	No. of organisations	Shared services	Corporate	Embedded	Operational Executors	COEs/Specialists	Similarities and differences to other models
Have Shared Services	24	Yes	Yes	Yes	Yes	Yes	<p><b>Differences:</b></p> <p>Have administrative shared services</p> <p><b>Similarities:</b></p> <p>Have some of the HR team focused on specialist activities and some aligned to a part of the business</p>
Do not have shared services, have teams in/aligned to the business	6	No	Yes	Yes	Yes	Yes	<p><b>Differences:</b></p> <p>No administrative shared services</p> <p><b>Similarities:</b></p> <p>Have specialists centralised and resources embedded in the business</p>
Corporate/Functional	2	No	Yes	Yes - combined			Limited specialist, HR performing all roles

### **5.3..3 Mixed models within organisations**

These differences are further highlighted by finding that in several organisations there are different models for HR within the organisation. In one organisation the respondent stated:

*“They are a massive organisation but the operating model in the US is dramatically different to Europe; where the difference at the International level varies; in the UK there are only 150 employees so there is an HR manager who is all things to all people in the UK – in Australia, there are currently five and with me it was six, and then take the executive out, everyone had to be an HRBP and a specialist.”*

**Senior HR leader, Property, Small business**

This organisation had implemented Workday globally but had a shared services operation for the US, but outside of the US they had an HRM who performed all roles in the UK and in Australia had a small team which had a specialist in it and then HRBPs supporting the businesses.

With this finding, we move away from models and return to examine the different elements of how HR is organised.

## **5.4 Relationships between different elements of how HR is organised**

The final theme is the relationship between different elements of how HR is organised. This effect of the organisation of one element upon another is summarised in Table 11 but is described in more detail in the section below.

**Table 11 How elements of HR organisation effect one another**

Element of the HR organisation	Effect on other elements in the organisation of HR
Technology	<ul style="list-style-type: none"> <li>• Automation of activities, removes activity from shared services or HR advisory roles</li> <li>• Provides the ability for line managers and employees to perform activities themselves</li> <li>• Enables access to data which changes ways of working and requires new capabilities to utilise the data</li> <li>• Provides the ability to centralise activities into shared services because activities are performed in the same way and also enhances data integrity</li> </ul>
Shared services/Administrative activity	<ul style="list-style-type: none"> <li>• Centralisation of administrative and advisory activity, often removing it from the role of the HRBPs</li> <li>• Enables the centralisation of administrative activities sitting in other roles such as EAs or Finance Managers</li> </ul>
COE/Specialist activity	<ul style="list-style-type: none"> <li>• Can affect the role of the business HR teams. Depending on whether the COE/specialist does design, or design and deploy</li> <li>• If the COE/specialist only does design, can often require roles in the business to support with the implementation of new policies, processes etc. This is often done by HRBPs or specific consultant or project manager roles</li> <li>• If things are not done at a Group or Global level then often they need to be picked up locally and results in local specialists</li> </ul>
Line manager's role	<ul style="list-style-type: none"> <li>• Line manager capability and behaviour affects HR resulting in activities having to be performed by other parts of HR. i.e. shared services team or operational HR</li> <li>• Line manager's involvement in people management activities can be affected by HRBPs behaviour, if they are resistant to performing their new role it inhibits the line managers from taking on their people management activities</li> </ul>
Consistency of policies and processes across the organisation	<ul style="list-style-type: none"> <li>• Influences the ability to centralise and automate</li> </ul>

#### **5.4..1 How technology is found to influence the wider organisation of HR**

The findings demonstrate that the implementation of technology automates activities that would previously have had to be done by a member of the HR team, particularly HR administrative resources. This is described by one CPO in relation to the implementation of a new onboarding application.



*“I think we're gradually launching the new on-boarding app, which has gone down really, really, well – and it prompts line managers to take certain actions and then it gives information to employees before they join us. So all of that sort of admin, which used to be, you know, an HR assistant sending an email to a line manager with all of this, so that's kind of ticked, and tax benefits and enrolment is ticked. We still need HR to be involved in leaving – with joining, it is a bit lean again as you can imagine.”*

***Chief People Officer, Satellite Communications, Small sized***

There were several examples of where the implementation of technology enables access to data about the people in the organisation which subsequently enabled HR, particularly HRBPs to use this data and work differently as a function and with the organisation, using data to provide evidence and inform decision-making.

*“And I find that the HR business partners are too nice and not robust enough on some of this stuff. But when you give them data and say ‘well if you can't fix it, actually, you're no good to me as an HR business partner’ – so you start using data to drive performance...”*

***Chief People & Culture Officer, Utilities, Large sized***

A number of interviewees also referred to how the enablement of technology to hold and provide easier access to data and its greater use by HR to inform decision-making has also led to many organisations establishing data analytics capabilities and resources in the function to enable them to best access and use this data.

*“So probably what's changed from 10 years ago is the data analytics piece – that is just massive and, I am sure every business is, but we are obsessed with data – and so the data analytics function has just grown – I mean, we have two people doing data analytics from an HR perspective and those people are pumping out reports left and right.”*

***Chief Human Resources Officer, Professional Services, Mid sized***

The use of technology to enable automation and centralisation of data in a standardised manner can also be seen to facilitate the establishment of shared services. One interviewee describes this as particularly important when trying to maintain the quality of data in the system, especially if it is data that is not maintained

regularly.

*“One of the challenges with that is that data entry for employees is done at a local level and that is indeed one of the challenges that we have because then, when we look at data accuracy and completeness, it is sporadic at times and so we do audits to make sure that people are entering information in properly and timely – and you know, you’ve got an HR administrator in Taiwan, for an example, and they may only move one person a year, and so that’s part of the challenge. So the thought process that we have had (and we just haven’t gotten around to it yet) is to try to consolidate data entry within each region...”*

***Chief Human Resources Officer, Professional Services, Mid sized***

#### **5.4..2 How shared services impacts the HR team in the business**

Analysis of the interview transcripts demonstrates how centralising administrative activity into a shared services can remove this activity from EAs or finance managers who are performing HR administration as part of their role and also how removing administrative activity from the HR business teams enables them to partner with the business at a ‘higher’ level.

*“We created a classic version of a shared services and put just about everything we could think of in it....the centres of expertise shrunk at that point....and the business partners....started partnering more exclusively at a higher level”*

***Chief People Officer, Manufacturing, Large sized***

#### **5.4..3 How the role of a COE/specialist can affect the HR team in the business**

The findings demonstrate that in organisations that have centralised specialists, the role of the specialist can have an impact on the role of the HRBP or other members of the business HR team. This pertains to the extent to which the specialist designs and delivers or just designs. Where the specialist just designs new HR policies, processes

or programmes, it is necessary to have roles in the HR organisation that deliver this to the business.

*“Client Services are the implementation arm for a lot of the COEs”*

*“So we try to build that relationship where they (HRBPs) can help us design it – but then we create it and then we help them implement it”*

*Chief People Officer, Telecoms, Large sized*

#### **5.4..4 How the role that line managers perform affects the wider organisation of HR and how HR’s behaviour affects the role of the line manager**

The findings demonstrate how the manager’s people management capability and use of self-service technology to perform some of these responsibilities has an effect on the wider HR organisation. There is also evidence of how HR behaviour can have an effect on the behaviour of line managers. The narrative is about “pushing this accountability” to managers and “rules as a leader”, and shifting activities from HR to local managers as it is their responsibility.

*“They can’t do a lot at the moment and the shift that we are making in our operating model is to push more of the accountability to managers; so actually, these are your people, here are some rules about what we need you to do as a leader – now you’ve got considerable freedom as to how you do that – so if you want to give someone a pay increase, that’s your call, you’ve got a budget to manage, you’ve got a bonus pool to manage – so you’ve got these things, these are not things for the HR function to manage, these are things for local managers to manage...”*

When managers perform these activities we can see from the findings evidence that these used to be activities that HR performed.

*“There were about 6,000 to 8,000 line managers who had to basically learn to operate a desktop system that gave them access to certain amounts of employee data, certain amounts of the admin support – whereas previously they had just wanted to call someone up and say ‘do it for me’... “*

*Group HR Director, Non departmental Government Body, Large sized*

But because we understand from the findings that this perception of the activities as being appropriately the responsibilities of managers, the capability and confidence to perform these activities varies, which implies that the responsibility falls back to HR if they do not perform their role.

*“Every time there's a difficult conversation that needs to happen, it's the HRBP having it rather than the line manager, but we are moving away from that.”*

***Director People, Growth and Performance, Financial Services, Large sized***

One of the things that the findings demonstrate is that, along with the perception that this is appropriately their responsibility, confidence, capability and also the usability of systems inhibit managers from performing these roles.

*“The concept of self-service is an interesting one and it would be lovely if it was like Facebook and everybody understood, but it isn't, because we've made it more complicated.”*

***Group People Director, Utilities, Mid-sized***

There is also evidence that embedded HR's behaviour influences the adoption of line managers' people management role, as we heard from some respondents that some HRBPs are reluctant to perform newer strategic roles and support people managers to adopt their new role. They still foster what one respondent described as a co-dependent relationship between the HR person and line managers, which does not facilitate managers taking responsibility for their team.

*“So those relationships amongst the generalists that go deep into the organisation, that creates co-dependency and blocks the leader from taking up their role – it inhibits leaders taking up their role, but it's also not a very efficient way of operating, and that hampers our ability to be able to add value in our business because we're not aligning our people to the highest value work as efficiently as we would like.”*

***Head of People & Organisation, Financial Services, Large sized***

#### **5.4..5 How globally consistent policies and programmes affect centralisation of activities**

The findings demonstrate how centralisation is facilitated by having globally consistent policies and programmes and therefore localisation in requirements makes this more difficult and lends itself to having lower HR administration rather than shared services.

*“When you look at globally we have very few policies that are global policies and so I suppose that demonstrates that it is kind of localised, depending on the kind of local legislation, etc., etc.”*

*Head of HR, Professional Services, Mid sized*

#### **5.4..6 Integrating roles**

Analysis of the interview transcripts also highlights the need for integration roles than pull together the different elements that make up HR. We have already referred to the example of the COEs/Specialists performing this role where they have end to end accountability for certain areas of HR and also the evidence of the HR leader playing an integration role, particularly in organisations where the business has autonomy of its people and the HR leader was trying to create consistency across the organisation. In another organisation, all of the HRBPs reported into a director of HR operations to integrate the individuals performing these roles and act as a filter reporting up to the CPO.

*“we had a director of HR operations and the senior business partners worked into that”*

*Head of HR, Financial Services, Mid sized*

In a further organisation they had a similar role but they were called a head of business partnering, whose role was to integrate the different regional HRBPs.

*“We have a head of business partnering, who encourages and develop and gets consistency across the team in our region on how to manager situations and share best practices”*

*HR, Professional Services, Mid sized*

In one organisation they referred to a Head of Operations whose role was to be an interface between the business and shared services.

*“One was like an interface with the shared service team – so they kind of operated as a sort of Head of Operations basically – to be an interface between the business and the shared services”*

***Group HR Director, Non Governmental Departmental Body, Large sized***

In some organisation, this integration also took the form of networks or forums. One HR leader described how he had created a learning forum because some learning activity had been centralised in HR but other learning activity resided in shadow organisations in the business.

*“I’m now creating learning forums where we pull together everyone with learning in their title together”*

***Director People, Growth and Performance, Financial Services, Large sized***

Finally, a couple of respondents described the effect that technology has had on integration specifically of policies, practices and processes.

*“I call it integration work which is focused on how do we integrate policies, practices and processes – and how do we leverage people and to what extent do we leverage technology; so technology was the first place as it was the most obvious thing to start with to globally integrate this piece”*

***Head of People & Organisation, Financial Services, Large sized***

## **5.5 Continuous evolution of the organisation of HR**

Analysis of the interviewee data also highlights a perception and evidence that the HR model is continuously evolving.

The effect of the unplanned 'black swan events' such as COVID-19 and Black Lives Matter causes the organisation to pivot and do things differently.

There is also evidence of the effect of people leaving the organisation or changing roles and this can result in someone else picking up their work and it being done elsewhere in the model rather than a direct replacement of the role.

*"What do we do with the rest of the stuff and we decided that I would keep the engagement survey and continue with this engagement, which would be a natural fit, because I think I still am the expert in that system – and then we had a very difficult team meeting when it was like 'here's a list of all the stuff that X does, who's going to take it?' and that was decided amongst X and X, X and X – so we had to drop some stuff and reschedule stuff and X and X had to take some stuff on that was bigger and not easy..."*

***Director People, Growth and Performance, Financial Services, Large sized***

Another interview respondent was also explicit in continuous improvement of the HR model, centred around employee experience, making a connection to agile and agile development, and suggesting that the HR operating design would continuously be improved and changed.

*"So we started by talking about what the future model might look like and I started talking about shared services but I think that is only one part of it. The bit that I am really interested in is around continuous improvement and continuous improvement linked to employee experience, because if you look at the way that commercial functions orientate themselves around CX and then you look at how they approach*

*things like product ownership – so if you look at agile development and how they operate – that is an area I would love to understand more of because I have seen it in operation from a business perspective...”*

***HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid sized***

## **5.6 Chapter summary**

It was found that the organisation of HR was described by its structure, location, and the roles and responsibilities that people had to perform for HR activities within HR, as a line manager and in the wider organisation. Technology and relationships and ways of working were also important facets of describing how HR organised.

At a high-level, organisations fell into one of three categories, the majority of organisations characterised by having organised using shared services; the second largest category having organised with large HR teams in the business and the smallest group having a single HR team or function with HR resources performing varied roles.

However, analysis of the data found that within each of these categories there were significant differences in how HR organised; for example, organisations that were similar in having shared services, differed in how their shared services were organised and also had differences in other areas of the HR organisation, use of technology etc.

When all the organisations are examined it is possible to see that HR leadership varies. In some organisations there is a Group HR function, which often supports other employees in Group functions but the majority of the control and decision-making sits with the business HR leaders. In Corporate HR teams, they typically own the budget and have more Corporate-wide policies and programmes.

If an organisation has shared services there are different ways of organising shared services, there might be a single shared service centre or there might be several regional shared services centres; organisations might use shared services for some countries but not for others. The shared service centres might be on-shore or they might be an off-shore operation. The shared service centre could also be part of the wider business services organisation and not part of HR. Within the shared service



centre there are differences in the scope of services that have been centralised; some are purely transactional, others are transactional and advisory. Some organisations have just centralised one area of HR, whereas other organisations have centralised more than one area. Within the shared services team there are also different roles and responsibilities and ways of working, including differences in the use of technology to perform activities and to enable contact and ways of working.

In some organisations the embedded HR/HR teams supporting the business are large and have diverse roles, some of which can be strategic, others advisory or operational. In other organisations the HR team is smaller and can consist of just strategic, just operational or roles that perform a wide range of activity. In some organisations these teams report directly into the business and have a dotted line to HR, in other organisations the solid reporting line is into HR and dotted into the business. The role typically affects the behaviours and ways of working; strategic business HR teams, support senior leaders, more operational HRBPs will typically be supporting those lower down the organisation and might perform or be expected to perform activities that line managers should be performing. Data is increasingly being used by HRBPs, particularly when they are more strategic.

Specialisms in HR can vary, as can the role of the specialists, the extent to which they design and design and deliver, and the manner in which specialist capabilities are grouped together. HR specialists can be found centrally in organisations; in some organisations there are also local regional or business specialists.

Some organisations do not have resources performing the role of an operational executor, i.e. focusing on the delivery of HR programmes or policies. This activity can be found embedded into other roles. Some organisations do have project manager or consultant roles and these can exist in flexible centralised pools to be pulled on as the business needs the resource.

Line managers' people management capability varies in organisations as does their usage of self-service to perform HR activities.

Organisations also use technology differently. Some organisations have more sophisticated HR systems that perform more HR activities, other organisations are not supported by system functionality and therefore have less automation.

There is still a narrative about HR models, much reference to Ulrich and an emerging 'agile rhetoric'. High-level analysis of the data from the interviews indicates similarities in how HR is organised; some organisations sharing the similarity of having shared services; other organisations not having a centralised shared services but having more activity in their business HR teams, and some organisations having smaller more generalist teams where resources perform all roles. However, as highlighted by the presentation of the findings that demonstrate the extensive differences that exist in organisations when their HR organisation is examined in more detail, the concept of models becomes less appropriate and it is more appropriate to examine the detail of the different elements of organisation of HR.

Analysis of the interview transcripts also found that how HR is organised seems to continuously evolving and changing and that it is made up of different elements that have an effect one another when organised.

## 6 Findings: What Influences how HR organises?

### 6.1 Chapter introduction

This chapter is the second findings chapter and presents the findings with regard to the factors that have influenced the organisation of HR; these have been analysed into external, organisational and factors from within HR. This chapter is structured to explain the different influencing factors that sit within each of these categories.

### 6.2 Influences External to the organisation

#### 6.2.1 How industry influences how HR organises

It was found that the industry that the organisation operates in can be seen to affect how HR organises. Firstly, industry can be seen to affect the type of workforce which in turn effects how HR organises.

*“I think the industry makes a big difference and the nature of the workforce makes a huge difference as does the legacy, culture and mindset around how HR is done.”*

*HR Director, Telecoms, Large sized*

Workforces with large front-line workforces are perceived by respondents to require a lot of training to do their roles and in two organisations in particular this was a large part of the HR function.

*“So front-line learning for us is essential – every time we launch a new product, e.g., the XXXX, you have to train 1,000 people in the contact centres and then 4,000 people in shops, in sales and service – so these guys have got like 42 different systems they need to activate and be proficient with to do a transaction.”*

*HR Director, Telecoms, Large sized*

Organisations that operate in Business-to-Consumer (B2C) industries place a huge emphasis on employee experience because of the direct relationship that employees

have with customers and customer satisfaction. In another organisation, the type of employee was referred to as the rationale for line manager behaviour when it came to performing people manager activities.

*“If you want to be a ‘B’ to ‘C’ industry then customer satisfaction is huge. If you want to be ‘B’ to ‘B’, there’s a very different relationship you’re having with your customers, so actually that feeds its way into the relationship you have with your employees.”*

**HR Director, Utilities, Small Business**

There was also evidence in one public sector, arms-length-owned organisation, of the influence of politics on how HR organises. A change in Government led to a decentralisation agenda for the organisation which in turn was putting pressure on the HR function to decentralise to mirror the alignment of the broader organisation.

*“The driver behind that was political with a big P – so there was a sense that the business, and when I say business, it is public sector so probably more organisation than business, but it was perceived that one of the ways to get closer to customers and be seen by the public to be more responsive to the amount of money that was being invested in the railways was to have local decision makers more in charge of their regions – which theoretically I guess might float but in practical terms was never going to work – and it was a big political thing as well.”*

**Group HR Director, Non-Governmental Departmental Body, Large sized**

## **6.2..2 How Benchmarks and Ratios influences how HR organises**

A few of the interviewees spoke about *benchmarks and ratios* and evaluating the size of their HR function against these or criticising the use of them to determine the size of the HR function.

*“When you look at it (the HR function) against benchmarking, to compare where HR are against per FT, I am well above where comparable industrial businesses usually are”; “so when you look at what the ratio is, we look overweight.”*

**Executive Vice President, Construction, Large sized**

Benchmarks were referred to as often used by consultancy firms when they come into an organisation to assist with the redesign of the function.

*“Accenture who said the ratio to HR should be 1:150 and I said ‘you guys must be smoking weed or something! – if I could only have 1:150 HR people, that would mean I have 5 or 6 people running around like lunatics trying to be all things to all people across 15 countries, on what planet does that work?’ – now I was able to create the business case and talk to my business leaders but you still have this antiquated, really old-fashioned thinking and attitude from some of these consultation companies, be it KPMG, Accenture or whatever, that have this big fixed firm approach that dictates the ratio.”*

**EMEA HR lead, Pharmaceuticals, Mid-sized**

One interviewee spoke about how her organisation looked to what *other organisations* were doing to inform the HR model.

*“I think we looked at how other organisations were organising and we knew we needed to go in this direction.”*

**Senior HR Business Partner, Technology, Mid-sized**

### **6.2..3 How the Ulrich Model influences how HR organises**

Associated with Industry influence is the influence of the Ulrich model which has become perceived in the HR industry as the best practice HR operating model for organisations to adopt. A number of the respondents acknowledged and spoke about the influence the model has had on how they organise the function. One respondent spoke about using it to inform the redesign of their HR function, despite the criticisms it has received, and stated that there hasn't been anything else that has surpassed it.

*“I redesigned the function, around the Ulrich model and it's really interesting. There's been so much written about the Ulrich because, I'm sure you've seen all the discussions around the pitfalls of the Ulrich model and the number of times Ulrich himself has reinvented the model and needlessly so to my mind. I think actually the base of the core building blocks of the original model still stack up today and I was fortunate enough to be on a call with him at a small round-table we had about three*

*months ago and to tell you the truth – I wasn't really blown away – I kind of think the original Ulrich stuff really stands out and stands up to the test of time and I don't think there's been anything that has followed it that for me has been any better.”*

***Executive Vice President, Construction, Mid-sized***

Another respondent described it as being the model that they had become used to.

*“I have been used to the Ulrich operating model where you see it connected to the Executive team of the business you are supporting and actually, you provide advice and challenge at a business level and deliver the people aspects through that.”*

***HR Director, Non-Governmental Public Sector, Mid-sized***

#### **6.2..4 How Legislation and Regulations influences how HR organises**

Legislation and Regulation were also found to affect how HR is organised. It affects HR by requiring organisations to ensure that they have the required local legislative knowledge, specific to certain countries. In some case study organisations this meant they had a presence of local resources in countries with complex or different legislation. In another organisation they have resources with the local legislative knowledge in shared services. This was particularly the case with ER type roles. One interviewee described how

*“ER activity would need to be on-shore because it needs to be specific to a particular geography or timezone.”*

In the US where there are differences in legislation across States one smaller organisation spoke about using an external organisation to provide this specialist legislative support.

*“Professional Employment and Employers organisation; 52 States, different State legislations, until you are up to a certain size or critical mass it is not worth doing it yourself.”*

Some country legislation also requires specific reporting and one interviewee spoke about how this affects some of the work that the HR function has to do and the need to have resources to do it.

*“Then things like WGEA, which is a government agency in Australia for workplace gender equality and gender equity; so companies of a certain size (I think it is over 50) have to submit a report. Now it is very comprehensive including a lot of the analytics and so doing that is quite a lengthy process but it has to be done by the local HR, whereas in America, the EEOC (Equal Employment Ops Commission) reporting would be done by the COEs ...”*

**Senior HR leader, Property, Small Business**

Regulation in some industries also causes certain areas of HR to be prioritised. In a law firm one respondent spoke about how their regulator had placed a greater emphasis on D&I for organisations to respond to.

*“From an industry level, we have a regulator and the regulator has got concerns in relation to this – it’s done surveys and is particularly concerned from the kind of gender perspective and inappropriate behaviour. So there has been a big shift – that started off the focus and has led to it eventually realising it needs to shift and focus more on ethnicity, social mobility etc., and so there is a push, there is definitely a push coming from the regulators.”*

**Head of HR, Professional Services, Mid-sized**

### **6.2..5 How External Societal Events influence how HR organises**

The data gathering for this research was undertaken during COVID-19 and just after the Black Lives Matters movement emerged. The majority of the interviewees spoke about how these types of *external societal events* affect the HR organisation by changing focus and requiring resources to focus upon these events and the organisation’s response.

*“I think the point is, if you think of the way the world continues to change and the speed at which it can change – so the sort of things that people describe as the ‘black-swan’ events occur more and more regularly – so for me, that ability of the HR function to redeploy in a much more flexible manner, but then employing elements of agile working, has to become a feature of how we work more prevalently.”*

**Chief People Officer, Manufacturing, Large sized**

One respondent spoke about how they foresaw these “black swan events” as becoming more frequent and the effect that this has on long-term organisational planning and the need for HR to be able to be responsive.

*“If you think about this year, not only have we had COVID but we’ve also had the aftermath of Black Lives Matter. They are two things which have completely blindsided us, but really good challenges work on from an HR perspective in terms of making sure that all of our employees are safe. So we have had praise for our approach to furlough, which was generous and fair, and communicated and engaged well – and again on Black Lives Matter, you know, we are making sure that you know we are making the right level of response in the right way...”*

**Executive Vice President, Construction, Mid-sized**

### **6.2..6 How Unionisation influences how HR organises**

The presence of a *unionised workforce* also affects the organisation of HR requiring ER resources and a role that owns the strategy for managing the unions, labour relations or works council, depending upon the countries in which the organisation is operating.

*“24 different unions in the US to negotiate, so labour relations team is very extensive.”*

**Chief People & Culture Officer, Utilities, Large sized**



*“If you’ve got a unionised environment like which we had, you would always have an ER role and a lead role, quite a strategic role really, because that’s looking at your strategy for how you deal with the trade unions, how you engage with the works councils and also what you do around employee representation.”*

***Chief Human Resource Officer, Automotive Services, Mid-sized***

The presence of union recognition in some countries also led to it not being possible to make redundancies in that country that would otherwise be made, thus necessitating a continued HR presence that would not be required or reduced with a smaller or non-existent operation in the country. One organisation with a workforce in Italy wanted to remove the HR team presence but was unable to do so because at the time the unions would not allow them to make the Italian workforce redundant.

*“I can’t even get into conversation yet because it’s illegal for me to do so and, you know, heavy unionised environment and I need to get into those conversations at the right time.”*

***Chief Human Resource Officer, Media, Small business***

## **6.3 Organisational Influences**

### **6.3.1 How Organisational Ownership influences how HR organises**

Ownership of the organisation could also be seen to affect how HR organised. Two organisations in the sample were Private Equity owned, and in one of them this had the effect of driving cost efficiency and meant that there was not much investment into HR.

*“So we’re private equity backed and so what happens over time is your investors become more and more sophisticated and so there was a time when investors were saying, ‘you know, you guys are at a scale where you need like a proper HR function’ and that’s what happened 10 years ago.”*

***Chief Human Resources Officer, Professional Services, Mid sized***

In the other organisation it had the opposite effect and more investment was made into increasing the value of HR in the organisation by recruiting professional experienced resources.

*“And then we were made private back in March, the sale completed, and a big part of the influence of the buyers was that they wanted someone for HR sat at board level.”*

*EMEA HR lead, Technology, Mid sized*

Another organisation was owned by its employees and its strategy was not profit maximisation; its focus was effective use of its profits for members. As a result it had a strategy structured around a number of missions, which in turn had an effect on how HR structured its embedded/business HR team.

*“We have an HR director line to each of those three key missions...”*

*Director People, Growth and Performance, Financial Services, Large sized*

### **6.3..2 How Organisation Strategy influences how HR organises**

One respondent was specific about the influence of organisational strategy on how HR organised. They said that at an organisational level there had to be alignment between organisation and strategy.

*“If you look at the operating model of your company, it has to be deeply reflective and supportive of the strategic aims of the organisation...”*

*Group HR Director, Manufacturing, Large sized*

One strategic decision that can be seen to affect the HR model is the extent to which the organisation is trying to drive ‘*global consistency*’. According to some organisations, having global customers or requiring employees to move between countries requires similarities in processes, policies and experience across the globe and therefore the HR function is likely to have more global policies and processes and thus be more likely to have global systems and shared services to support these policies and processes.

*“What changed that, obviously, is globalisation, and so 10 years ago, or a little bit probably before then, the organisation started to look at creating a global approach because some of our clients were the same in Hong Kong as they were in Houston, and you know, work product was different; in some cases we were competing for the same work from different offices, which was just ridiculous. So the company started on this journey of globalisation and collaboration.”*

**Chief Human Resources Officer, Professional Services, Small Business**

Another strategic influence can be seen in organisations’ strategy towards digitisation. Where organisations were favouring digitisation this seemed to result in a greater investment in technology for HR activities. In one organisation, they said the only way they would get investment for technology was if there was an organisational move towards greater digitisation across the whole organisation.

*“There’s just no appetite for that unless we end up looking at our overall enterprise architecture.”*

**Senior HR Business Partner, Technology, Mid sized**

Another influence was the effect of the strategy on the capabilities required of the organisation which HR had responsibility for helping to deliver.

*“Well it really starts with the business and where is the business in its development and where is it strategically going and where are the gaps that need to be filled – so if I put that into context in X – yes we had to cut costs but looking beyond that, we needed leadership in the business – so I needed to bring capability into the HR function to drive that whole leadership strategy as an example – so I would always look at where is the business going and where have I got gaps in my function...”*

**Chief Human Resource Officer, Automotive Services, Mid sized**

Similar effects of organisational strategies around cost efficiency could be seen to influence the HR structure.

*“Well, it's a cost saving – so we have a cost challenge across the company that came up behind, and it's a significant one and so each of us obviously had to contribute to that.”*

**Chief Human Resource Officer, Chemicals, Small Business**

Also where there were strategies of implementing greater organisational agility.

*“Well we have already done half of it – we have got 30% of our corporate organisation in X working already in that way – so 1500 people working in that agile way and next year we want to flip.”*

**HR Director, Telecoms, Large sized**

It was also possible to see the effect on how HR organised when different parts of the organisation had very diverse strategies, particularly when they are businesses operating in very different industries. These diverse strategies would often mean that they would structure themselves differently and have different requirements from HR.

*“There's a lot of stuff that is truly transnational, but if you look at the divisions, the different needs will vary at a strategic level in that the critical division is quite exposed to some of what I would call more traditional industrial sectors like oil and gas and traditional energy. Now obviously, as you know, those are becoming more and more economically and socially challenged and so the critical need to move into new areas is even greater in many ways than the other two divisions.”*

**Group HR Director, Manufacturing, Large sized**

Sometimes this heterogeneity of different strategic needs was described as a challenge between meeting what the business wants rather than what the business needs.

*“So that kind of what the business thinks it wants is a challenge versus what it actually needs...”*

**Chief People Officer, Manufacturing, Large sized**

Another strategic factor that can be seen to influence how HR organises is their growth strategy, particularly where they have grown through merger and acquisitions. M&A activity affected HR at an organisational level, for example, affecting the operating geography if the merger or acquisition meant acquiring a company that operated in another country. Sometimes the acquired company retained their own HR systems and processes, margining over time, obviously resulting in a change to how HR is organised as a result.

*“It’s kind of a standalone for a while and then as we integrate piece by piece, that person will be integrated into the HR team, or if they really don’t like our large organisation they usually choose to leave. But in the acquisition integration, there will be different timeframes and so we tend to leave the acquisition alone for a period of time. So they may have their own GPS and they may have their own performance management. Then that HR person continues to operate as they used to and then we usually set up Workday first and then we look at all the other pieces and then slowly kind of move them through...”*

**Senior HR Business Partner, Technology, Mid sized**

In another organisation, there was the example of where the acquisition resulted in a complete change to the HR organisation because the organisation being acquired had a very different way of operating that was perceived as being more modern and there were also opportunities for efficiencies.

*“So prior to 2017 we had quite a traditional model for retail organisation. So you had your kind of retail HR people and who were supporting stores and then you had your head office HR people, so kind of business partnering for corporate functions and all the centres of excellence and, you know, HR services and so on. Yeah, we acquired X in 2017 and you know the corporate functions are a good place to go to get efficiencies when you do an acquisition because you’ve got an HR function.”*

**Group Head of Organisational Effectiveness, Retail, Large sized**

### **6.3..3 How Organisation's Structure and Operating Geography influences how HR organises**

The findings demonstrate how organisational structure and the operating geography influence how HR is organised.

It was more likely where a business shared services existed that HR would be centralised. However, this was not always the case. In one organisation the respondent gave an example of where the parent company had moved parts of HR into the business shared services in the parent company but had not realised the benefits they had hoped for and were now moving it back into the subsidiary..."

*"I was told 18 months ago that my HR operations would move across into the shared service model. Yeah, and that was my HR systems, some HR, and with that, the sort of starter leaver processes around are people and the management of our benefits and the payroll processing."*

**Chief Human Resource Officer, Media, Small Business**

The findings also demonstrate how the effect of how the organisations' structure of geographies and business divisions impacts the alignment of embedded HR/business HR teams. Several respondents described how they had aligned business HR teams to different businesses.

*"The corporate functions business partnering role was located there obviously, because most of the corporate functions were within Basingstoke...one role was based in Basingstoke and one role was based up north, but only because the incumbent happened to be up north...we had a couple of big call centres based up north and a lot of the teams are based up there."*

**Chief Human Resource Officer, Automotive Services, Mid sized**

Large matrix organisations often had an effect on how HR organised particularly the local business teams and the specialists. This respondent describes the complexity of the business HR teams operating in a matrix organisation.

*"So it's a matrix and is a bit complicated; the way this works is we have, what we call, the large five....they have an HRD who (has) a solid reporting line into the local CEO*

*and the local CEOs in return, have a solid reporting line into the Group CEO because of their significance and presence...For all the others, so your classic top countries, they report into the regional CEO – so the country CEOs. And then that regional CEO again reports into the Group CEO, but functionally speaking, the HRDs have a dotted reporting line reporting into the HRD, EU cluster...”*

**Global Head of HR, Telecoms, Large sized**

Another example was of an organisation that had a very different organisational structure. They described themselves as operating with an organisational structure that was an emerging way of organising consisting of ventures’ and ‘circles’ and the ‘people circle’ was one of these circles. This was a relatively small and young organisation.

*“It didn’t have that much structure in the beginning and then the circles emerged as it grew and it needed more functions and then ventures emerged as we grew more clients...internally within the organisation we have drivers and navigators – so two different roles. So each circle and each venture will have a driver and a navigator if it is large enough, if it is small it might only have a driver but then the navigator will come.”*

**Head of People Circle, Technology, Small sized**

Organisations that were trying to implement more agile organisational structures also had an effect on how HR organised. We have already seen the example of the organisation structured around ‘missions’ and the impact that this had upon the alignment of the business HR team. Another organisation described how an agile way of operating organisationally was affecting her HR structure.

*“We have got 30% of our corporate organisation in X working already in that way – so 1500 people working in that agile way and next year we want to flip – we don’t want to call it agile because agile methodology, if you follow the proper Spotify approach, it is a bit exclusive to people who are more digital and the marketers and so on – and so we want a narrative where everyone can learn the different ways of working even if they use some of the tools but not all of the tools – and so we have renamed it ‘work-*

*to-win' – which leads me and my finance colleague to our big question (and you might have a perspective on this) which says we have to have a doable model for next year and my HR function has to be 50% agile and 50% business as usual..”*

**HR Director, Telecoms, Large sized**

#### **6.3..4 How Centralisation and Decentralisation influences how HR organises**

Connected to organisational structure, one significantly influential strategic decision which can be seen to greatly affect HR is the extent to which an organisation is centralised or decentralised. The findings demonstrate that where organisations were decentralised, the business has greater autonomy over HR and often the embedded HR professional and their team reported into the business leader, and there were more local rather than global HR policies, programmes, and processes. The leader below describes the impact that this has on HR capability needs.

*“Decentralise means that things like decision-making and things like that don't come from a centralised position or maybe an executive team or management board, or whatever it might be – it means the pockets of teams around the organisation are fully responsible for the decisions that are made in their areas and stuff. So what it means from a decentralised position is that you don't have this centralised power structure that is then impacting other areas without necessarily knowing how things might work for them – but in order to do that, you then have to make sure you have the capabilities across the organisation to make informed decisions and stuff and we are certainly not in that position at the moment.”*

**Head of People Circle, Technology, Small sized**

In some organisations, only parts of the organisation were decentralised. In the example below the respondent describes how they operate as a non-integrated company. They were acquired through acquisition and they are a B2C organisation rather than a B2B business, as per the wider organisation, and at present they have not been assimilated into the wider company's structure or business model.



*“We’re run as, what’s called, a non-integrated company within X, so we haven’t been sucked into the big X mechanics, for a couple of principle reasons. At all? Well, what does ‘at all’ mean? So, there are some links back in, for example, compliance, legal, some financial issues. So where there’s an impact on X, for example, the profits we make, finance or legal requirements or compliance requirements, then we have, we have lines into X for those things, but we determine our own marketing, we determine our own pricing, we have our own employment policies, we organise ourselves as if X was simply the shareholder, and the reason why we did that, is that X, as much as you might see them as a business to consumer business, it isn’t, it’s a business to business.”*

**HR Director, Energy, Mid sized**

Several respondents described how over recent years there has been an increasing trend towards centralisation by organisations, often driven by wanting to create a consistent global experience for customers. This organisational strategy to globalise and centralise has had an effect on how HR organised in the organisation, reducing the number of businesses so that HR had fewer HR teams supporting fewer businesses.

*“The CEO was looking to establish one X, and was very much centralising at that stage and X, as part of its history, was built up through a series of acquisitions. So you’ve got the revenues, which are around 100 million rising to 220 million and then around 23-24 different, separate business units with a level of autonomy between them. So the centralisation came in because we aim to group into three overall divisions and over time, we’ve actually moved away from that one X approach and the way it is today, is probably around 10 – so the 23 is consolidated into 10 businesses units, which have more scale and resource between them – so we’ve done some organisational refinement...”*

**Chief Human Resource Officer, Professional Services, Small business**

### **6.3..5 How the Size of the Organisation influences how HR organises**

Alongside structure, as has already been alluded to, *size of the organisation* also affects the HR organisation. There is evidence of how it affects the proximity of HR to the organisation particularly in large organisations where there might exist local specialists to be closer to the business and obtain a better understanding of business needs, which will be discussed in the following section.

It also affects the number of HR resources in the HRBP teams and the size of the team in the shared services team where volume of work is affected by size of the organisation. There was recognition that in the current economic climate many organisations would be reducing in size and that this would subsequently have an effect on the size of their HR function.

*“As I go into next year I will be supporting a smaller business. Yeah, therefore, like all supporting functions.. I will then have to look at my structure and work out the best way of operating, and you know the team aren’t daft, they, you know, less complexity, smaller numbers will mean that there will be a smaller team.”*

**Chief Human Resource Officer, Media, Small business**

In the business partnering teams, interviewees describe how they might want to build an HR presence in certain countries of operation but are unable to do so because of the small size of the workforce that is there and instead they support employees through resources in another country. In another organisation they have chosen to have generalist resources in each site to support the workforce on the ground there.

*“The model we’ve got is dictated by that kind of structure, which is we have enough people to be dangerous in many countries, but not enough to have the critical mass that you get with bigger companies. So to give you an example; in Germany we’ve got a around 2000 people, but they’re probably sitting in eight or ten different locations, so X typically is small, highly technical operating plants in different parts of the globe, plus sales forces in many cases, disbursed officers as well.”*

**Group HR Director, Manufacturing, Large sized**

As we have already seen, several organisations that operated in the US and internationally had a larger US workforce and demonstrated a different model in the US than in their international arm because of their size. Where the workforce was larger in the US they were more likely to have shared services or resources supporting across all States. Although there was the exception of one company that had a smaller US presence and thus an HR resource in Brazil provided the support to employees in the North America.

*“In Latin America, we are providing some sort of payroll support to our HR manager in North America who is the sole trader because North America is, for us, very small; so one plant and one sales office in North and South Carolina, and so we've only got one HR manager there and so we are giving him some support from Brazil because Brazil is a big country for us.”*

**Chief Human Resource Officer, Chemicals, Mid sized**

### **6.3..6 How HRs' Proximity to the Business influences how HR organises**

Alongside structure and size, the theme of proximity to the business is created. Several respondents spoke about *“closeness to the business.”*

Several held the perception that the closer you are to the business the better the understanding of the business need. One HR leader described how they had decentralised their HR model because of feedback from the business that they wanted greater proximity to HR. This was a manufacturing organisation that was geographically organised so they went about building HR teams in each country of operation. In two other large organisations that are structured by business area they have specialist HR roles within their business teams because if these roles sat centrally they would not 'be close enough to the business'.

Another interviewee said that there are *“a lot of things designed at a (Group) level without really understanding what is needed and our needs.”*

**Head of People & Organisation, Financial Services, Mid sized**

One of the organisations in the sample that removed business alignment to move towards more agile working is now finding it challenging to understand business needs

and describes themselves as “*butting up against the business*” when trying to understand certain requirements.

## **6.4 HR Influences**

### **6.4.1 How the role of HR influences how HR organises**

A couple of interviewees spoke explicitly about the role of HR. One interviewee described his HR function as a ‘quasi-management function and not an enabling function’ and as a result the organisation was not investing heavily into culture and people.

In the interviewee responses, due to the number of references to strategy, it can be assumed that the majority of HR functions were playing or aspiring to perform a strategic role.

*“Traditionally, it was a very traditional law firm, you know how they are set up – there are fee-earners and non fee-earners or business support, which traditionally were there to support the business – and that’s what they did, they supported the business, whereas, over the years, functions like HR have been more influential, they have had a much bigger voice, they listen to our advice and also, people becoming part of the business strategy.”*

**Head of HR, Professional Services, Small Business**

Respondents spoke about the relationship between the HR leader and the role of the HR function. One respondent described how a leader focused on compliance and policing would be very different to a leader who was interested in driving shareholder value.

*“I think it comes back to what sort of HR function you’ve got, because if you’ve got compliance and policing, you tend to find you get what you deserve in terms of the leader of the function and if someone’s really interested in driving shareholder value, it requires a policing role and they tend not to stay and so when I look around at the HR directors that I admire and respect, they’re in a different place...”*

**Chief People & Culture Officer, Utilities, Large sized**

Another CPO described his role as about finding that “sweet spot” between the needs of the people and the needs of the organisation.

*“I think my job is to work out where that sweet spot is, where business is good for employees and good for the employer, and I think that's where I push – I think my whole function is trying to aim for that sweet spot and essentially the six focus areas in our people strategy are all around hitting that sweet spot...”*

**EMEA HR lead, Pharmaceuticals, Small business**

A tacit theme in the interviews was the effect of the role of the HR function on how it organised, the role of the function dictating the type of work it did and therefore how it would organise to do this work. One respondent alluded to this when describing how the role of their function would evolve in the future and the effect it would have on the work and organisation.

*“I think that in five years' time, the HR team will be seen as part of the business and not as a support function and we will influence decision-making and people will be part of the core strategy, which we kind of are now – and we will do things in a bit more of a streamlined way – at the moment, because there aren't that many of us, everything's kind of thrown at us and we just have to kind of get on with it – and so it is really working out how we can be a bit more efficient...”*

**Head of HR, Professional Services, Small business**

Another described how their role had not been to focus on administration and drive down administrative costs, which had allowed him to adopt a model that focused on building HRBP capability.

*“For us, this focus on relentlessly pushing administration and cutting down your business partner model and so on has always been less of a focus. Having the business knowledge is such an important thing in the business. So for me, having great generalists, even if it's quite expensive in some terms, that operate and try to get the best out of people locally and I've created great culture locally – if that costs 5% more, then centralising them and losing that business partnership link – I'm not interested...”*

#### **6.4..2 How People Strategy influences how HR organises**

One of the most prevalent findings was the influence of the people strategy upon how HR organises. A CPO of a UK-based organisation described how the business strategy led to the business needing to reorganise (although there was also evidence of organisations where HR led the structure change and the organisation followed).

She identified the HR strategy to support the business as being priority areas of Growth, Finding Good People and Retaining Good people, whilst focusing upon being cost-efficient and building out good support. She said that

*“Off the back of this you very quickly say, “Have I got the right team?” and if that’s what we are trying to do, “Have I got someone strong in Talent Acquisition?”, “Have I got somebody strong in Employee Engagement?”...so when you see the things that are strategically important to the organisation and you translate that into a people strategy, your organisation falls out of the bottom – it’s not even a choice – you look at where you are trying to get to and what you’ve got and what you need. Everything we do is part of our people strategy and is integral to our overall plan...we don’t do anything that is irrelevant or nice to have...so none of this is flavour of the month or because HR told me to.”*

*Executive Vice President, Construction, Mid sized*

There is also evidence in two organisations of where something is so strategically important to the organisation, in this case D&I, that the lead reports directly into the CEO or Managing Partner in a Law firm.

In other examples where organisations have cost efficiency as part of the strategy, it is possible to see in the case study organisations where shared services are a more prevalent way of organising and outsourcing in the case of reducing agency sourcing.

In organisations where there are very individual business strategies, one HR leader spoke about how *“they didn’t have a strategy, the responsibility for strategy and*

*forward planning sits with each of the different businesses". He spoke about how as a function they were trying to define what is "core and more" recognising that they can't do everything centrally to the "full extent" because the organisation is "federated" and has such different needs. In organisations that had identified some global consistency in strategic priorities, the capabilities required to deliver these were represented in the COE functions. "There is a lot of alignment globally around what are the priorities – yet there are differences, but if you talk about strategy, employment engagement, training and development...so it is similar and there is an uncomfortable friction between how much is provided from the hub and how much is provided locally."*

**Senior HR leader, Property, Small business**

One interviewee referenced how difficult it was now in a world where there is such drastic change to be able to plan, and keep to a plan, reinforcing this greater need for flexibility.

### **6.4..3 How Technology influences the HR organisation**

There are findings to demonstrate the effect of technology on the HR model. All of the organisations in the sample had some HR systems, and these systems varied in terms of their capability. Larger organisations were more likely to have large cloud-based systems such as Workday, SuccessFactors or Oracle. Where there were systems used and these supported several businesses or countries, as detailed by the respondent below, these led to centralisation around the system and processes being done the same way.

*"Where we centralise things is around programs or around system; so we use Workday and Workday is a global system – and so we have people in the centre who configure and run Workday and our processes that we run off of Workday, so; performance management, talent, we do a number of other things with regards to surveys through Workday, we do feedback through Workday – we don't have compensation on there yet, but that's one of the six, then there's absence management."*

**Chief Human Resources Officer, Professional Services, Mid sized**

Another organisation that had grown through acquisition described themselves as having a “hotch-potch” of systems. This meant that things were done differently across the organisation.

*“So looking at what's the right solution for us across the organisation – so by itself, Workday, for example – but if we do move to a new platform and I get some of what I wanted, our approach at the moment is very much best of breed and so we look at what is a success and what causes us pain and then we plug in various different bits and pieces.”*

**Senior HR Business Partner, Technology, Mid sized**

*“We are still suffering with legacy systems where we don't have an HRM system, so we don't have a single records system for employees – we have a payroll system that we use for that purpose but it is not designed for that purpose – and then we have led on a whole series of other tools; I think we have 40+ applications that we are using in HR which includes the UK and the US...”*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Mid sized**

One of the barriers to implementing technology was investment and this inhibited organisations from changing the way HR was organised.

It was found that in smaller organisations they were more likely to have ‘best of breed’ systems as they struggled to demonstrate the return on investment in the large cloud-based systems. This meant that certain processes were automated where there was a business case, but other processes were more likely to be manual.

*“We've just got no money to invest and it is really quite difficult and we are light years away from things like HR Box and things like that – there's just no appetite for that unless we end up looking at our overall enterprise architecture. So looking at what's the right solution for us across the organisation – so by itself, Workday, for example – but if we do move to a new platform and I get some of what I wanted, our approach at*



*the moment is very much best of breed and so we look at what is a success and what causes us pain and then we plug in various different bits and pieces.”*

**Chief People Officer, Technology, Mid sized**

In other organisations due to the economic environment in the middle of COVID-19 when funding had been cut, they were unable to obtain investment.

*“I would need to spend another £5M in implementing something called Employee-Central to get my core data in the cloud – and in the current financial environment, we were just on the cusp of getting it approved when we fell into financial issues four months ago and I can’t get it back on the table again at the moment – and getting everything in the cloud is my key next step for unlocking to digital HR.”*

**Chief People Officer, Manufacturing, Large sized**

There was the recognition across the majority of respondents that HR would become increasingly automated and one of the reasons for this, as referred to by one respondent, was that access to technology is becoming cheaper and, particularly with the advent of AI, he predicted that in the future in HR anything that can be automated would be.

*“The cost of that is getting cheaper and cheaper and so what used to be the reserve of organisations that you know employed 400,000 people – so you know in X, saving a penny a person translates into a big number but when you employ 20,000 people, it’s hard and if you employ 5,000 people, you go, it’s not worth it. The cost of technology is just getting to the point where it’s becoming more and more affordable to deploy tech-bots in your interview process, even smaller organisations, than it was 10 years ago and I think that will continue.”*

**Head of Organisation Design, Retail, Large sized**

All the organisations that had shared services had a system such as Workday, SuccessFactors or Oracle. One described it being that which brought together ‘a number of country offices in a global company that were working quite disparately’. One respondent also highlighted the effect automation would have upon shared

services, suggesting that greater automation would reduce the activity that would sit in a shared service.

*“I don't want this shared service – I want to automate everything we can off-shore, which we can't.”*

**Chief People Officer, Manufacturing, Large sized**

The implementation of technology can be seen to affect the wider HR organisation. One of the drivers behind the implementation of technology was the ability to reduce heads. One CPO spoke about how the implementation of an automated document signing system had saved him “over 200 man-days and enabled him to save a head.” The other effect of technology was that in many organisations this was the catalyst to make further changes to the HR organisation, although one HR leader heeded caution on making these changes simultaneously, particularly if end-user satisfaction with the system is low.

*“We launched Oracle like the same week basically as we launched the HR structure and I think, yeah, we would not have done that the same...we would have launched Oracle first, given them six months to get used to it and then take their HR managers out as it was a bit of a baptism of fire.”*

**Group Head of Organisational Effectiveness, Retail, Large sized**

*“My team told me that when we brought in DocuSign, overnight we saved over 200 man-days – and that's non-value added work just by doing that – using the technology, and we've got to talk about the technology, automatically, you free up basic administrative work and all those other things and then you can start to do the value add.”*

**Chief Human Resource Officer, Professional Services, Mid sized**

Technology has changed the way that HR activities can be delivered. One organisation spoke about moving from delivering training face-to-face to on-line. Organisations also spoke about enhancing systems to make them available to people outside HR to perform activities, mediated by behaviour as described in the previous section.

*“So I'll use training as an example; 92% of all our training last year was delivered face-to-face... I mean, on some of it; we have about 1000 training courses that range from, how to operate a gas network and electricity transmission network safely through to how to climb up a pole safely and how to make parts for generation plants – so some of it is very, very technical; e.g., how to use a lathe or install body parts. However, I also believe that most of our training, about 60% of it, could be delivered virtually and can be delivered in a blended learning environment of some description – we are massively old-fashioned in the way we deliver essentially chalk and talk time training in a classroom environment and we get into a dither. So certainly in the digitisation space, we have been trying to really push the use of virtual learning – the use of instructor-based learning – if you have a... the idea of instructor coming to you rather than you going to the instructor.”*

**Chief People & Culture Officer, Utilities, Large sized**

Access to data has been one of the biggest motivations for investing in technology, and technology itself has been an enabler for obtaining this. Interviewees spoke about a desire for a single data repository and having data analytics hubs driving the work of the function.

*“It kind of forces certain information to be kept in and so it means then we can run reporting and analytics with much more confidence in the data that's there really. And then that therefore means that XXXX and his manager can look at, and answer questions in relation to market data and suggest things be done in a different way. So Workday has certainly helped to enable those things to be done and we are in a much better position than we would have been able to previously...”*

**Chief Human Resource Officer, Automotive Services, Mid sized**

*“What I want is the data technology analytics hub that's driving the work of the function – the shared service reacting to transactional workload...”*

**Chief People Officer, Manufacturing, Large sized**

Respondents also spoke about technology (and shared services) enabling them to be more cost-effective and being able to reduce costs or redirect costs to invest in other capabilities that would increase value.

*“I mean, first of all, it was coming from a cost perspective, we simply had too high cost per team and so we had to reduce that down. Secondly, it was about efficiency and effectiveness because we wanted the team to be able to respond more quickly. We wanted to automate more, hence the chatbots, and we wanted the business to have a better experience.”*

**Chief Human Resource Officer, Automotive Services, Mid sized**

They also spoke about how it facilitated the HRBP to perform a more strategic role, because employees and managers would primarily perform activities using self-service and if they needed support they would go to the shared service centre allowing the HRBP to focus upon other activities.

*“But with Success Factors doing that, we said, okay, those sorts of queries should be self-managed but if somebody cannot find it, you get in contact with your HR advisor, you know, either raising a case or there would be a dedicated team of HR advisors who would be on the phone and so that's how, which meant the business partnering population, their role became extremely specific to real business partnering in driving the strategy, etc.”*

**Global HR Transformation Lead, Financial Services, Large sized**

However, there was a minority of situations where organisations felt that they were not getting the full capability from their systems, which inhibited how they were able to use them and organise. For this respondent, their HR system was not in the cloud and therefore could not be mobile enabled.

*“When we did the original transformation change five years ago, we implemented SuccessFactors end-to-end, which has never transpired to be the sort of core, proactive people system experience that I was sold. Not all their fault – our own IT people here didn't know what they were doing and so we were badly advised – and I am hamstrung by the fact that we are SAP on premise for core data – and so self-service functionality in SuccessFactors, I can't turn on because it relies upon your core data being in the cloud and so I would need to spend another £5M in implementing something called Employee-Central to get my core data in the cloud.”*

**Chief People Officer, Manufacturing, Large sized**

#### **6.4..4 How the business perception of Effectiveness and Credibility influences the organisation of HR**

Perception of the effectiveness or credibility of the HR function could also be seen to affect the organisation of the function.

Several interviewees spoke about an idea of *'needing to get the basics right'* before being able to move activities into shared services or off-shore, or expand the scope of activities that these teams performed:

*"We need to do much better at delivering the shared services we have in scope and almost like, earn the right to play at the next level."*

**Global Head of HR and Service Delivery, Financial Services, Large sized**

One interviewee also described how this perception of 'getting the basics right' also impacted the acceptance of business leaders working with HRBPs on other activities.

*"Why would I engage with you about my workforce plan when we can't get the basics right?"*

**Group Head of Organisational Effectiveness, Retail, Large sized**

#### **6.4..5 How HR Capability affects the organisation of HR**

Capability could also be seen to influence specialist roles in a global law firm that were looking to increase consistency between the country offices and where UK-based specialist roles took on Global and UK responsibilities because they had the capability to do so.

*"Now what's been changing over the past few years, is because of its size and its expertise that it's got – and it is a good team – we have changed some of the senior roles to become global roles – so Global Head of Recruitment and Global Head of*

*Reward and Benefits. So that's where they are now, kind of sitting globally, trying to look at best practice but they don't necessarily have reporting lines in the global team and have a few extra resources, but it's about sharing best practice, trying to get consistency, trying to get a procurement in terms of cost efficiencies in decisions on things.”*

**Head of HR, Professional Services, Mid sized**

There were examples in the interviews of where reporting lines or the location of activities in the function were influenced by the *capability* of individuals within the organisations. One organisation described how D&I reported directly into the CEO in their organisation. This was partly because of the strategic importance of D&I to the organisation but also because they had recruited a really high-profile individual to lead this for the organisation. One interviewee also referred to a business that is going through a reorganisation and a lot of change, so she has ensured that she has an HRBP aligned to that business area who has these skills as she does not have a large central specialist team, demonstrating the need to consider capacity alongside capability.

There were also several examples of this when talking about data and analytics in HR, which are relatively new capabilities. One HR leader described how this capability could sit in different places within the function based on where they had the skills. In another organisation, the CPO describes how she has ensured that her HRBPs have specialist capabilities that align with the strategic needs of the business they are supporting.

*“Some companies are even developing that into a role of HR COO – so a kind of a HR chief operator sort of role – others tuck it under Comp and Bens, and others put it under HRIS or systems and shared services – we had a mix, only because there were two people that knew how to operate it. One them sat in Reward and one sat in our HR shared service and I would ideally like to have got that into one place and probably it would have gone into the operational side of the business rather than sitting with compensation...”*

**Chief Human Resource Officer, Automotive, Large sized**

#### **6.4..6 How HR Team's Capacity affects the organisation of HR**

*Capacity* within members of the HR team could be seen in the interviews as another factor that influenced how HR was organised. One interviewee referenced that the resource that took on the recruitment responsibilities alongside his country role only did so because of having the capacity to do so. Two interviewees spoke about capacity and *credibility* in the CEO specialist teams, highlighting the cyclical nature of many of the CEO activities, and the need for these skills to become more flexible so that COE teams didn't feel the need to constantly reinvent programs and policies to: 'justify their existence'.

*"If you have a leadership development structure and actually you are trying to keep eight people constantly entertained for a year, are you creating work that doesn't need to be done? So in a world where the business can only absorb a certain amount of work from HR, new talent strategy, new performance strategy, new leadership development program...idea of a leaner centre of excellence..."*

***Group Head of Organisational Effectiveness, Retail, Large sized***

Alongside the need to respond to external effects that quickly changed priorities, this was one of the factors encouraging organisations to look at more flexible and agile ways of working in more mature organisations where their HR programs were established and 'in run mode'.

#### **6.4..7 How HR Team Career Development influences the organisation of HR**

There is also evidence in the findings that consideration is given to the HR teams' motivation when defining HR roles. In one organisation, the ER roles were put together in a team so that they could provide support to one another.

In other organisations, they were taking the time to move activities off-shore until they could build a proper team there.

*“So we will still manage those individuals, there will just be a remote team and my worry is, until you have a large enough capacity, the risk is that those individuals get de-motivated feel left out, don't feel part of the team – so there's a bit of a – I've got my concerns about it...”*

***Head of HR, Professional Services, Mid sized***

The interviews also found that consideration of career development influences how the HR function is organised in some organisations. One HR leader described how she wanted to ensure that there was sufficient career progression for junior HR professionals to develop their career through shared services and into business HR roles.

*“For the team themselves, we wanted their jobs to be made more interesting and to have a progression path from an advisor up to a supervisor position and eventually to a junior BP position.”*

***Chief Human Resource Officer, Automotive, Large sized***

Two interviewees also spoke about the idea of giving people ‘big roles’ and ‘double hatting’: that is giving more responsibility either by aligning them to a business and an HR specialism or by giving them more than one business to support.

*“So let's try and split those roles out to both give people the capacity to focus on what we want them to focus on and really drive that strategic priority, but also to like let people do what they like because actually, some people really love change execution. Some people really love ER, people really like strategic HR.”*

***Group Head of Organisational Effectiveness, Retail, Large sized***

Another respondent described about building careers around people's passions to make jobs interesting for people.

*“So for me it is all about finding and pushing someone who is passionate about something – at the moment we are doing career development and so I have people on team who are really passionate about career development, so I don't want... really mind how experienced you are or what your background is – it is more about how*



*passionate you are about something and I think the more you can align work to people's passions, the more interesting jobs can be for people..."*

*Head of People Circle, Technology, Small business*

## **6.5 Agency and stakeholder influences**

### **6.5.1 How the HR Leader influences the organisation of HR**

Several interviewees spoke about the influence of a *new HR leader* on the how HR operates. A number of interviewees who were HR leaders described how they would evaluate the HR organisation when they arrived in a new organisation to establish what was working and where they would need to make changes, drawing on their previous experiences *"it was very much based upon what I had done at a previous organisation."*

The evidence from the interviews would suggest that most new HR leaders do make changes:

*"Going into an organisation as an HR leader is like buying a house. You do a survey before you go in so you have a sense of where issues may lie and you'll talk to various people but actually its very truncated and slightly everyone has an agenda to what you've been given. Its only when you really start to appreciate what needs to be changed and where the priorities are and suddenly realising that you thought you had to rip out the kitchen but it's actually the wiring that doesn't work, or you've got a major drainage issue or whatever it is and your resources are limited. So, you have to be very choiceful about where you focus your attention."*

**Chief Human Resource Officer, Media, Small Business**

The perception of the *HR leader's credibility* and *relationships with other leaders* in the business, particularly with the CEO were also seen as having an effect. This was particularly the case when HR was decentralised into the business and the budget for the business HR team sat with the business leader. Several examples were given of where the HR leader was trying to drive some organisational consistency but was

dependent upon agreement from the business leader. This was also relevant when the HR leader was trying to obtain investment for HR programs such as new HR systems.

One CPO recalls how their predecessor had a very close relationship with the Chairman of their organisation and this influenced the CPO's relationship with the CEO and made the CPO very influential. A positive perception of the HR leader's credibility also led in two instances to CPOs leading business transformation programmes, thus affecting the scope of activity sitting in the HR function. Where there were less positive relationships it appeared to create less positive perceptions of the functions model and thus acted as a constraint on the HR leaders impact on the organisation of HR.

*“Centrally led, driven by the previous HR Director and the top heads of the business and very much against the wishes of most of the people in the business who, even when I joined, were very clearly, most of them were very antagonistic towards it as a model.”*

**Group HR Director, Rail Infrastructure, Large sized**

*“I think our Group HRD is very influential, and therefore it is that influence that allows her to articulate why HR needs to be a particular way and why it needs to be consistent in some areas and divisional lines in another – so we can make the case for centralisation quite convincingly when necessary.”*

**HR Transformation & Operations Director/Chief of Staff, Financial Services, Large sized**

The interviews also highlighted how the HR leaders' *leadership style* can affect the HR model. This was particularly evident around stories of reporting lines of HRBPs and whether into the business or into HR. Many interviewees stated that they didn't think this reporting line mattered and what was more important was the relationship between the HR leader, Business Leader, and HR team in the business.

*“I have a good working relationship with the regional HRDs to be honest – they know that they have a business to support and I expect them to do that – but they also know that there's a functional responsibility and we talk as a team, every two weeks – so it's good because I just treat them as my direct reports anyway – they are a dotted line into me and a solid line into their regional CEO...”*

## **6.5..2 How HR Team Behaviour influences the organisation of HR**

Similarly to the influence of employee and line manager behaviour, the findings from the interviews demonstrate how the *HR team's behaviour* also influences the organisation of the function. There was evidence of individuals shaping their roles by being enthusiastic and proactive in several organisations and this often led to activities or responsibilities uncommonly being grouped together in a role. For example, in one organisation a country HR leader took on a recruitment specialism because he was "enthusiastic". According to one leader this was more important in smaller organisations where the HR team needed to have the mindset of "I want to learn, I want to find this out" because there were not the same specialist capabilities.

*"Performs a dual role because his region is not very big and he has huge capacity and enthusiasm."*

*Chief Human Resource Officer, Chemicals, Mid size*

There was also evidence of HR behaviour affecting other parts of the organisation particularly where HR roles were changing and activities were to be performed by line managers or employees but the HR team member was reluctant to give up this activity because they wanted to help and found it hard to say no. Talking about some activities that were supposed to be done by a shared services team, one HR leader described how local HRBPs would perform the activities: *"some of them are very comfortable in this area and were there on the ground so they would get involved."*

*"I do find HR as a blocker – so people within the function who are used to the status quo and are comfortable with it and they are aware of the change model but they are comfortable with the status quo and resistant to changing it – there are people who love being generalists and are good at it."*

*HR Director, Non departmental Government Body, Mid-sized*

Some respondents spoke about challenges in the HR model with HRBPs and trying to mitigate issues of siloed working.

*“I felt there were a lot of exclusive clubs – nobody was playing Consumer, if that makes sense. People were playing ‘club not country’ (that was the language we use) – so there were the marketing people who were looking after everything marketing and then what was falling off marketing into sales ‘not my problem’ – or the service guy for instance, didn’t necessarily understand the impact of what they were doing in service versus commercial.... “club not country” mentality and focused too much on their business’s rather than the organisation’s needs.”*

**HR Director, Telecoms, Large sized**

This similar siloed way of working was attempted to be rectified by another organisation by giving the Centres of Expertise end-to-end accountability for design through to delivery and in other organisations by giving HRBPs cross-functional responsibilities. Another challenge with the centres of expertise was referred to as the continual development of new policies and programmes and then “throwing these over the fence to be implemented” encouraging the need for more flexible resources in these teams so that they don’t feel that they need to currently be reinventing the wheel to be fully utilised.

### **6.5..3 How Line Manager Behaviour influences how HR organises**

The final organisational factors influencing the HR model were found to be associated with the behaviour of line managers. The effect of their role in people management or performing HR activities affects the role required from HR.

Several organisations stated that their line manager/people manager capability wasn’t very high or there wasn’t the desire to perform the role. One interviewee stated:

*“Manufacturing is really demanding. You can see what requests are given to HRBPs. We’ve got quite a culture change to get through because, you know, managers could do things themselves but their response is usually “I’ve got to get a wing out!””*

**UK Head of HR Transformation & Digital, Manufacturing, Large sized**

This was particularly the case when technology access was provided and employees and line managers were expected to self-serve. Several interviewees spoke about trying to make line managers more self-sufficient and about strategies to encourage this, for example, making it more complicated to ask someone else to do it for them.

*“So if you ask the question or somebody wants to know ‘How do I?’, that sometimes can be a little bit complicated to get to the answer – so actually making it clearer and quicker and easier for people to do things themselves. So I think increase the level of self-service, not by just passing the work over and saying ‘well we’re not doing it anymore, you need to do it’ but by making it easier for them to do it. So actually it becomes more burdensome for them to ask us to do it on their behalf. So, I think there’s work on that we need to do.”*

**UK Head of HR Transformation & Digital, Manufacturing, Large sized**

There was a relationship between the role that line managers played; the extent to which they perform people management activities and could look up information and the HR organisation. In organisations where line managers did not perform as many people management activities, several spoke about line managers being resistant to doing things themselves as they had previously had people doing it for them.

Access to data and information reduced the resistance to change in one UK-based organisation. One HR leader even made the point that HR functions could become non-existent if line managers “were capable of doing what they should do”; reinforced by another who said “my pet theory is if we spent more time increasing line manager capability and line managers understood that leadership is a key part of their role and not an add on, then you get more operating at a strategic level, whereas at the moment you get a lot of HR teams making up for that lack of leadership capability and line manager capability.”

*“I don’t think you should have an HR function in a business – actually, if line managers were really good at what they were doing, you might have a very, very tight core that would maybe do a bit of admin and a bit of payroll, but you shouldn’t need such a massive business partner community – but unfortunately, I have been HR Director in*

*four businesses over the last 20 years and none of them were in a level of maturity where they could, in any way, look after their people properly without having an excellent HR function.”*

**Group HR Director, Transport, Large sized**

Connected to this, two organisations spoke about trying to build a “self-directed” culture, with the rationale given by one small and relatively new organisation being that they are “helping and encouraging individuals to unpick problems for themselves, for example, complete a career development plan for themselves” so that HR is not needed to unpick the problems for them. Another interviewee said that doing this removes the current culture of “co-dependency” on HR. They have been able to remove a lot of the HR team aligned to the business by doing this.

*“And certainly against the line manager community in the business, there was a real sense that they were now being asked to line manage people when they didn’t see that as their job – they very much saw their job as being to build railway lines and to keep people safe and move trains around – and looking after people, or anything to do with people should be done by HR – and they couldn’t understand why that wasn’t the case and they certainly couldn’t understand why there had to be a central admin function that was particularly dealing with employee queries and all the paperwork and why their secretary couldn’t just be the person who wrote an offer letter and all of that kind of stuff.”*

**Group HR Director, Transport, Large sized**

*“The line managers got in the way of it and they realised it wasn't going to change. There was, in the beginning, begrudging acceptance and then as they began to discover more and more capabilities that they had and abilities to report and see information and use data, then they started to engage with it a lot more.”*

**Chief Human Resource Officer, Automotive Services, Large sized**

## **6.6 Chapter summary**

It was found in this second findings chapter that there are a number of factors influencing how HR is organised. These factors can be grouped into three categories, those which are influencing factors from outside the organisation, those which are organisational factors and those which come from within HR. Identification of these different types of factors describes how the context around the HR organisation has an effect on how it organises.

A summary of these factors can be seen in Figure 13 below.

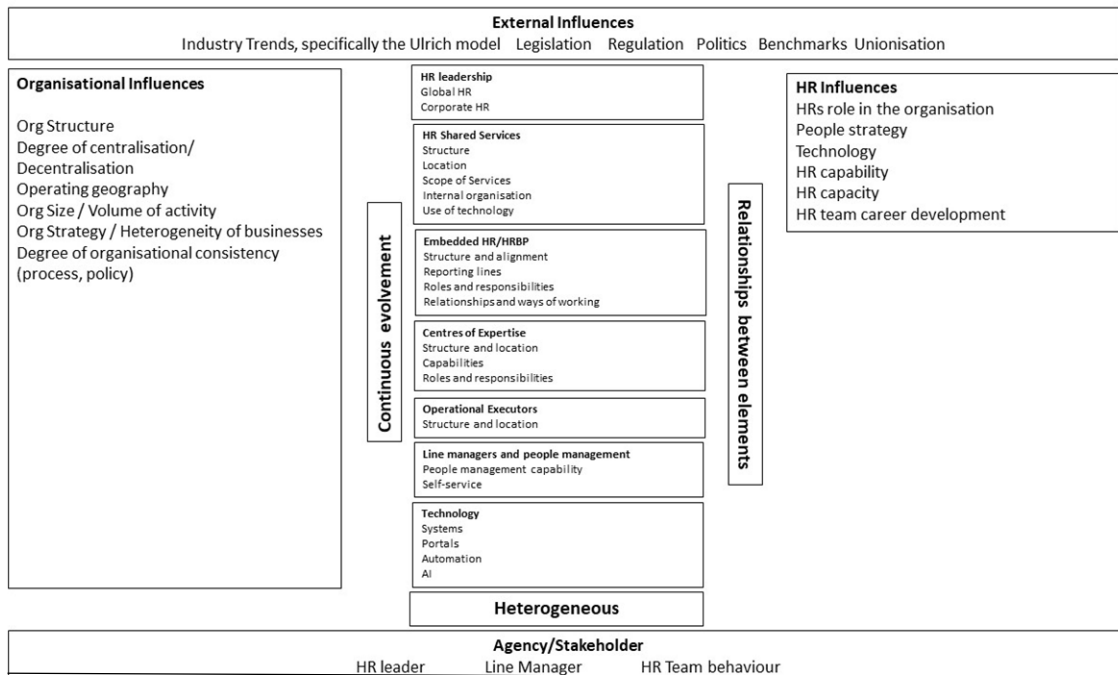
## **6.7 Summary of findings**

Following a thorough analysis of the data, there were five key findings.

The first was an identification of elements that constitute the organisation of HR and secondly detailed analysis revealing differences in how HR is organised. It is also found that there remains a dominant narrative of the Ulrich model and high-level analysis demonstrates that there are 'three' perceived models, with the majority of organisations sharing similarities with the Ulrich model. However, even where organisations share similarities at a high level the evidence of difference in the detail of how HR organises is greater and therefore moves us away from the concept of models.

An additional finding identifies how different parts that make up the organisation of HR affect one another. And the also there is evidence of a move towards the idea that the organisation of HR is something which is continuously evolving.

The fifth finding is that the organisation of HR is affected by its context both externally and internally and a number of external, organisational factors and factors from within HR have an effect on how HR organises and results in this continuously evolving organisation made up of different elements.



**Figure 13 Summary of findings**



## **7 Discussion and Contributions**

### **7.1 Chapter Introduction**

This chapter will examine the findings of this research in light of the current academic literature. It will be structured around the research questions, answering initially the first two research questions regarding how HR is organised and if it shares features commonly associated with the Ulrich model, before answering the third research question regarding the factors found to influence the organisation of HR. Findings will be interpreted in the context of what is already known from existing literature and critically highlighting new insight that has been derived from the empirical analysis.

It will conclude with a presentation of the new knowledge that this research can bring to both academia and practice.

The purpose of this research is to examine how HR is organised, if there are specific models in existence, if existing models are the Ulrich model or an adaptation of that model. Due to an under-theorisation in research on the organisation of HR, the objective is also to understand what is influencing this and can explain why HR is organised the way that it is.

This research and knowledge is important now because of the shifts that we have seen in the perception of the HR function as a result of COVID-19, coupled with the rate of change that is affecting organisations. As we have already acknowledged, the HR function will not want to lose the respect it has gained in organisations over recent years; it will continue to want to support the organisations by ensuring that it delivers what is required by the organisation to be successful. The HR organisation, therefore, continues to need to be able to adapt to ensure that it has the correct capabilities, delivered in the most effective way – recognising also that the goals of the HR function have shifted too and are no longer solely focused on cost-efficiency and that HR's strategic role is in supporting organisations with changes to the way people work resulting from AI, changes to the future of work and having multi-generational workforces as an example (Marr, 2023).

The key findings are that how the majority of functions organise themselves at a high-level share similarities with the Ulrich model (referred to as HR shared services, HRBPs and Centres of Expertise), however, when analysed in detail what is more apparent is heterogeneity in organisation and implementation or adoption of elements of organisation. This reduces the notion that 'models' exist at a detailed level. Instead, the heterogeneous elements that make up the design, can affect one another and the organisation is not static; it is evolving affected by a number of external, organisational and agency factors.

## **7.2 How is HR organised and does it share features commonly associated with the Ulrich model or an adaptation of the Ulrich model?**

### **7.2..1 The organisation of HR is heterogeneous**

In researching how HR is organised gathering data from a number of organisations of different sizes and across different industries, this empirical research found that there were three high-level ways of organising HR, one of which was similar to the Ulrich model and two further designs, one which had mainly HR resources in the business and a small specialist corporate team, no shared services, and the other a smaller generalist team.

We were keen to understand in our research whether the organisation of HR shared common features associated with the Ulrich model or whether appeared as an adaptation of the Ulrich model. We found that the majority of the organisations when examined at a high level were found to be adopting this high-level Ulrich-type model.

The research, however, found that the 'devil is in the detail' (Hird et al., 2010, p. 32) and that when you look at the detail of how HR is organised, differences exist. Where organisations share a similar high level model such as Ulrich they are adapting it differently and there is the existence of other ways of organising that don't include all the elements that would be associated with Ulrich. The way HR is organised is heterogeneous.

An examination of how shared services organise as part of looking at the wider organisation of HR, found that shared services could be global, regional hubs, they could be on-shore or off-shore, or a combination of both. The scope of activities that sat in shared services differed from organisation to organisation; in some organisations the shared services team had a direct relationship with customers and in others they were purely back-office functions. There were also differences in how shared services were internally organised and how they utilised technology. This supports and builds on previous literature, such as that of Farndale et al. (2009) who demonstrated how shared services could take many different forms.

This research found how different specialist areas of HR were combined and the role of centres of expertise varied. Ulrich (1995) stated that COE roles had been applied differently.

It was also found that the HR teams in the business varied in terms of structure and roles and although there was no similar research looking at these elements, Caldwell (2008) challenged the appropriateness of generic competency models for HRBPs, which would challenge the concept that all HRBP roles were the same and required the same levels of competencies.

Differences were found in the capability and behaviour of line managers regarding people management activities, which had an effect on the broader organisation of HR. This built on the work of Bainbridge (2015) who found differences in the devolution of activities to line managers.

Prior to this study, the limited literature that looked at the whole organisation of HR had created a perception of a single universalistic HR model. This could be argued to be as a result of institutional pressures placed upon HR functions to achieve legitimacy in their organisation or industry (Meyer & Rowen, 1977) or through the effect of isomorphic pressures particularly organisational mimicry (DiMaggio & Powell, 1983).

It could also be explained by a contingent deterministic relationship with the organisation's structure which, as Ulrich et al. (2008) argued, would result in three different forms, of which the shared services model appeared dominant because of the prevalence of the allied/diversified organisational form.

These findings interestingly share similarities at a high level with the body of HRM research. HRM practices had for a long time been dominated by a school of thought that there was a set of HR practices that could be implemented in any organisation. This was particularly typical of thinking that came from the US and the idea that universalistic “best practice” HRM will always result in superior performance (Delery & Doty, 1996) but this thinking later evolved to recognise that different ‘bundles’ of HR practices would result in different outcomes (MacDuffie, 1995).

Finding heterogeneity in how the HR function organises evidences that there is not a universalistic, prescribed, ‘one-size-fits-all’ way of organising, which also resonates with several of the practitioner perspectives that were examined in Chapter 2. It also provides evidence that although at a high-level it might appear that organisations share characteristics commonly associated with the Ulrich model, it is clear that this might have been just a starting point and actually in practice and in the detail there is greater differences than similarities, this provides a strong rationale for further examination of what influences heterogeneity.

### **7.2..2 Relationships between the different elements of the HR organisation**

A further finding is that the heterogeneous organisation of HR comprises several elements, including structures; location; roles and responsibilities; technology; relationships; and ways of working. Similarly to the design parameters identified by Mintzberg (1980), when he was examining the structuring of organisations, this research empirically defines elements that make up the organisation of HR.

As with other literature on the organisation of HR, which has focused on elements of the organisation, the contribution of this research is that these elements have been looked at simultaneously. Prior to this the literature on HR organisation has been fragmented in that authors focused their research on individual elements. The exception was Ulrich et al.’s (2008) but as previously stated, this was not empirical.

Focusing this research simultaneously on all elements enabled the identification of additional ways of organising that had not previously appeared in the literature, such

as the utilisation of integrating project manager roles, and examination of the interrelationships between different elements of the model.

There is indicative evidence that if you change one element of how HR is organised, it can affect how another part of HR organises. For example, line managers who do not have access to technology to perform an activity, or choose not to do it, are reliant upon shared services or an HRBP to perform that activity; if you have an HR technology system, data can be generated and this data can be used by an HRBP to perform a more strategic role; if line managers have access to the same data via technology, they can answer questions themselves and do not need to go to shared services or the business facing HR team to ask for information. If HRBPs only perform a strategic role and do not do implementation of new HR programs or execute processes, then there needs to be an operational business HR or project managers who can perform this role.

It is recognised that a weakness in this research may be that it has not defined all the elements or the different permutations that can exist within these elements and that further analysis on this might also have been possible; however, by looking at all the elements simultaneously it can be concluded that HR is best perceived as a system. What is meant by this is that the organisation of HR is 'cooperative and complex, composed of interdependent parts' (Harney, 2024).

Finding that the organisation of HR is heterogeneous and interrelated, begins to suggest that it is appropriate to apply a systems theory lens to the examination of the organisation of HR and moves us further away of the idea of the organisation of HR as a model and towards the idea of HR as a system.

As examined earlier in the paper, a systems perspective sees an organisation as a number of interdependent parts that make up a whole (Harney, 2024) and in striving for balance organisations will display equifinality, i.e. they will deploy differing means to reach a final state (Harney, 2024).

In the existing literature, this idea of a system of interrelated parts was alluded to but not specifically named. For example, research examining outsourced shared services demonstrated how this enabled the retained HR teams to be more strategic (McCracken & Mclvor, 2013). Bainbridge (2015), when researching the different

rationales for devolution, highlighted the consequences of devolution for the rest of HR. He referred to how outsourcing affected the strategic integration of HR and the size of the function, as did Larsen and Brewster (2003), recognising the effects of the same on the size, role and shape of the HR department and the shape of the organisation.

Again, if one takes the body of literature that examines HRM, particularly SHRM research, this research also shares parallels. The 'best fit' literature referred to above examined horizontal fit as well as vertical fit, identifying complementary HR practices that are dictated by organisational strategy (Macduffie, 1995). As we will see as we explore further the external and internal factors that affect the organisation of HR, there is also similarities that can be seen with the aspirational framework Jackson et. al. (2014) developed to describe the relationship that HRM practices have with their context.

Our analysis did not go so far as to find bundles of complementary organising elements, identifying 'ideal types' in the same way that has been done at an organizational level (Mintzberg, 1980). This is a potential opportunity for future research. However, what could be seen is the effect that different ways of organising had upon one another and to suggest that conceptually seeing the organization of HR as a system is more appropriate than as a model.

### **7.2..3 Continuously evolving**

In addition to finding that the organisation of HR is heterogeneous and interrelated, the findings would also suggest that it is continuously evolving. In the findings some organisations referred to 'transformation' or 'dramatic overhaul'. However, more frequently they demonstrate more incremental changes resulting from organisational behaviour such as: HR people leaving the team and other people having to pick up their responsibilities, and people evolving their roles by following their passions and preferences. There was also the finding that deliberate change has become more focused on continuous improvement and optimisation, and building in agile working practices to enable operationally flexibility.

The existing but limited academic literature, presented the organisation of HR as a 'model' and conveyed it as being something quite static, existing for a period and then an evolution. For example, Ingham and Ulrich (2016) offered three additional models to those that had been originally proposed by Ulrich et al. (2008), recognising that organisational structures had evolved and therefore so must HR models as they had a contingent relationship. McMackin and Heffernan (2021) also presented HR operating strategies in four waves, evolving alongside organisational strategy and HR strategy.

The findings of this thesis build upon this concept of evolution by seeing the organisation of HR as a continuous process. This then changes the current perspective by further challenging the concept of models and shifts from one way of organising to an empirically derived idea that the organisation of HR is something that is always changing form, something that is a result of people's behavior. It also changes the perception of redesign to shift it from being transformative intentional redesign to continuous smaller improvements. This idea resonates with some of the practitioner literature, particularly that of Deloitte (2019, 2020) who describe a way of refining the organisation of HR through a discover – design – deliver cycle.

Arguing that the organisation of HR is evolutionary, strengthens the appropriateness of the application of systems theory, which privileges in an organisation's tendency towards adaptability, change and dynamism (Harney, 2024). It is appropriate here, however, to also bring in the theory of strategic choice, because it could be argued that the appropriateness of the application of systems theory to the organisation of HR is not entirely emergent, as there is evidence of HR leaders being instrumental in how HR organised. Strategic choice theory, however, is consistent with theories of organisational evolution and transformation (Child, 1997 p. 70). Child (1997) describes a continuous cycle that takes place in an organisation of: information > evaluation > learning > choice > action > outcome and feedback of information.

Recognising the organisation of HR as being constantly evolving as well as being heterogeneous and consisting of interrelated parts is important for our understanding and moving beyond what has largely been a practitioner-led knowledge area focused upon 'models' and 'HR transformation'. Encouraging organisations, as referred to by Bersin (2023), to focus on problems and to see it as a system, arrived at through a

number of strategic choices (Deloitte, 2019, 2020) seems to be the more appropriate way forward.

### **7.3 What are the factors influencing the organisation of HR?**

As well as specific characteristics of organising, which the author believes can be explained by applying systems theory and the process of strategic choice, a number of factors influencing the organisation of HR were also found; these came from external to the organisation, from within the organisation and from within HR.

These numerous influencing factors challenged previous work that had argued for a single influencing factor of wider organisation structure (Ulrich et al., 2008; Ingham & Ulrich, 2016) and although through an analysis of the existing research on elements of organisation it was possible to identify that there were probably multiple factors influencing the organisation of HR, this research probably provides the most comprehensive list (although likely not to be exhaustive) of the factors that influence the organisation of HR.

#### **7.3..1 External factors**

The findings identified a number of factors that influence HR that come from outside the organisation: the effect of industry, benchmarks and ratios, existing models, legislation and regulation, politics, external societal events, and unionisation, on how HR organises.

The tendency of organisations towards the high-level design of organisations, with the majority of the organisations in this study's sample sharing similarities with the Ulrich model, as already discussed, could be driven by the need for legitimacy within industry. However, they could also be explained by normative pressures (Meyer & Rowan, 1977), as several respondents made direct reference to the model, often in the way that suggested it as the panacea for HR organisation, the "best practice" model for organising HR.

However, the more detailed analysis of this work also identified additional normative pressures, such as benchmarks and ratios that were used to inform the size of the HR



function, in both cases suggested to organisations by external consultants who were working with them to support them with their function design. This supported the findings in the literature where Tremblay et al. (2008) identified that, in making the decision to outsource, many organisations would benchmark themselves against other organisations.

The findings also supported the effect of industry as Bainbridge (2015) had touched upon when he described his interview findings that challenged the idea of generic competency models for HRBPs with findings that they should be somewhat industry-specific. One thing that was not found was the explicit influence of external consultants on model adoption, which was a surprise as the inception of the idea for this research came from the experience of consultants “pushing” the Ulrich model into organisations. The slight exception to this was findings around benchmarks and metrics as an influence which were noted in both cases as coming from consulting firms. One interviewee also made reference to an industry body, but specifically around agile, and was quick to minimise their influence on how he organised.

Also strongly identified was the effect of external societal events, particularly as the empirical data for this study was being gathered during the COVID-19 pandemic and as the Black Lives Matter movement became active. No prior reference could be seen to External Societal Events influencing HR in the existing literature. What was found, however, was the influence of these events, particularly on the work of HR and what they needed to do in response; this could be viewed as ‘normative’ as the expected response to the situation.

Alongside, the pressure to adopt the Ulrich model because it was perceived as the way of organising to be more strategic, there was also evidence in the findings that organisations were looking to other organisations and how they were operating to inform how they organised. This form of isomorphism would be explained as ‘mimicry’ (Meyer & Rowan, 1977) and some respondents made explicit reference to looking to other organisations in and outside of their industry to see what they were doing to inform their organisation. This supports the findings in the literature that HR departments would tend towards similar solutions in the same sector, e.g. Public sector (Kessler et al., 2000; McCracken & McIvor, 2013; Paauwe & Boselie, 2003 cited in Truss, 2009), indicating the presence of mimetic isomorphism.

Further to this, it was found that there were external influences that HR had to accommodate in their design, such as ensuring that as a function it was able to comply with local legislation and regulations, which meant having resources that had responsibility for knowing the legislation and regulation and ensuring that they were followed, as well as having policies and processes to ensure adherence. This supported what was found in the literature. Bondarouk, Schilling and Ruël's (2016) cited in Bondarouk & Brewster, (2016) e-HRM adoption was related to the complexity in legal, political and economic systems, as well as to the predominantly administrative role of the HRM function in some contexts. Cunningham (2010) indicated a presence of 'coercive isomorphism' (Meyer & Rowan, 1977) influencing certain HRM practices, which then influence the organisation of training in the function. The findings expanded the evidence for the effect of 'coercion' as it was also found that trade unions' recognition affected how HR organised. They had to ensure that they had resources that defined their strategy for union engagement and also developed relationships with the unions and union representatives, and processes for engagement. There was also one example of an organisation that was not public sector but was influenced by political designs and a recent change in government which favoured de-centralisation meant that it had to change how it organised as a whole organisation and then as an HR function.

These findings also draw similarities with research that examined influences on HRM practices and also identified the effects of different institutional settings and sectoral differences and the contextual factors found to influence the implementation of HRM practices (Brewster, 2004).

### **7.3..2 Organisational factors**

A number of organisational factors were also found to influence how HR is organised, and as already mentioned, the wider organisational structure (as referred to by Ulrich et al., 2008) is one of them. Similarly to Ulrich et al. (2008) evidence was found that the wider organisational structure and the degree of centralisation and decentralisation in the organisation had an effect on how HR organised.

It was also found that organisation strategy, the effect of globalisation, digitisation, cost-efficiency and more recently the need for organisational agility were affecting how

HR was organising. Similar to the SHRM literature, different organisations had a requirement for different HR capabilities and this was reflected in the HR roles supporting the business (Macduffie, 1995). For example, in one organisation that was going through a lot of change they had to ensure that they had this capability locally. The findings also supported the existing literature regarding the use of outsourcing and shared services for larger organisations larger organisations (Klass,2008; Vernon and Horan, 2003) and the use of specialised outsourcing for smaller organisations that required expertise (Cooke, 2005).

As per the findings of Delmotte and Sels (2008) in relation to size and the effect it had upon an organisation adopting outsourcing arrangements, this study's findings also highlighted an effect of size, with the two smallest organisations having more generalist HR organisations. The concept of size was expanded by including proximity as an influencing factor (meaning how close the HR team can be to the business that they are supporting). In larger organisations it is often harder for HR to be close to the business, but the findings highlighted the perceived importance of this proximity to the business. Further research is needed to understand more about proximity and what it is that the business perceives as favorable. The findings indicated that proximity is associated with gaining access to HR to ask questions and obtain support; it is also associated with the perception that proximity creates greater HR knowledge of the business and thus the development of more appropriate policies and programs fitting the needs of that particular part of the organisation. This better understanding of proximity is important so that organisations can be certain that it is not simply the resistance of the line managers and employees to a change in traditional ways of working that is driving it, as it was found that line manager and employee behaviour is another factor that can influence how HR organises.

It is not new to recognise the effect of organisational contingent influences on structure (Chandler, 1990; Mintzberg, 1980) nor to recognise the influence of organisation on HRM. As we are aware from earlier discussions there were arguments put forward for the importance of HRM practices aligning with business strategy and the 'Michigan model' was put forward as the precursor for the 'best fit' or 'contingency approach' to SHRM (Fombrun et al. 2005 cited in Truss, Mankin & Kelliher 2012, p. 85). Further models argued for the link between strategy and HRM including those by Miles and Snow (1984), Delery and Doty (1996) Examining the effect of vertical fit with

organisational strategy, as well as horizontal fit across different policy areas (Delery & Doty, 1996; Miles & Snow, 1984 cited in Truss et al., 2012).

Further work took place which examined the effect of the independent variables, HRM practices and the dependent variable, performance and how they vary according to influences such as company size, age and technology, strategy, capital intensity alongside the effect the degree of unionisation, industry/sector, ownership, location (Boxall, Purcell and Wright, 2008). However, according to Harney (2024) this contextual emphasis was quickly overtaken by empirical efforts seeking to demonstrate the universal relationship between HRM and performance, most notably in the guise of High Performance Work Systems (HPWS) (Huselid, 1995).

### **7.3..3 HR factors**

A number of influences that came from within HR itself were also found. Similarly to McMackin and Heffernan (2021) evidence was seen of the effect of HR strategy on HR's operating strategy.

It was found that respondents acknowledged there were different roles for HR; they spoke about a 'policing role' but the majority intimated or explicitly referenced this strategic role. One limitation of this research, however, is that it did not formally measure the role that organisations were playing. If a question had been asked however, the response given would have been the perception of the HR role as seen by the HR leader, which may not have been an accurate reflection. It is known however, from existing research on HR roles, that there are different roles that HR can play in an organisation and this affects the competencies required for the role (Ulrich, 1997) and how they are perceived in the organisation (Legge, 1978).

A number of organisations were found to speak about their people strategy and what the priorities were for them as a function to deliver to support the organisation. Some reference was made to how this specifically shaped how they organised as a function.

In the current HR literature, there have been limited attempts to identify internal contingencies. The work of McMackin and Heffernan (2021) is noted as a recent exception and prior to this some of the work of Storey (1992) which presented four different roles that HR professionals could adopt, depending upon how they saw the role of people management. However, to date there has not been any connection

made between what an HR function needs to deliver and how it needs to organise to do this.

Recognising the effect of these organisational and HR factors as influencing the organisation of HR, resonates with both the application of systems theory and strategic choice.

As previously referenced, Strategic choice theory recognises that choice is constrained by external factors (Child, 1997). Child (1997) in particular recognises size, technology and ownership as constraints upon the structural choices that managers can make. The influence of all three were found.

Due to the acknowledgement of the effect of technological advancement on organisations and the future of work more broadly, it is appropriate to discuss this effect on the organisation of HR in more depth and the implications of what this study found. The findings highlight varied use of technology, often inhibited by an organisations willingness to provide the budget to invest. The other finding of relevance is associated with the effectiveness of technology, several respondents commented on the gap that exists between HR technology and the everyday technologies that we are now used to in our daily lives. The usability challenges of HR technologies when we compare these to other types of technology we are used to, means that employees find them less desirable and more challenging to use. Current literature paints a more favourable impact of the use of technology such as e-HRM on helping HR to become more strategic (Ruel, Bondaruk & Looise, 2004; Martin and Reddington, 2010; Bondaruk & Ruel, 2013) which is contrary to some of our findings. It is also too early to understand the effect of other technologies such as AI, much of the literature on this is purporting how it will change HR (Strohmeier & Piazza, 2015; Reilly, 2018) but it is too early to undertake empirical research on whether this is true, as we saw from our findings many organisations are just not there yet in implementing these technologies.

Moving back to the other constraints there was evidence supporting Childs (1972) of ownership effecting by a holding company taking certain processes into shared services, only to return them to the organisation when they didn't achieve the efficiencies they had hoped. Also found were smaller organisations with much more

generalist roles. However, as identified above, there was also the identification of strategy (both organisational and people strategy) that affected decisions.

Strategic choice theory, however, seems inadequate in only recognising size, technology and ownership as external constraints. The research also identified additional organisational factors recognising existing factors identified such as size and structure (but not deterministically) but also adding to this operating geography and organisational strategy and factors from within HR such as HR strategy (also referred to by McMackin and Heffernan, 2021) and HR technology (also referred to by Farndale et al., 2009).

This idea of the organisation of HR explained through strategic choices, resonated with the practitioner literature. Deloitte (2019, 2020) in particular spoke about how the organisation of HR was “arrived at through several strategic design choices organised into three categories: Business Strategy, Business Environment, and People & HR Strategy”.

Applying specifically an ‘open systems lens’ (Harney, 2024) the environmental context of an organisation is recognised and the definition of this environmental context expanded in relation to the organisation of HR by identifying additional organisational and HR factors that affect how HR is organised.

#### **7.3..4 Individual and stakeholder influence**

In addition, it is also found that line manager and employee behaviour can affect how HR organises.

These findings support some of those which exist in the current academic literature on line manager devolution which identify behavioural influences on how HR is organised, particularly in the form of line manager behaviour and resistance to performing the people management role (Renwick, 2003) and that this can have an effect on the HRBP role (McCracken and Heaton, 2012). It is well documented that their existing duties have often not been reduced with the increase in people management responsibilities. Hutchinson & Purcell (2010) and Townsend et al. (2012) cited in Marchington (2015), illustrate how the HR aspects of their role have increased sharply without any parallel reduction in their clinical duties. It is perhaps this which leads to the behaviour where they resist performing activities assigned to them and affect the

overall organisation of HR. This study's findings also support the existing literature on e-HRM adoption.

The relationship between line manager HRM or people management capability and its effect on the role and organisation of HR is an interesting area to explore. Our findings demonstrate that the intended and actual role of line managers varies across organisations and depending upon the role that line managers play, this can have implications for the role and organisation of HR. The role of line managers can be traced back to the HR or people management practices that have been defined as appropriate for delivering the capabilities required to achieve the organisation strategy, this we have seen with an examination of the HR-P literature and the difference that exists in universal best practice HR practices (Pfeffer, 1994, 1998) and then those that fit to the strategy (Macduffie, 1995) of the organisation or organisation's context (Jackson et al., 2014). It isn't completely clear from the existing literature the rationale for deciding what is most appropriate to be devolved to line managers, however, as we saw from the literature that informed this study a desire for the HR function to be more cost-efficient and effective can be argued to play into this. There are then some concerns about the effectiveness of this devolution being driven by reasons other than employee well-being and if as we found line managers do not always perform the activities deemed to be their responsibility and it is left for HR to pick them up this might generate a tension for HR professionals being asked to perform a strategic role and a role supporting employees (Keegan, Huemann and Turner, 2012) or it might lead to these activities being neglected by both line managers and HR. Therefore, what of HR is deemed to be most appropriately performed by line managers and their capability and willingness to perform these activities has an effect on how HR is organised.

The findings went further than those previously, discovering that HRBPs can also be resistant to changing their advisory role to a more strategic one. This HR behavioural influence is further elaborated by the findings of this study which demonstrate how HR professionals shape their roles according to their passions and preferences. There was also evidence of designing roles around people's passions and interests and allowing them to design and shape their roles. This was also referred to in the practitioner research, i.e. Ingham (2019) who spoke about 'melds' of HR organisation influenced by people's preferences and passions. Particularly for example, the

literature demonstrated that things like e-HRM adoption can vary, so that although it is present, it is not always used as intended (Bondaruk, Parry and Furtmueller, 2017).

This identification of multiple stakeholder influences, along with the effect of the effect of external and organisational context also draws similarities with the Harvard framework (Beer et al., 1985 cited in Truss et al., 2012), which argued that HRM was a system embedded in an organisational and broader societal context. Our findings can make a similar argument for the organisational of HR.

Taking an open system lens to how HR is organised, acknowledges the effects of other agents, outside of strategic choice theorists' 'dominant-coalition' (Child, 1997). Systems theory acknowledges the 'social dynamic of the organisation' in addition to environmental context as referred to above (Harney, 2024) which allows for the 'informality of practice' providing useful 'feedback loops' (Harney & Lee, 2022). According to Harney (2024) organisations should be treated as complex adaptive systems composed of multiple stakeholders, who frequently have competing interests and agendas (e.g., shareholders, managers, trade unions, employees) or differing functions (e.g., HR, information technology and finance). In the context of HRM but equally applicable to the organisation of HR, these gaps between intended and experienced HRM should not be seen as something to be avoided or mitigated but rather acknowledged and embraced. This means that informal practice and deviance from established rules are seen as a practical reality versus a detrimental fault-line in HRM implementation (Harney, 2024).

Of particular importance are the research's findings about HR leader behaviour, particularly as they argue that they are seen as having a significant role in making strategic decisions that influence the organisation of the HR function. Empirical evidence is provided in this study about the importance of relationships between the HR leader and business leaders, HRBP and the business leader they support, and between HRBPs and specialists. This builds on the 'Golden Triangle' literature that highlights the importance of the CFO, CEO and HR roles (Hesketh, Hird & Marsh, cited in Sparrow et al., 2010).

Some of the findings of this research are contrary to the existing literature on HR organisation; this suggests that capabilities and competencies were defined, and HR professionals had to be hired in into a role or trained to have these competencies



(Caldwell, 2008). There was evidence of this, but there was also evidence of the HR leader designing roles in the function according to the capabilities and competencies that people had, for example, the combining of certain skills that were held by individuals into roles. Previous research had been conscious of the effects of ways of organising HR on the HR team. For example Cooke et al. (2005) referred to how outsourcing affected internal employees by increasing turnover, absenteeism, and reduced commitment (p. 589). However, this research expanded this by identifying that HR leaders were trying to consciously mitigate this by ensuring that they organised and provided career development opportunities for their team. These were examples of very people-centric ways of designing the organisation and ensuring the well-being of the HR team.

This is a particularly pleasing finding considering the function that acknowledged to be burnt out as their workload increased and became substantially difficult during COVID-19 and then, as they have managed the aftermath of the pandemic including changes to working practices, advances to AI, economic problems etc. (Forbes, 2022; Ladika, 2022). The data for this research was gathered during COVID-19, when HR were under a lot of pressure, supporting the safety of workforces, managing remote working, facilitating furlough where appropriate, and managing redundancies. As interviewees were 'in the thick of it' at the time of the interviews the responses probably represent what was happening prior to the pandemic and what has hopefully continued following the pandemic but now with a greater organisational appreciation of the work of the function. This also reinforces narratives in wider HRM literature about the changing goals of HRM and the move away from a pro-market orientation towards a pro-business orientation that recognises the achievement of goals that are not only those of share-holders and cost-efficiency but those of a wider group of stakeholders (Dundon and Rafferty, 2018; Marchington, 2015).

Strategic choice theory brings together the concept of agency and structure, explaining how those in positions of 'dominant authority', such as the HR leader, make decisions. As discussed previously, these decisions can be constrained by external contextual factors and also managers' cognition. The idea that managers' strategic choices are always directed towards the organisation's strategic targets is also called into question with evidence that HR leaders are giving greater consideration to the HR team's career development, motivation and job satisfaction. This either demonstrates a new

strategic priority within the organisation or reflects the systems theory logic of responding to a change in context (Harney, 2024).

## **7.4 Conclusions and recommendations**

This thesis set out to research how HR is organised because practice and academia has been dominated by a specific model known as the Ulrich model. It sought to understand how HR was being organised and whether organisations shared features that were commonly associated with the Ulrich model and what was influencing the organisation of HR. No prior research had been undertaken to examine how HR was organised in practice, particularly examining all elements of the organisation of HR simultaneously. There was also no empirically derived explanation for why HR organised in the way that it did and the factors that were influencing it.

Qualitative research in the form of 33 semi-structured interviews, analysed using TA defined the organisation of HR as comprising of: structure and location of HR activities, the different roles and responsibilities, the use of technology, the role of line managers and employees and other parts of the organisation, how technology was used, and how HR worked internally and with other parts of the organisation. The analysis identified that at a high level organisations were operating with one of three different models. The majority (24) shared similarities with the Ulrich model and shared services. The second largest group of organisations (6) shared the characteristic that they did not have shared services, they had a central team but predominantly HR resources aligned with a part of the organisation or geography. The third and smallest group of organisations (2) had no shared services and had no business or geographical alignment; they were smaller HR functions and had resources performing a broad range of roles or some limited specialist capability such as Learning.

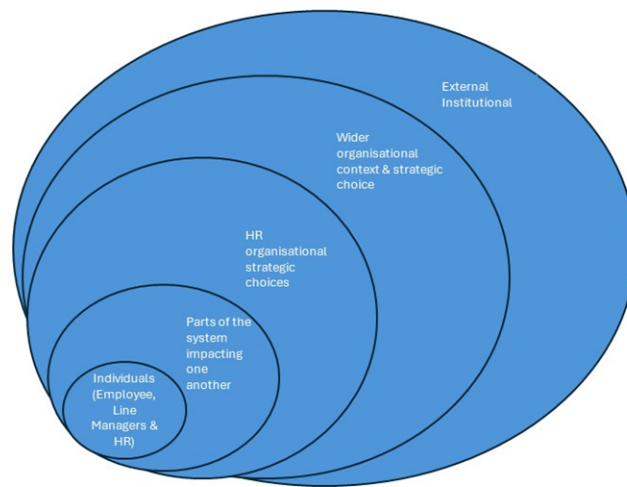
However it was found that when the HR organisation is analysed in detail, beyond high-level models, there are differences in how elements are organised. For those organisations that have shared services, HRBPs and COEs, the difference in the detail of organisation represents an individual adaptation of the Ulrich model and there is

evidence in some organisations of an entirely different way of organising. This leads to the conclusion that the organisation of HR is heterogeneous and there is not a 'one size fits all' approach.

It was also found that the elements that make up the organisation are interrelated and have an effect upon one another, if you change one part of the organisation, there is a knock on effect to another part; as we saw with the introduction of technology or change to roles. This presents the organisation of HR more akin to a system than a static model.

Further to this, unlike the academic literature and to a certain extent how HR practice has approached the organisation of HR, we found that the organisation of HR is not static. It is constantly evolving. Therefore, it is inappropriate, to see it as a solely as a periodic transformation or dramatic overhaul, and more appropriate to view it as a *continuously* evolving system.

The heterogeneity of organisation can be identified as being influenced by a number of external, organisational, HR and individual/stakeholder factors. Thus this study concludes that the organisation of HR is best viewed as a system that is influenced by its interrelated parts and changes in its context, this is summarised in Figure 14 below. It can be explained as a product of strategic choice by organisational leaders, influenced by institutional factors and constrained by leader cognition and context. However, there is also an emergent, evolutionary element that exists as a result of different stakeholders within the organisation and their individual agency.



**Figure 14 The contextually influenced HR system**

## 7.5 Contribution to knowledge

The most important contribution of this research, it is argued, is its timely identification that the organisation of HR should be viewed with the application of a systems theory lens. This is important because of the current context in which organisations are operating post COVID-19; experiencing changes to work, the current economic crisis, increased digitisation (including AI) and a requirement to satisfy more than just shareholder objectives require organisations to change and HR to change too, whilst continuing to support the organisation. This new lens through which to view the organisation of HR will help it to adapt more quickly.

There has not been a piece of empirical research prior to this that has looked at how HR is actually organising, holistically across all functions within HR and considered other parts of the organisation that might be involved, neither has attempted to define the elements that comprise the organisation of HR such as structures; location; roles and responsibilities; technology; relationships and ways of working.

This research also empirically demonstrates the contextual factors that impact the organisation of HR which is important to understand to be able to explain how it results and what might affect it in the future.

The study of the organisation of HR has also been practitioner dominated and the theoretically weak area of SHRM research. This academic empirical research enables an area that has not previously been theorised to be theoretically explained applying systems theory, strategic choice and institutional theory thus aiming to put academic rigour behind an understanding of how HR organises.

It also highlights some inadequacies of strategic choice theory and institutional theory alone in explaining organizational behaviour, which can be resolved through the application of systems theory.

## **7.6 Contribution to practice**

Although, as seen at the start of this paper, more extensive research on how HR organises has been undertaken in practice by consultancy and professional organisations, the research has only been able to offer blueprint models for organisations to adopt or principles upon which to make decisions. The research has not been able to explain how the factors that influence how HR organise result in its form.

A major contribution of this research is towards bridging the gap between academia and practice, which is a goal of both parties to provide more evidence-based solutions to industry (Ulrich, 2023).

In particular, this research contributes by academically validating what some of the consultancy organisations have been proposing in their thought-leadership, particularly Bersin (2023), Deloitte (2019, 2020) and Ingham (2019). These consultants had moved beyond offering models and were advocating that the organisation of HR should be seen as a system, made up from a number of strategic choices, following a cycle of continuous adaptation.

The learning for practice is fourfold: firstly to recognise that there is an emergent element to the organisation of HR and therefore a need to decide what to do with this whether to let the adaptation to, as Harney (2024) would advise, not to see these as

'fault-lines', 'as something to be avoided or mitigated but rather acknowledged and embraced' and learnt from (Harney, 2024).

Secondly, to use the knowledge about the context that influences the organisation and the interrelationships between the different parts of the system to influence appropriate strategic choices about how to organise HR. Recognising that the organization of HR is context dependent and that the factors that have been identified through this research can provide a framework to explore an organisations context and help to design a context dependent solution. Alongside this recognising that efficiency and effectiveness may no longer be the only goals providing the business case for the organisation of HR and that other factors need to be considered specifically HR's role in helping deliver organisational capabilities and the wellbeing of the HR team.

Thirdly, to acknowledge the evolutionary aspect of HR organisation and to have in place capability, processes and resources that enables the continuous improvement of HR; responding to problems that arise as and when in the organisation and also to be future scanning to make changes that keep HR 'future-fit'.

Finally, due to the interdependencies within the HR system to be mindful of focusing design and change on one element without addressing the impact on subsequent parts of the system.

## **7.7 Limitations**

Throughout the course of the thesis, the author has sought to highlight limitations to this research as deemed appropriate. Methodologically, it has been highlighted how additional interview time or the ability to revisit interviewees with clarification questions would have been advantageous and also how, upon reflection, the role of the HR function in their organisation might have been explored in greater depth.

A larger sample size might also have been advantageous, particularly consisting of non-Western organisations, as some of contextual similarities shared by Western organisations have been recognised. A case study approach could have been taken as an alternative approach and interviews could have been conducted with a larger

sample within the organisation to gain greater visibility of agency or emergent influences. A longitudinal study would also have been interesting to examine how the HR organisation was evolving.

As we highlighted, thematic analysis of the interviews helped us to identify the different elements that appeared to make up the organisation of HR and how these were implemented in practice, however, we acknowledge that through our methodological approach we have not gathered all of the different relevant elements and understood all the different permutations that exist in practice.

Data could also have been gathered that would have helped to better understand the outcomes the HR organisation was striving to achieve. Interviewees referred to this as they described the context in which their organisations were operating however, on reflection it would have been useful to have included a specific question in the interview protocol to better understand the goals or objectives of the HR function.

## **7.8 Future research directions**

Future research in this area could incorporate HR practices or organisational capabilities (delivered through HR practices) as part of 'the system' to understand the relationship between these and the organisation of HR and the context. This could be justified by the many parallels we can see between this organisation of HR and HRM research which at the moment have been studied separately and acknowledging that the organisation of HR is to ensure that the function or the system more broadly has the capabilities to deliver what is required by the organisation.

It would also be insightful to continue to explore the context and how it evolves and affects the organisation of HR and to gain more understanding about the relationships between the organisation of HR and its context and to understand how the different elements affect one another.

An additional direction could be to better understand the agency effect within the system and to understand more about the decision-making process that the business and HR leaders embark upon and how they make decisions about how the HR operates balancing constraints, other influencing factors, and different stakeholder

needs. In addition to this it is necessary to understand where individuals react to the system and adapt their behaviour and what explains the need for this adaptation, in particular the role of the people manager which could be argued to be key for driving employee experience and unlocking the HR operating model.

It would also be useful to take some of these newer goals we identified for HR organisation, such as HR career development, and understand more about what an effective HR organisation would look like to enhance HR professional development.

## **7.9 Reflections**

It is challenging to reflect on a journey that has taken the best part of ten years (almost a quarter of my life). I think its fair to say that this was not the plan when I embarked upon this adventure and I also that when I started it I fully knew what I had committed too.

But there was a strong reason behind my pursuit of a PhD, I wanted to achieve something for myself whilst I brought up my family whilst being able to be flexible and available to go to school assemblies and do drop offs and all the things I thought you couldn't do holding down a corporate job. Although I was physically available for them, I think I didn't realise how mentally all-consuming a PhD would be and there were definitely many times when I wasn't 'present' although there in person.

The thing which I am most proud of developmentally, is the resilience I have demonstrated throughout this journey. There have been several times when I have nearly given up and numerous coaching sessions exploring why I can't let go. That feeling when you get feedback from your supervisor or your panel (in the most constructive way) but which knocks you back and you have to learn to pick yourself up and take in onboard. I have really come to learn about myself and to learn how to catch myself when I fall.

I am also proud of the new skills I have developed and a desire to think critically about a situation and to look for the why, I think these are invaluable skills in the world that we live in today and I look forward to sharing these with others and to continue to use my academic research skills in my career moving forward.





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## **Appendix A Email to obtain sample**

Dear

Would you be willing to participate in an interview for my research?

I am studying for a PhD at Cranfield University, researching how the HR function operates. I hope through my research to explore the different models for the HR function and explain why they exist. During the interview I would ask a number of questions about how the HR function in your organisation operates.

I would like to schedule these interviews to take place in November or December, at your convenience. The interview would take one hour and would take place over Zoom. Interviewees would need to be in a position where they could talk to the holistic design of HR across the organisation and hold/have held a position that has enabled them to be privy to changes that may have occurred. If you felt that you were not the right person in your organisation or you felt that there were other people it would be beneficial for me to speak to within your organisation I would also really appreciate it if you could connect me with them.

Following the interviews and analysis, I would like to offer to share my findings with you and insight into HR organisation design which you might find useful for your organisation.

I would be most appreciative of your involvement and thank you in advance

Jessica Cooper

# Appendix B Interview Protocol

Phase 1 – Practitioner Interview
<p><b>Objectives of the interview:</b></p> <ul style="list-style-type: none"><li>• <i>Build knowledge of how HR is structured and operates in the interviewee’s organisation</i></li><li>• <i>To understand what causes the HR function to change to obtain an understanding of what are influencing factors</i></li><li>• <i>To get the interviewee to talk about how the function has evolved and changes that they foresee to how the HR function will be organised to understand what influences changes</i></li></ul>
<p><b>Introduction</b></p> <ul style="list-style-type: none"><li>• Thank you for your time.</li><li>• This interview will last no more than one hour.</li><li>• The purpose of my research is to build knowledge of the way the HR function operates in different organisations.</li><li>• There are three objectives of this interview:<ol style="list-style-type: none"><li>1. To understand how your HR function is structured and operates</li><li>2. To understand what causes the HR function to change by understanding:<ul style="list-style-type: none"><li>▪ What changes there have been in how your HR function is structured and operates</li><li>▪ Why these changes occurred? What external, organisational, or internal factors have influenced these changes?</li></ul></li><li>3. To explore how the HR function might be organised in the future<ul style="list-style-type: none"><li>▪ What factors are influencing these changes?</li></ul></li></ol></li><li>• During this interview I will ask a number of questions, the interview is designed to be semi-structured, thus I will lead the interview and may delve into some areas in greater depth to explore.</li><li>• I would like with your permission to record this interview, the purpose of recording the interview is so that I can transcribe the interview afterwards and analyse for themes, no quotes used in my thesis will be attributed to the organisation or to you</li></ul>



### Section 1: How is HR organised?

So today I'd like to start by asking you some questions about your HR function.

1. Ask questions about how many people are in HR
2. Ask questions about how structured, what teams exist/where are these teams based?
3. Ask about: use of shared services, technology, outsourcing, HRBPs?
4. Deep dive into different areas to understand roles, reporting lines, nature of the work?

### Section 2: What has influenced how HR is organised?

1. How long have you been in the organisation? Always within HR?
2. During your time in the organisation, how else have you seen HR change how it is structured and how it operates?
3. Taking some of the examples they give ask: **How did these changes come about? Why did these changes occur?**
  - Looking for the **influence of external, organisational, and internal factors.**
  - Looking for deliberate vs. emergent changes
  - Looking for the 'ripple effect' or the 'chain reaction', 'mutating', 'everchanging', 'dynamic'

### Section 3: Future HR functions

1. How can you see your HR function changing its structure and how it is organised in the future?
2. Why? What is driving this change?
3. How can you foresee these changes coming into effect?

### Section 4: COVID

1. Only if time – ask them about what effect COVID has had on their HR function? Try to understand how it has changed the work and how it is organised.
- Close interview with "Is there anything else that you would like to share?"
  - Thank them for their time.

## Appendix C Sample Demographics

Industry	Organisation Size	No. of employees in HR	Interviewee's Role (sought from Interview transcripts and LinkedIn)	Additional notes
Technology	85	5	Head of People Circle	
Professional Services	300	6	Head of HR	Plus partners and Executive Assistants leading on HR activity
Property	650	8	Senior HR leader	
Pharmaceuticals	700	40	EMEA HR lead	
Media	700		Chief Human Resource Officer	
Professional Services	1000	15	Chief Human Resource Officer	
Utilities	1600		HR Director	
Technology	1800	57	Chief People Officer	
Professional Services	2000	55	UK Head of HR	
Chemicals	3000	41	Chief Human Resource Officer	
Technology	3700		Chief Human Resource Officer	
Utilities	5000	135	Group People Director	
Construction	5500	120	Executive Vice President – People, Communications, Customer	

			Experience, Strategy & Planning	
Professional Services	5500	110	Chief Human Resources Officer	
Manufacturing	7400	84	Chief Human Resource Officer	
Technology	8000	150	Senior HR Business Partner	
Financial Services	8500	170	HR Transformation & Operations Director/Chief of Staff	
Financial Services	8700	90	Head of People & Organisation	
Media	10000	170	Chief People Officer	
Financial Services	11800	200	Global Head of HR and Service Delivery	
Manufacturing	12000	180	Group HR Director	
Financial Services	18000	200	Director People, Growth and Performance	
Telecoms	22000	104	HR Director	Plus 150 Front line training
Utility	23000	500	Chief People & Culture Officer	
Telecoms	35000	70	HR Director	
Manufacturing	37000	370	Chief People Officer	
Transport	40000	400	Group HR Director	
Technology	87000	900	Director International HR Director	
Telecoms	93000	1400	Global Head of HR	

Aeronautical Engineering	120000	900	UK Head of HR Transformation & Digital	
Retail	190000	850	Group Head of Organisational Effectiveness	
Financial Services	265000	3000	Global HR Transformation Lead	
Retail	380000	750	Head of Organisation Design	UK & Group Combined