

ROLES AND CHALLENGES OF HUMAN RESOURCE BUSINESS PARTNERS

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ABSTRACT:

Human resource business partners are human resource specialists who can take up role of aligning with organization goals to improve business performance and develop organizational culture. Business partnering refers to the way that the human resource function is restructured into different roles, with the aim of providing improved human resource services to the organisation. In this new role, human resource professionals who are managers and supervisors must take on the emerging roles of business partner, change agent, and leader in radically new organizational structures, quite different from those of the past.

The present study analyses the differentiating roles & responsibilities and diverse challenges that are encountered by business partners in human resource management in selected industries of India. The data for the study was collected from a sample of thirty Indian human resources professionals from different industries such as IT, ITeS, manufacturing, R& D, and management consulting. The study addresses the opportunities, challenges, and contributions of human resources business partners in organizations in different industries. The study proposes a new model for human resources diversity and execution flexibility, providing an insight into the differentiation factors and freedom of execution for human resource professionals.

Keywords: human resource management, business partners, change agents, human resources diversity and execution flexibility.

INTRODUCTION:

One of the dominant approaches in the field of human resource management during the last five years has been to analyze the changing role of human resource professionals and emerging trends. These studies have been useful in generating awareness of the links between human resource management and strategic management, as also in offering insights into the rationale for the linkage.

During the past decades HR was viewed as an administrative function of processing employee paperwork, benefits, maintaining employee personal files, and planning company events as the company cheerleader; but today's HR professionals must be strategic business partners to all profit and cost centres within the organization. The increased competition for HR talent that can deliver true strategic value and a changing workforce has again brought HR as a business partner to the forefront.

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In this new role, HR professionals who are managers and supervisors must take on the emerging roles of business partner, change agent, and leader in new organizational structures different from the past. This becomes more challenging, as HR professionals try to meet this challenge while continuing day-to-day tactical and operational management of HR. These new expectations and demands, combined with a steady decrease in HR staff, means a once-stable occupation is entering uncharted territory. On top of these changes, many HR departments must do all of this with a downsized staff that does not have the expertise needed to meet the demands.

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LITERATURE REVIEW:

Business partnering has been studied extensively at international organizations, especially in developed countries, while only few studies have been undertaken in the Indian scenario.

Goodge (2005) highlighted the reasons for the move to HR partnering and the advantages it can bring. He also suggested three essentials of successful HR partnering: understanding, resources and credibility, and suggested on judging readiness for partnering, and for putting the key requirements in place. He advanced the view that there is no one best way to implement partnering; the HR model and its pace of introduction should be tailored to the organization.

Morley et al (2006) introduced a special issue bringing together five papers that explored the changing anatomy of HRM at organizational level against the backdrop of a dynamic contemporary organizational landscape and showcased cross-national research on the theme. The first paper highlighted whether the mix of distributed HR activities between the HR department and internal/external agents may be understood to be less a product of contextual influences and more a matter of corporate choice. The second paper established that role dissonance is a very real issue for middle managers with HR responsibilities. The third paper unearthed the complexities and challenges involved in changing existing HRM procedures and practices in a post-merger scenario. The fourth paper provided an understanding of the management of human resource supply chains and outlines five, empirically derived, generic models of HR outsourcing. The final paper found that human resource IT diffusion and take-up is primarily fuelled by interpersonal communication and network interactions among potential adopters.

Martinez (1997) explained that successful business leaders must also analyze how economic and societal changes will affect their businesses now and in the future. Companies are always searching for the best way to measure performance. And increasingly, employers are taking a hard look at what top managers are doing to produce quantifiable results, numbers that really add value to the bottom line. But in order to produce satisfactory numbers, successful business leaders must also analyze how economic and societal changes

will affect their businesses now and in the future. He also suggested that HR leaders who have become total business partners usually follow three critical strategies: delivering the numbers, maximizing people performance and understanding and applying the latest business trends.

Broderick (2005) described that in the past, human resources departments were often considered the poor relations of a business, the last to be hired and, more often than not, the first to be cut loose during downtimes. But now, HR is increasingly becoming the revenue generator for upcoming companies, as well as those on top that want to stay healthy, according to several human resources professionals.

Mohrman (2003) explained that HR is becoming a strategic partner and is more effective in this role. She explained that strategy is important for future development and direction of HR function in organizations examining the factors associated with HR as a strategic partner. There are four categories of involvement in business strategy; one is the measure of strategy involvement and determining how different practices are related to the degree to which HR is a business partner. Second, the role of HR in an organization might at least partially be determined by the business model of the organization with respect to how it expects to gain a competitive advantage. Clearly there may be much more demand for HR to be a strategic partner in those organizations that are counting on human and intellectual capital to be a competitive advantage. Third, in order to develop a true partnership, the HR function must focus more on planning, organizational design, and development. Fourth, more organizational approaches are also required whereby HR professionals operate in proximity and partnership with the line and develop a broad and deep understanding of HR issues. Nowhere is this dual need for deep HR knowledge and for proximity to the line more important than in the top HR role, where this study has shown that putting line managers in charge of HR may work against a strategic partnership role. She concluded that partnership also requires increasing the trust in line managers and transferring HR accountability to them in many areas where HR has previously exercised control and provided service.

Metzler (1998) studied the changing business environment in 1990's and the current risk scenario for HR professionals. According to her, human resource professionals are at risk: their future includes dramatically different possibilities – extinction, or a dynamic, critical role in their companies' success, assisting corporate leaders in navigating the uncharted waters of the new business reality. HR must also play an active and guiding role in enabling the company to choose its people well, invest in them, support their growth and respect their needs, while fostering innovations needed to achieve the strategic business objectives. This vital role requires competence in coaching leaders in behaviours that will create and sustain a flexible and adaptive workforce, and in innovating at the accelerated rate of change of a global post-industrial economy

Turner (2006)² examined the context of the role, the needs and opportunities arising from this context and the challenges of becoming a business partners, which are grouped into business challenges like global competition, advances in technology; organizational challenges like alignment of mission, vision, strategy, structure, systems and values; people challenges like attracting, selecting, assessing, appreciating, motivating, challenging, developing, promoting, listening to, supporting, measuring and rewarding. This approach is vital in making sound strategic business decisions.

² Ernie Turner, "An emerging HR role: becoming business partners", *Leadership in International Management*.

Nelson (2006)³ explained the competencies required for HR, the ability to maximize results in the competitive environment. He focused on the competencies HR professionals need to have to be effective as strategic business partners. The driving need for HR to be strategic business partners is of two dimensions; one is after the cost cutting agenda of the last few years, the scope for increased profitability from cost reductions and efficiency improvements is severely limited and second is new profits will come from people creating new ideas and innovating improvements. Innovation is being able to adapt to changes in the external environment and competitive threats. Creativity is the ability to generate something genuinely new to gain competitive advantage. To secure improved profitability from creativity and innovation, managers need to be able to harness their people's energies to improve all aspects of provision to their customers. Such engagement will depend on: effective leadership, knowledgeable, skilled and motivated people and an organization designed to enable people to achieve.

Shahnawaz and Juyal (2006) described the different management practices followed in the industry and the challenges encountered during organizational commitment issues. The study explored and compared various HRM practices in two different organizations: consultancy/research based organization and fashion industry. The authors also proposed to explore how much of commitment could be attributed to various HRM practices in the two organizations and as a whole. HRM focuses on congruence and commitment instead of compliance and control. In the present day turbulent reality, there is a need to develop industry specific HRM policy and practices to remain competitive and to develop committed workforce.

The present study is a descriptive study examining the roles, responsibilities, competencies required for human resource business partners in India across different industries. The study addresses the following questions: what are the roles and responsibilities of HR business partners in organizations in various industries, what are the required competencies for HR business partners, what are the challenges faced by HR business partners in different industries, and what are the contributions of HR business partnering to organizational performance.

DATA AND METHODOLOGY:

A sample of thirty Indian HR professionals was selected for the study using judgemental sampling. The samples were from different industries: IT, ITeS, manufacturing, research & development, and management consulting.

The data was collected by means of questionnaires through electronic mails from the HR professionals. The data collected from each of the companies addressed: the need of HR business partners in each industry, the roles and responsibilities attached to the business partners in each industry, the competencies required for HR business partners in each industry, and the challenges faced by the role in each industry. The prioritisation of roles and responsibilities were ranked from 1 to 6, '1' being most important and '6' being least important; while the need for business partners, competencies required for selection and the challenges was taken on a rating scale of 1-5, at one extreme, '1' representing weaker importance and at the other extreme, '5' representing a very strong importance; the other questions were open-ended and opinion-based.

³ Richard Nelson, "Being a Strategic Business Partner", HR Newsletter, Issue 5

ANALYSIS AND INTERPRETATION:

The mean rankings of the different roles and responsibilities of HR business partners in organizations in different industries are shown in Table 1 below.

Table 1: mean rankings of roles and responsibilities of HR business partners

	IT	ITeS	R&D	Consultancy	Manufacturing	Overall
Centre of excellence	4.50	3.00	4.50	3.50	3.00	3.70
Maximising people performance	3.17	3.17	2.67	2.00	3.33	2.87
Understand trends	4.83	4.33	5.50	4.00	4.00	4.53
Develop business goals	2.33	2.33	2.17	2.00	2.33	2.23
Introduce goals to other units	3.17	2.83	1.83	2.50	3.33	2.73
Develop measurement techniques	2.50	2.50	3.50	3.17	3.00	2.93

It was found that developing business goals was the prime delagatory role for a HR business partners across industries. IT and ITeS firms were found to delegate higher importance to the role of developing measurement techniques, whereas manufacturing firms were found to confer equal importance to centres of excellence also. R & D firms were found to stress the importance of introducing business goals to units more than any other responsibility, whereas consultancy firms were found to believe in maximising people performance. Overall, it can be inferred that the most important role of HR business partners would be in developing HR goals that align with the goals of the company; thus, the execution and the variety for HR business partners should be high in order to develop goals and implement them.

The mean ratings of the different competencies of HR business partners in organizations in different industries are shown in Table 2 below.

Table 2: mean ratings of competencies of HR business partners

	IT	ITeS	R&D	Consultancy	Manufacturing	Overall
Leadership	3.50	3.67	2.50	4.17	4.67	3.70
Business basics	3.83	4.50	3.17	4.50	3.33	3.87
Strategic planning	4.00	3.00	3.17	3.83	3.17	3.43
Negotiation	3.83	3.67	3.17	4.67	3.67	3.80
Consultative	2.83	4.00	4.17	3.83	3.83	3.73

It was found that different competencies were stressed in different industries. In the IT industry, strategic planning to execute diffrentiation was found to be the most important competency. In the ITeS industry, business basics was found to be the most important criteria for service function. In the R & D industry consultative skills were found to be the most important skills. For management consultancies negotiation skills were found to be the

most important competency, due to their innovative and learning structure for business services. Leadership was considered to be the most important competency for selecting HR business partners in the manufacturing industry. Overall it was found that business basics and negotiation skills were the most important competencies required for HR business partners, since strategic flexibility in business and negotiation are important criteria to develop and introduce goals in an organization.

The range of work experience prevalent in different types of organizations is shown in Table 3 below.

Table 3: cross-table of range of work-experience with type of company

	2-5 yrs	6-9 yrs	10-13 yrs	14-17 yrs	Total
Multi-National Companies	1	7	1	2	11
Large Indian Companies	6	3	1	0	10
Small and Medium Enterprises	1	1	4	3	9
Overall	8	11	6	5	30

There was found to be a significant relationship between range of work experience prevalent and type of company ($\chi^2 = 14.414$, p-value = 0.025): MNC's were found to prefer a work-experience of 6-9 years, large Indian companies were found to prefer a shorter work-experience of 2-5 years, while SME's were found to opt for a range of 10-13 years.

The mean ratings of the different challenges of HR business partners in organizations in different industries are shown in Table 4 below.

Table 4: mean ratings of challenges of HR business partners

	IT	ITeS	R&D	Consultancy	Manufacturing	Overall
Technology changes	2.83	2.00	2.50	2.33	4.00	2.73
Workforce diversity	3.17	2.33	2.50	2.83	3.67	2.90
Outsourcing	2.50	2.50	2.33	2.67	3.33	2.67
Mergers and acquisitions	3.33	3.33	2.67	2.67	3.00	3.00
Recession	3.00	3.83	3.33	3.33	3.17	3.33
Talent retention	4.17	3.33	3.00	3.50	3.67	3.53

It was found that different challenges were stressed in different industries. Talent retention was found to be the major challenge in IT companies and consultancies, while recession was found to be the main challenge in ITeS companies and R & D companies. Technological changes was found to be the most pertinent challenge for manufacturing companies. Mergers and acquisitions were also found to be important challenges for IT and ITeS companies, since multinational companies and cross-cultural literacy becomes a major aspect for HR business partners. Overall, it was found that talent retention and recession were the most important challenges for HR business partners.

The contribution of HR business partners to organisational performance in organizations in different industries are shown in Table 5 below.

Table 5: contribution of HR business partners to organisational performance in different industries

	IT	ITeS	R&D	Consultancy	Manufacturing	Overall
Increasing productivity of the talent pool	66.67%	83.33%	83.33%	83.33%	66.67%	76.67%
Competency building and talent engagement	100.00%	50.00%	100.00%	50.00%	66.67%	73.33%
Design, conceptualize and build a learning organization.	83.33%	83.33%	33.33%	100.00%	66.67%	73.33%
Align organizational goals to changing business environment	83.33%	83.33%	83.33%	50.00%	66.67%	73.33%
Communicate and align the talent for a globalised talent workforce	16.67%	66.67%	0.00%	33.33%	66.67%	36.67%

It was found that the contribution of HR business partners was perceived to be different in different industries. It was found that in IT companies, HR business partnering was perceived to contribute towards competency building and talent engagement, learning organisation, and aligning organisational goals, while in ITeS companies, HR business partnering was perceived to contribute towards increasing productivity, learning organisation, and aligning organisational goals. It was found that in R & D companies, HR business partnering was perceived to contribute towards competency building and talent engagement, increasing productivity, and aligning organisational goals. It was found that in consultancies, HR business partnering was perceived to contribute towards learning organisation and increasing productivity. It was found that in manufacturing companies, HR business partnering was perceived to contribute towards each of the aspects equally. Overall it was found that increasing productivity was a major contribution.

DISCUSSION:

There were several interesting issues addressed by the present study, culminating in a model to ascertain the requirements for HRBP and their functions. The basic issues addressed were the roles and responsibilities of HR business partners, the competencies required, range of work experience for selection, and the challenges they face, and their contribution to organisational performance in IT, ITeS, R & D, management consultancy, and manufacturing industries.

There were a wide variety of competencies and challenges for HR business partners in changing economies. Further, there is a relation between the diversity and the execution flexibility attributes for all human resource professionals, varying in hierarchy of HR. Based on the results of the study, a model has been developed determining the competencies required to choose HR business partners according to the role of execution and diversity. The model was developed to identify the role of HR business partners in comparison with the role of other HR professionals. The model is important and useful to measure and determine the designation of HR professionals in organizations. It is also useful to demarcate the various positions in human resources.

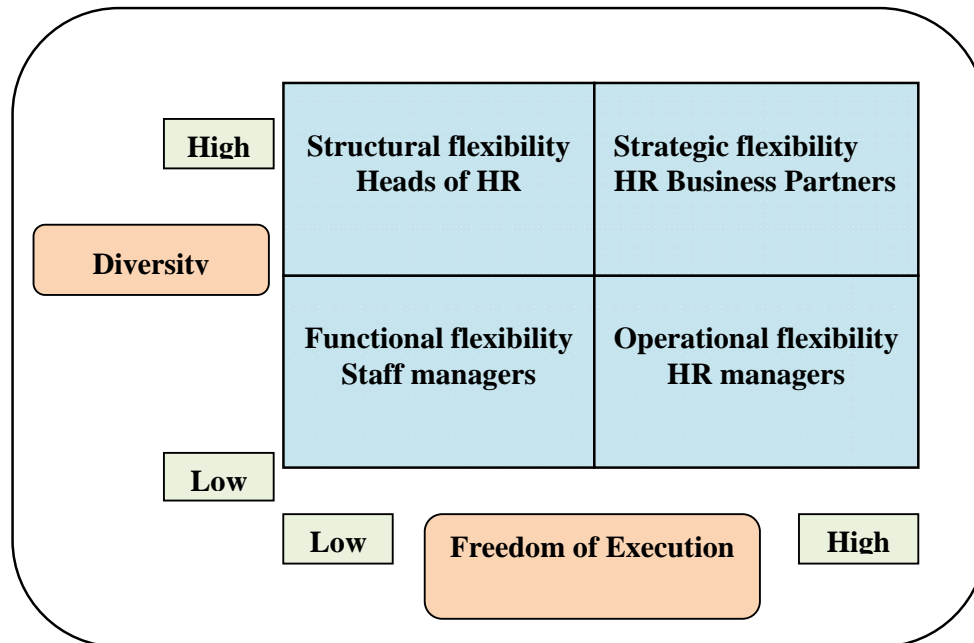


Figure 1: HR business partners diversity and execution flexibility model

The model is based on two attributes: diversity, which is defined as the variety and the innovation in terms of ideas, strategies and structure, and freedom of execution, which is defined in terms of time and the freedom of responsibility accustomed with the role (as provided by top management).

The flexibility of the roles in terms of diversity and freedom of execution has been determined assuming the definite roles given to each designation in HR and the hierarchy in organizations, in general. There are four types of flexibility identified in the model. These flexibility types vary with diversity and freedom of execution. The model has been explained in terms of these flexibility types.

1. **Functional flexibility** – These are executives in HR who are involved in documentation and are followers of strategies. They have very low diversity in terms of planning strategies and have low freedom of execution in terms of time and execution of strategies. For example, staff managers are only involved in paperwork and follow strategies of organisation, having very little freedom to execute things in their own way.
2. **Operational flexibility** – These are managers in HR involved in implementing strategies of management. They have low diversity since planning strategies is not a part of this role, but they have a high freedom to execute strategies in their own ways and measure them. For example, HR managers are involved in implementing strategies or structure as planned by management but there is no restriction on execution in terms of time and implementation methods is their own decisions.
3. **Structural flexibility** – These are part of middle management as heads. They have high diversity since they plan strategies and design structures for any action of issue, but they have low freedom of execution since the task has to be executed by HR managers. Thus their role is to design structures and manage the subordinates towards execution. For example, heads of HR such as general managers and senior managers are people who design the structure for any issue or action and designate execution to subordinates.

4. **Strategic flexibility** – These are part of the top management. They have very high diversity since they are people who develop business goals; they also have very high freedom of execution since the communication and implementation of business goals is also their responsibility. Thus they are perfect business partners working towards organizational success. For example, business partners in human resources are the ones who fulfil the role of decision-making and strategy implementation. Their major role is to develop goals that align with the goals of the organization, introduce HR business goal in other units and develop measurement techniques for specific HR strategic initiatives for overall organization success.

Thus the model describes the role of business partners in relation to other HR professionals and the differentiating factors that determine the hierarchy in HR in organizations. The model is applicable to all industries in general. It is most useful in mapping the competencies, execution of the role of HRBP and the transition of HR professionals to HRBP in organizations.

The issues presented in the study have scope for further research in emerging economies and in the global scenario in general.

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