

Assessment and recommendations for effective HR service delivery model implementation for organizations

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Practical relevance of human-resources service delivery model

The focus of strategy in the global business world has shifted from strictly profiting from sources in the external environment to finding sources of profit within the organization. Human capital has therefore been increasingly recognized as an organization's greatest asset and the main source of competitive advantage. In order to assist the Strategic Human Resources Management (SHRM) large organizations have introduced human-resources (HR) service delivery models. David Ulrich's "Three-Legged" model for example proposes that both administrative "transactional" and strategic "transitional" services are delivered by three types of services: HR Business Partners (HRBP), Centres of Excellence, and Shared Service Centres. The model has proven to be a very popular choice with most large international companies and SHRM consultants (Harvard Business Review and Chartered Institute of Personnel and Development). However, to date the empirical research done on the model to confirm overall effectiveness has been very limited. The popularity of the model is therefore an interesting phenomenon, considering the financial and strategic consequences that can result from implementation of unsuitable HR service delivery models. Therefore, Joanna Harrop, an MBA-qualified HR executive, together with the Sir John Cass London Business School, conducted a research study evaluating the performance of the Ulrich model in 21 large international organizations in the United Arab Emirates.

The research focused on responding to the following two main questions:

- (1) "What is the practical relevance for organizations of D. Ulrich's SHRM service delivery model?"
- (2) "What are the major issues that contribute to the Ulrich model not fully supporting organizational needs?"

The empirical findings showed that the model has several limitations

The research confirmed that the Ulrich model has practical relevance to the current and future needs of organizations, as it logically and effectively combines transactional services, programme design, and strategic business support. However, the empirical findings showed that the model has several limitations that prevent it from fully supporting business needs. These limitations are identified under three themes: (1) limited strategic capability of HRBP; (2) incorrect use of metrics and measurements within the organization; and (3) lack of participation of line management.

There are many reasons identified by the research as to how and when the identified limitations occur. Some of the identified reasons are: low level of reduction of transactional workload within the HR role, limited strategic experience and abilities of the HRBP, and wrong recruitment practices in organizations. Two reasons for incorrect use of metrics and measurements are lack of HR ability to obtain the correct information, and lack of ability to apply the correct metrics and measurements. Finally, the main reason for lack of line management participation is the struggle of the HRBP to establish their credibility in the overall strategic understanding of the organization.

Recommendations

The study established several recommendations for top management, HR professionals and line management in order to assist in the efficient operations of the HR service delivery model. These include better implementation of measuring and monitoring systems to make decisions based on facts, and the implementation of Cloud technology that can integrate talent and development programmes and assist in e-HR technologies. To save costs, a greater degree of outsourcing of some HR services is recommended for consideration, depending on the individual context of the organization.

Limited strategic capability of the HRBP

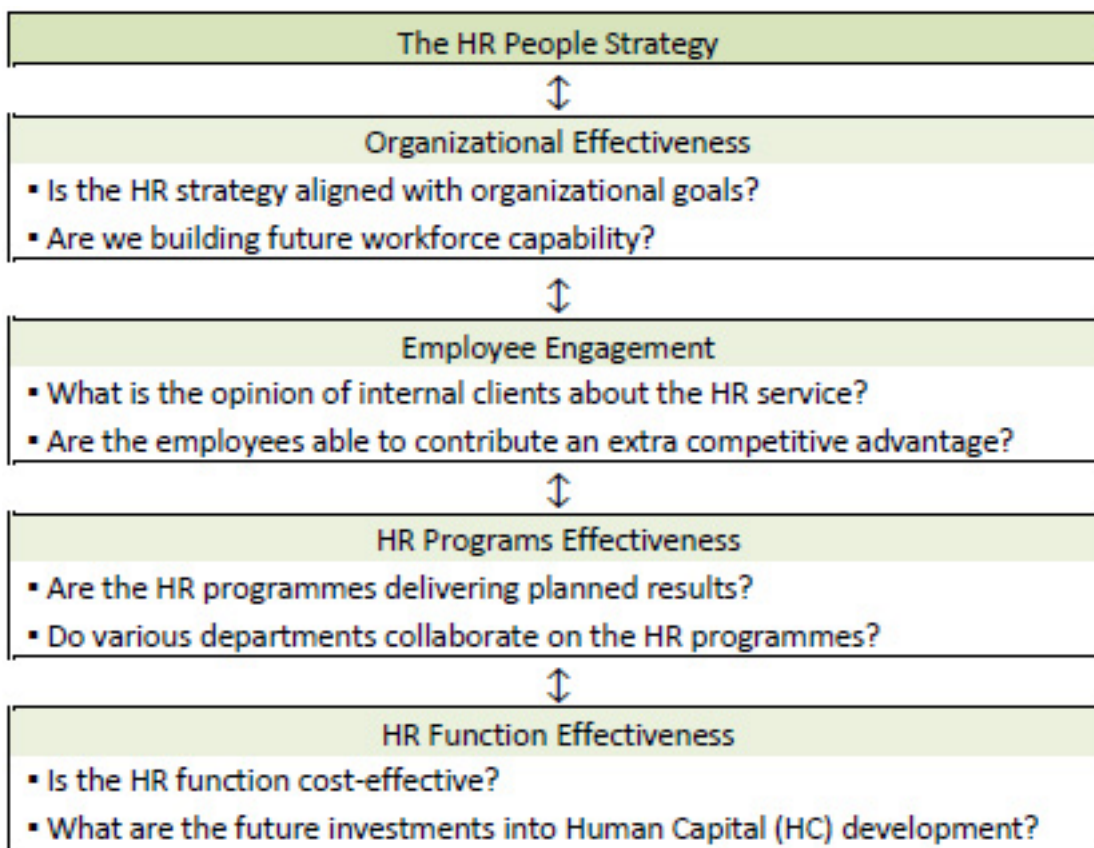
The following propositions include several pragmatic approaches to resolve each of the identified issues. In order to resolve the limited strategic capability of the HRBP it is first recommended to pay attention to the correct implementation of the model, as organizations often have problems with changing the way internal systems operate. Thus, employment of an external consultant might provide an objective evaluation of the effectiveness of the HR system delivery model in relation to the individual organizational strategy, and assist in the correct division of transitional and transactional work. Furthermore, recruitment for the HRBP should be carried out among candidates with HR and business qualifications and general business experience. Internal HR promotions to HRBP roles need to be made with care. This recommendation is likely not only to improve communication with the rest of the business, but also to give the role extra strength in negotiating with and coaching senior executives on human capital factors that they need to take into consideration while making strategic plans. Furthermore, it would assist in resolving the third identified issue, the struggle of the HRBP to establish their credibility in strategic understanding. It would also allow the HRBP role to stay united with both the business operations side and the HR function, enabling sharing of experiences and knowledge from different parts of the organization, thus preventing organizational units from operating in separate silos. In practical terms this also means that there will be fewer HRBP, as they will be highly skilled and more efficient. This will generate cost savings for the organization.

The measuring and monitoring system

Ongoing measuring and monitoring of system implementation are required everywhere within the organization. The process of monitoring should start from correct implementation of a clearly-defined people strategy that can achieve success through deployment of Balanced Scorecards and Key Performance Indicators (KPIs). Organizations have long viewed benchmarks as useful guides for the HR function. However, the next generation of effective HR support is guided by measures dictated by specific and individual business needs and allocation of individual resources. Balanced Scorecards and KPI are recommended to manage human capital as an asset, direct the development of HR programmes and policies, and effectively measure workforce and business effectiveness and satisfaction.

A strategic alignment matrix will guide the correct measuring of identified individual core organizational competencies against the organization's performance level and allow specific action plans to be established.

The core competencies should be identified and scored cross-functionally by management in all organizational departments. The scores need to be placed in the strategic alignment matrix, which clearly highlights areas for urgent action.



Organization' Core Competency	Strategic Importance (1 = not important, 5 = very important)	Organization's Performance Level (1 = very poor, 5 = very good)	Priority (Low, Medium or High)	Action Plan
e.g.				
Client experience	5	4	High	Performance Incentives.
Attrition/Turnover of Staff	5	3	High	1. Employee engagement questionnaire. 2. Revise: Recruitment, induction processes. 3 Phases of performance management. 4. Opportunities for development
etc.				

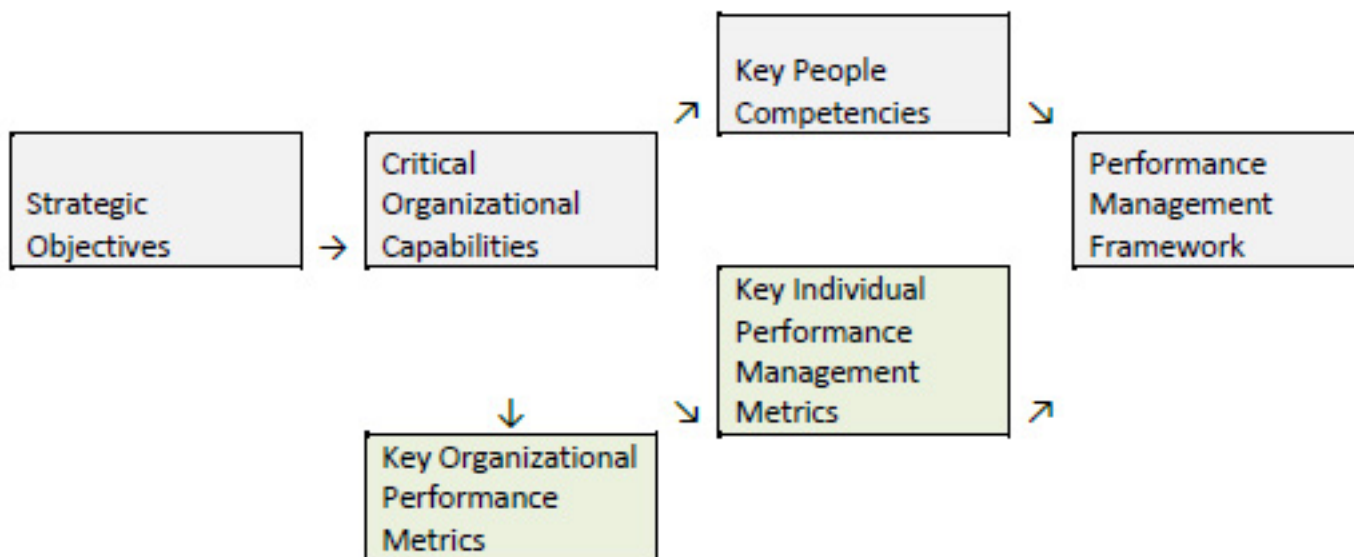
BUSINESS PERFORMANCE LEVEL

5	URGENT ACTION	③	④	
4	URGENT ACTION	URGENT ACTION		
3			URGENT ACTION	URGENT ACTION
2			URGENT ACTION	URGENT ACTION
1	2	3	4	5

IMPORTANCE OF COMPETENCY

Business performance level being clearly defined and measured against critical organizational capabilities will provide a clear strategic context for talent management.

Human Capital Management (HCM) metrics and surveys will enable HR to measure its own effectiveness and demonstrate its value to the organization by maximizing return on people. The organization's strengths and weaknesses in HCM can be assessed by monitoring the performance of each one of 23 HCM practices that fall within five broad HCM driver categories. In general, improvements or declines in organizational performance can be tied directly to improvements or declines in HCM practices.

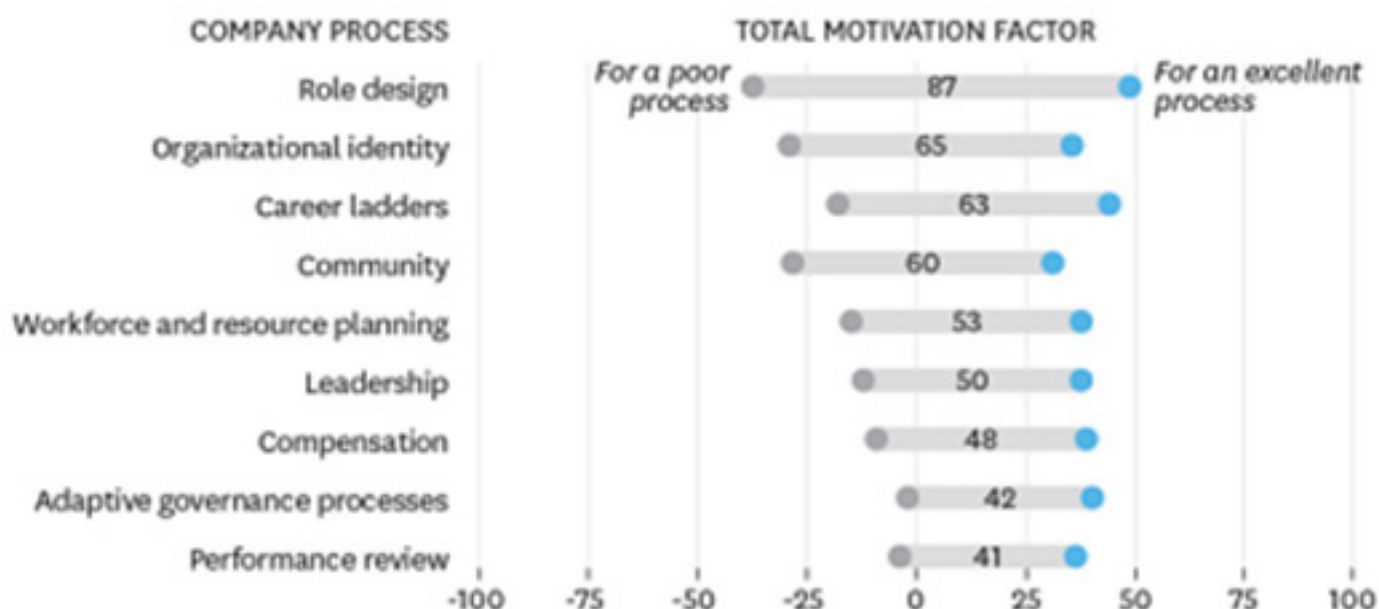


HCM Drivers	Leadership Practices	Employee Engagement	Knowledge Accessibility	Workforce Optimization	Learning Capacity
HCM Practices	Communication. Management’s communication is open and effective.	Job design. Work is well organized and taps employees’ skills.	Availability. Job-related information and training are readily available.	Processes. Work processes are well defined, and training is effective.	Innovation. New ideas are welcome.
	Inclusiveness. Management collaborates with employees and invites input.	Commitment. Jobs are secure, employees are recognized, and advancement is possible.	Collaboration. Teamwork is encouraged and enabled.	Conditions. Working conditions support high performance.	Training. Training is practical and supports organizational goals.
	Supervisory skills. Managers eliminate barriers, provide feedback, and inspire confidence.	Time. Workload allows employees to do jobs well and enables good work/life balance.	Information sharing. Best practices are shared and improved.	Accountability. High performance is expected and rewarded.	Development. Employees have formal career development plans.
	Executive skills. Senior executives eliminate barriers, provide feedback, and inspire confidence.	Systems. Employee engagement is continually evaluated.	Systems. Collection systems make information easily available.	Hiring. New employees are chosen on the basis of skill; new hires complete a thorough orientation.	Value and support. Leaders demonstrate that learning is valued.
	Systems. Leadership development and transition systems are effective.			Systems. Employee performance management systems are effective.	Systems. A learning management system automates aspects of training.

Source: hbr.org March 2007 Bassi, L., and McMurrer, D., Human Capital Management metrics.

Lack of participation of line management

Close measurement of HCM practices as presented above could also assist in eliminating the issue of lack of participation of line management. The lack of motivation to participate is likely to be closely related to the organizational culture. There are many motivation-measuring tools with significant popularity, such as Hackman and Oldham's Motivating Potential Score (MPS). However, the most up-to-date relevant propositions on employee motivation vary widely depending on company processes. How to measure and improve motivation has been described in the Harvard Business Review (24 November 2015) and these methods are also recommended in the present paper for assistance in resolving the lack of participation of line management.



Source: hbr.org. November 2015. Primed to Perform in McGregor, L. and Doshi, N. "How Company Culture Shapes Employee Motivation".

The study shows that it is recommended for HR professionals to work on the implementation and adjustment of strategic and business plans together with line management from the beginning to build professional relationships and share knowledge. Correct job design can make this highly feasible.

Conclusion

In conclusion, there is no such thing as a perfect strategic HR service delivery model. The Ulrich model is very flexible and can be adjusted to many, if not all, individual organizational needs. The organizational strategy should define the structure of the HR service delivery model. The model is a practical starting point that can be readjusted to the type and number of HR services required by individual organizations.