

Chapter 6.12

Approaches and Concepts to Restructuring Human Resources Management Functions

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INTRODUCTION

Nowadays, most human resources (HR) managers are confronted with cost pressure, the demand for offering “high-quality-HR services” and the necessity for strategic contributions (Hewitt, 2004). Human resource management (HRM) with its current structures and tools is often unable to completely fulfill these requirements. Therefore, a strong need for reorganization of HR as a function is obvious. In the last few years, many efforts have been undertaken by HRM practitioners to re-structure HRM at the level of organizations as reflected in surveys or case studies from leading firms. Examples can be found in Som (2003) and Fairbairn (2005). Moreover, the restructuring of the HR function has been the subject of a broad

discussion among scientists and researchers in the field of management (Becker & Huselid, 1999; Caldwell, 2003, 2004; Truss, Gratton, Hope-Hailey, Stiles, & Zaleska, 2002). It is remarkable that this discussion has mainly focused on the strategic role of HRM (Lawler III, 2005), and consultants in the practical field have particularly given advice to improve the quality of HR services (Hewitt, 2004; Towers Perrin, 2005). A more complex view on the restructuring of HRM is rarely to be found.

BACKGROUND

Organizations often prefer an easy way of re-organization by simply cutting HRM costs. As

Capelli (2005) has stated when companies were downsizing, human resource functions capabilities were the first thing cut.

But, what does Restructuring of HRM functions imply?

Restructuring of HRM functions describes a more or less radical modification of roles, tasks and structures in all HR-related practices, like recruitment, placement, payment, development of human resources, and in structures and processes of the HR departments, and their co-operation with the top management, line managers, HR consultants, HR service providers, and employee representatives.

Starting from this broad view, it can be stated, that restructuring of the HRM function have to be seen as a normal part of its development. A view on the history of HRM reveals that at every developmental stage, specific roles, and tasks, and, moreover, a specific focus on restructuring

of HR functions within each stage can be found (see Table 1).

The further text will focus especially on the ongoing development (i.e., the stage in which HRM acts as a “strategic business partner”). This stage can be identified in the extent to which newly structured HR departments and a new division of labor between HR-departments, line managers, and internal or external providers of HR services have been implemented.

The current reputation of HRM has been built generally upon excellent services and consulting processes as represented in stage 3. Now HRM is being increasingly asked for strategic contributions (Cascio, 2005; Lawler III, 2005; Ulrich & Brockbank, 2005). This article focuses on the “link” between the current reputations while focusing on the future role of HR.

Here, a framework will be introduced to enable an interdisciplinary and more complex approach on HR restructuring (see Table 3). It includes drivers, barriers, objects, pathways, and results

Table 1. Historical development of HRM (on the basis of Cascio, 2005)

Stages of the development of HRM	Time period	Relevant tasks	Role	Focus of restructuring within the stage
(1) HR-Partial/File-Administration (“File-maintenance”)	until mid of 1960s	Fulfillment of management information needs	Personnel Office	Focus on restructuring of HR data base
(2) HR-Full-Administration “Government accountability”	from the mid of 1960s until mid of 1980s	Compliance with legal & tax rules, fulfillment of administrative and legally mandated tasks	Personnel Administration	Focus on optimal, legal handling of a full range of administrative tasks, development of HR departmental structures
(3) HR Professionalization (“Organizational accountability”)	in the 1980s and 1990s	Accountability for success (in single business units), effective use of HR-Tools (recruitment, development, etc.) for business success	Personnel Management	Focus on increasing professionalization of the HR departments, development of services and tools, optimizing the cooperation with other HR partners
(4) HR Strategic Integration (“Strategic business partner”)	start in the late 1990s, ongoing development	“Add value to the business” (Cascio, 2005). Contributions with strategic impact, participative developed organizational strategy (strategic partnership)	Business partner and role sets, for example Ulrich (1997, 1998) and Lawler III & Mohrman (2003)	Focus on outsourcing, enabling of line managers to do HRM, inclusion of new fields (e.g., knowledge management, cultural development, creation of a new model of cooperation between HR partners)

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