

STRUCTURING YOUR HR FUNCTION FOR STRATEGIC RELEVANCE

Some HR executives complain that their discipline is still not achieving strategic relevance in their university. This is despite having devised an HR strategy which is fully aligned to the university strategy and having sourced some very competent HR professionals into the team.

A possible missing link is the portfolio allocation within HR, and whether it has been aligned with the university's strategy, structure and culture. Too often, the prevailing HR architecture is a product of inherited history and incumbents.

Historical Influences on HR Structure

Amongst some established institutions, there is an accepted template for HR and other functions. This relies upon best practice assumptions, but does not always recognize strategic or tactical shifts which might suggest the need for customization.

Country-specific issues would also impact structuring. Low skills levels in developing countries might imply greater emphasis on Training and Development functions.

In South Africa, for instance, transformation imperatives frequently result in a separate Employment Equity sub-function not seen in other countries.

Legislative factors often have a bearing. Health and Safety priorities vary between countries, whilst a remote geographic location might have unique migrant labour issues.

Some Common HR Portfolios

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| ▪ HR Operations | ▪ Organisational Development |
| ▪ Benefits | ▪ Labour relations |
| ▪ Compensation | ▪ HR Information |
| ▪ Payroll | ▪ Recruitment/talent |
| ▪ Training and Development | ▪ Employee wellness |

Some Less Common HR Portfolios

- Transformation/Employment Equity
- Public Affairs/PR
- Performance Management
- Expatriate Management
- Government Relations

Clustering of Sub-disciplines

For a variety of reasons, certain of the HR portfolios are clustered together. Quite often, this is done to consolidate related entities under fewer, more skilled managers. This also allows for rotation of the HR officers within a cluster.

Some consolidation is effected simply by adding to the portfolios of a deputy HR head, or to spawn a new sub-discipline when funding is tight.

Ideally, clustering takes place to signal a deliberate culture shift in HR, such as combining the formerly adversarial Industrial Relations with Employee Wellness to form a differently focused Employee Relations Unit.

Some Clusters of Sub-Disciplines

- Compensation & Employee Benefits
- Employee Relations & Wellness
- Talent, Training & Development, Wellness
- Rewards, Performance Management, Employee Value Proposition
- Training & Development and Change Management (OD)
- Compensation & Information

Centralisation or Devolution

The pendulum frequently swings between extremes even in the same university, as management grapples with differing philosophies – changing tack in reaction to problems experienced with each model.

Here again, HR should only be decentralized to the extent that the university culture allows. If the university supports strongly devolved “ownership”, then faculty or site-based HR business partners will be effective. Conversely, a compliance culture might be better supported by centralised controls.

Unfortunately, the inevitable hybrid model carries inherent contradictions which need to be negotiated. Clarifying expectations is a worthwhile exercise.

Without dwelling on terminology, we should not confuse regionalization with decentralization:

- regional HR structures might simply be local sites for centralised structures, to facilitate geographic efficiency, such as a remote campus.
- Decentralized structures go much further by recognizing local differences, and actively facilitating autonomy.

HR should not fool itself into believing that an HR presence in faculties constitutes the “strategic partner” victory won. Objectivity and strategic focus can often be lost when devolved HR professionals get sucked into the day-to-day problems imposed by devolved academic structures.

Shared Services

A relatively recent development, mostly in large organisations, has been the Shared Services model. Viewed by skeptics as a politically correct form of re-centralisation, the SS concept seeks to create economies of scale by locating a Centre of Expertise to deal with a sub-function. Experience has shown:

- This works well when supported by enabling technology, such as an ERP system (eg. SAP, Oracle, etc)
- It is predicated on non-flexibility if SS is to save costs.

The advantages of cost-effectiveness, expertise and consistency in the Shared Services model are highly attractive, but there is an underlying impact on culture which should not be ignored.

Outsourcing

When worldwide re-engineering exercises of a decade ago recommended large scale outsourcing, HR in some organisations was affected, along with IT and other disciplines.

Inevitably the pendulum has swung back to a varying extent, but it does behove HR executives to at least consider what is actually strategic (staying internal) and what can optimally be regarded as “transactional” HR (and possibly outsourced).

The complicating factor is that several HR specialist functions have elements which are strategic, and elements which are transactional. For example:

<u>Function</u>	<u>Strategic Element</u>	<u>Transactional Element</u>
<ul style="list-style-type: none"> ▪ Talent ▪ Reward ▪ Training ▪ Benefits 	Selecting Talent Designing Incentives Identifying Potential Creating Value Proposition	Recruitment Advertising Payroll Administration Delivering training Benefit Administration

The “Policing” Dilemma

HR executives have long wanted to get away from the old reputation of telling line managers what they cannot do, by concentrating on business partnering, change management, leadership development and the sexy stuff.

Of course, our Financial Director colleagues are also seldom turned on by reconciliations and Internal Audit, but they do it while still remaining strategically relevant.

We have to recognize that issues of governance and risk management occupy considerable time at Council or Finco level. As matters of compliance to legislative, quality and reporting standards have gained increasing strategic significance in the wake of scandals, HR must address these challenges in new ways.

Certainly, the nay-saying HR bureaucrat must go, but strategic HR must be actively involved in the design of controls, working in cross-disciplinary teams to secure the interests of the university.

HR Information Systems need to be designed not only to produce “gee whiz” statistics, but also to prevent and detect areas of risk or non compliance.

How Strategy Affects HR Structure

Organisational strategy must permeate down to the structure of HR portfolios and to resource allocation within those portfolios. HR executives must be brave enough to proactively initiate this review.

- The life stage of the university or its current structures will have an impact on HR. An established university might well be supported by an established HR structure, but what are the HR needs of a merged unit?
- A global or nationwide university will lend itself to a particular structure, but where is the balance achieved when unique local relationships are required?
- A full-spectrum university will have a different HR strategy to a more focused one which sticks to the knitting, and outsources the rest. The human resource department for each of these models will vary.
- An HR department seeking to empower its leadership and people will not be structured or resourced in the same way as one where compliance with “The XYZ Way” tends to prevail.

Conclusion

HR executives would be naïve and even irresponsible if they were to perpetuate or embark upon an HR strategy which is not aligned to the university strategy and culture.

Furthermore, the structure of the HR department and its portfolios should reflect either the current reality or the expressly stated strategic imperatives of the institution. This is essential for sustainable relevance and meaningful contribution.