The HR Function: Integration or Fragmentation?
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INTRODUCTION
For over two decades proponents of ‘HRM’ have advocated a new strategic agenda for the HR function and a reinvention of HR roles (Beer et al 1984; Schuler 1990, Lawler and Mohrman 2003). The concept of what constitutes a ‘strategic HR function’ has of course varied over time, but it is primarily identified with integrating people management policies and practices into strategic decision-making and business performance (Beer 1997). This was conceived as a major departure from old-style personnel management. With its cumbersome bureaucratic procedures, reactive style, incoherent processes, and fragmented policies, personnel management always appeared remote from real business needs. The rhetorical promise of HRM was a radically new strategic role for the HR function and a new set of proactive roles for HR practitioners (Ulrich 1997).

This simple contrast has proved both seductive and profoundly deceptive. It exaggerates the actual differences between ‘HRM’ and personnel practice, both before and after the emergence of HRM: ‘advanced’ personnel policies often predated the apparently progressive trajectory of HRM (Caldwell 2002). The contrast also conflates two distinct issues: long-standing definitional disputes over the conceptual meaning, coherence and empirical veracity of ‘HRM’, and the empirical exploration of the changing nature of the personnel/HR function. While some of the former definitional disputes appear to have dissipated or simply become exhausted, the exploration of the ‘HR function’ still remains a somewhat uncharted and controversial territory.

In exploring the HR function we need to avoid simple dichotomies and reframe some of the old questions regarding the impact of ‘HRM’ on the personnel function. We must also ask some new and more disconcerting questions. Has the embrace of strategic HR and the search for more integrated mechanisms for the delivery of HR policies and practices created its own counter forces: greater complexity in HR systems and technology, more disorder in HR processes and boundaries, and mounting threats to the integrationist agendas of HRM? Similarly, has the drive to reinvent personnel roles in terms of more proactive and strategic ‘business partner’ models disaggregated the precarious specialist expertise of the HR function and fragmented HR roles?

When HRM first emerged as a paradigm its integrationist ambitions were evident both in the pervasive discourses of ‘HRMism’ and in the search for an all-encompassing approach to workplace management. This partly explains why HRM began to include more and more components of ‘people management’ within its ever-expanding remit: from ‘organisational culture’ and ‘change management’ to ‘organisational capabilities’ and ‘social capital’. But this process was always precarious and it has now begun to fracture. HRM has not delivered on the integration of HR with business strategy and performance, and it ability to exercise ‘governance’ within the workplace is undermined by policy fragmentation, and by the growing challenging of managing employees within and across permeable organisational boundaries (Kaufmann 2004; Marchington et al 2004). The real danger now is that these already prevalent processes will reinforce the relative powerlessness of the HR function in integrating people management.
policies and practices while further fragmenting HR organisation.

Similar dynamics are at work in the growth of new ‘HR business partnering’ roles. Ulrich’s (1997) multi-level typology of four ‘HR business partner’ roles (e.g. strategic partner, administrative expert, change agent, and employee champion), has gained rhetorical ascendancy among many HR practitioners both in the US and the UK, and the CIPD (2004) has consistently endorsed it as an agenda for the professionalisation of the HR function. It is increasingly clear however that the broader structural changes that effect the organisation and ‘disordering’ of the HR function have had major implications for the ‘core’ activities of the function and for the organisation of HR roles and responsibilities - often with unintended or negative consequences (Caldwell 2003; Truss et al 2002; Guest and King, 2004; Hope-Hailey et al 2005). It is no surprise then that Ulrich’s (2005) recent ‘revisionist turn’, in an apparent move away from the rhetoric of business partnering and towards a more rounded reading of the specialist virtues of the HR function, is partly a response to the growing disaggregation of HR organisation and the fragmentation of HR roles and responsibilities; an unexpected outcome that came in the wake of the very success of business partnering (Buyen and De Vos 2001; Gratton 2003; Kochan 2004). It is increasingly unclear, however, whether the centrifugal logic of business partnering can be contained or the HR function re-centred and strategically re-integrated.

A growing sense of the mounting challenges facing the HR function is gradually leading to a shift in current policy debates. In 2006 the CIPD embarked on a new programme of research examining *The HR Function of the Future*. The CIPD has funded some areas of ‘HR function’ research in the past, but these have rarely been treated as part of a broader holistic exploration and they have been analytically and empirically rather weak (CIPD 2006). It is hoped that some of the new research will seek to consolidate what we know about the major changes to the HR function, and explore their implications for a wide-range of organizations, large and small. This policy shift has been necessary partly because the degree of reorganisation of the HR function and the redefinition of HR roles continues to provoke heated controversy among practitioners. The CIPD is therefore under increasing pressure to clarify its position on how best to organise and skill the HR function of the future.

Against this background of evidence deficits and policy/practice gaps, what is increasingly needed is a broader, more comprehensive, conceptual framework for the exploration of the HR function that refocuses research on *HR organisation* and *HR roles*. HR organisation encompasses the relatively stable and fixed elements of HR departmental structures, HR systems, policies and reporting mechanisms, as well as the emergent processes of instability and disorganisation that affect all organisations as they undergo transformation and change. The exploration of HR organisation is by definition an exploration of the discontinuity, instability and disorder caused by the restructuring, devolution and outsourcing of HR processes and activities. Similarly, HR roles include not only the formal ‘roles’ that are prescribed by models of instrumental behaviour and strategic action, they also include the disordering and chaotic processes of ‘identity’ construction and meaning creation that are enacted through ‘sensemaking’ (Weick 2001). The failure of much of the prescriptive literature on HR roles and business partnering is that they forget ‘identity’ and treat action one-dimensionally as the instrumental realisation of clearly defined strategic choices and goals (Ulrich 1997).

From these analytical starting points two very broad and overlapping questions need to be addressed:

What changes are occurring to the organizing models, processes of delivery and the boundaries of the HR function? The central focus here is on the impact of new models of
HR delivery (e.g. shared services, centres of expertise, self-service e-HR systems, and outsourcing) on the function.

How are HR specialist and generalist roles changing and what impact have new ‘HR business partnering’ roles had on the HR function? The central focus here is on the limitations of Ulrich’s (1997, 2005) model.

This chapter is devoted to an analysis of these two questions. For completeness, an Appendix provides a very brief update on the latest findings from the WERS 2004 (Kersley et al 2006).

HR ORGANISING MODELS
When ‘HRM’ first emerged it was assumed that it offered a new and more strategically integrated approach to the management of people (Guest 1987). Invariably most strategic versions of ‘HRM’ insisted that HR policies and practices must become more internally consistent and more closely integrated with business strategy (Storey 1995). HR policy integration as an ideal presented enormous political and operational challenges, as did the integration of HR strategy and business strategy (Storey 1995, 2001; Kaufman 2004). But these two components represented only part of the picture; there were other important outward mechanisms of business integration: the devolution of HR activities to line managers, and HR business partnering with the line. The role of the line was key to early HRM integration debates while HR business partnering was somewhat neglected. These two mechanisms did however share an underlying logic; they were both very unpredictable because they were potentially reversible. Line managers might resist or reject their new role, but equally they might become positively and negatively empowered by it; they could ‘own’ HR initiatives, selectively implement them within the workplace, or use the off-loading of HR to further marginalize the HR function (McGovern et al 1997; Cunningham and Hyman 1999). Line involvement in HR was partly designed to create ‘soft’ versions of HR integration by stealth (i.e. ‘internalisation’), but it was just as likely to engender its opposite: an employer-centred and hard version of HR (Rynes 2004). Similarly, HR business partnering was the generalist front line in integrating HR into the business, but it could cause confusion among line managers, as well as tensions with HR specialists; and there was always the danger that business partners might ‘go native’ (Caldwell, 2004; 2006).

Another major limitation to the integrationist ambitions of HRM was its structural understanding of HR boundaries. It was once possible to define ‘personnel’ as a specialist support function organised around a range of core activities and subspecialties (Legge 1978). In many organisations the personnel function was essentially a centralised administrative or transactional activity focused on expert knowledge, procedural efficiency and compliance; the formal remit of personnel was to somehow limit the scope of line control of personnel matters and its policy reach was invariably remote from business performance issues. With the rise of HRM this functionally ordered yet disengaged model now appears increasingly precarious: the barriers of entry to HR specialist expertise are increasingly porous despite the growth in professionalisation. Administrative efficiency and cost is subsumed by effectiveness and value; control of many areas of HR is increasingly devolved to the line managers and employees; once ‘core’ activities can be outsourced or eliminated; and, perhaps most importantly, ‘strategic HR’ is counter-posed to HR as a centralised support service locked inside a functional box of fragmented administrative routines (Schuller 1990; Ulrich and Brockbank 2005). All of these changes have broken the perceived boundaries of internal HR specialist activities and subspecialties. Despite the growing shift towards more strategic and integrationist models of the HR function, there has been very little systematic empirical research on how the repositioning of HR has affected HR organisation; its structures, processes and boundaries (Pettigrew et al 2003). One of
the main reasons for this neglect is that HR strategy and performance measurement debates, whether influenced by universal ‘best practice’ or more contingent ‘best-fit’ models, have dramatically outweighed research on HR structure and organisation (Guest 2003). In most of these models the integration or alignment of HR practices with performance is the primary focus, rather than the possible role HR organisation may play in the emergent formulation/implementation of these practices: strategy takes precedence over structure because it ‘determines’ its deliberate reshaping by managerial action and strategic choice. Accordingly, the implicit assumption of strategic HR is that HR policies and practices can be decoupled from HR organisation; it is the strategic analysis of competitiveness, strategy execution or strategic choice that determines the operational and administrative rationale of the HR function (Ulrich and Brockbank 2005:177).

The rise of ‘resource-based’ views of organisations began to partly break the hold of the strategy over structure paradigm, while not completely dislodging deliberate notions of strategy formulation (Barney 2001). In resource-based perspectives the conventional ‘outside-in’ analysis of competitiveness, market positioning and performance is reversed: competitive advantage arises from ‘bundles of resources’, competences or capabilities (human and technical) that are valuable, inimitable, rare and non-substitutable; they are specific to the organisation. From this ‘inside-out’ perspective, HR organisation matters because it is critical to how HR is managed, delivered and measured, both internally and across external organisational boundaries (Barney and Wright 1998).

Despite this potential shift towards the integrity of HR organisation, the overall emphasis of the resource-based perspectives is still integrationist: the challenge is to integrate ‘bundles of resources’ across internal and external organisational boundaries. There are two variations on this perspective. First, within emergent ‘networked organisations’ and ‘N-form companies’ it is argued that a strategic HR function is central to ‘process integration’, ‘horizontal networking’ and ‘organisational integration’ (Whittington et al 1999). Second, the focus alternatively is on creating a ‘new architecture’ for ‘virtual HR’ that will facilitate knowledge-based strategic choices as to the appropriate mix of internal and external resources, while allowing for the re-integration of HR ‘knowledge stocks and flows’ across internal and external boundaries (Lepak and Snell 2002). While the former approach tends to be more concerned with the ‘internalisation’, horizontal resource integration and the dangers of outsourcing going too far, the later approach is more concerned with the ‘externalisation’ of resources, virtual re-integration from ‘outside’ and the positive advantages of outsourcing (Barney 2001; Lepak and Snell 2002).

Both sets of ideas must however be treated with caution. Resource-based perspectives generally overstate the role of internal resources, knowledge and organisational capabilities in determining competitiveness, and they radically underestimate the broader influence of institutional forces on the dynamics of innovation, change and strategic choice (Porter 1996; Paauwe and Boselie 2003). This can lead to an over-statement of the strategic role of the HR function. In practice, the shifting boundaries of HR organisation include activities that can be delivered by others as well as activities and processes that can be redefined as ‘non-core’ and therefore eliminated or outsourced. As the boundaries of HR organisation are redefined, the grand HRM challenge of integrating HR within and across organisational boundaries has become much more problematic not less.

As HR organising comes under scrutiny, it becomes increasingly important to explore the scope and limits of the various models that are emerging. Most of these models consist of four major components: HR Shared Services; Centres of Expertise; Self-Service e-HR; and HR Business Partnering.
HR shared services.

HR shared services are designed to reduce cost and improve service efficiency and delivery by centralising single or multiple transactional HR services (e.g. payroll, benefit administration), so that they are available to most, if not all parts of an organization (Lee Cook 2006; Redman et al 2007). The centralizing drive of shared services models is therefore strongly integrationist in terms of HR information systems and processes. But this is ‘HR re-centralisation’ with a twist: the internal customer and end-user is involved in specifying the level of service and ultimately what is delivered. This process appears unstoppable in many large organizations where homogeneity of HR processes, and economies of scale and scope create the conditions for constant improvements in HR delivery outputs (e.g. cost per transaction, cost per unit of HR support). Size also affects the structural options for delivery and system integration in that shared services can be organised divisionally, regionally, nationally or on a global scale. Moreover, because the information processes that are reengineered in shared service models are location-neutral and often organization-neutral they are open to off-shoring and outsourcing, rather than indigenous or local insourcing solutions. This leads to hybrid shared services models whereby some HR activities are provided by specialist in-house service centres while others are being outsourced. Hybridism also allows some relatively small organisations to gain some of the perceived benefits of scalability by mixing insourced and outsourced HR services.

Centres of expertise

Centres of expertise concentrate HR functional areas of expertise (e.g. rewards, performance management, employee communications) so they can be delivered as a specialist design service at the corporate centre or as distributed activity brokered through HR consultancy services to the line. If shared services are designed to achieve economies of scale, centres of expertise are designed to achieve economies of skill. This potential synergy often explains why centres of expertise are embedded in shared services models, as yet another manifestation of the reorientation of HR towards a re-centralised, integrated and more customer-facing function. In some cases, however, multiple centres of expertise may be distributed across divisions or business units, especially in highly diversified organisations. Alternatively, if a strong group HR function or specialist HR culture predominates in an organisation, a variety of centres of expertise with case management capabilities can be concentrated at the corporate centre.

Self-service e-HR

The rise of ‘e-HR’ in the form of manager or employee forms of self-service HR, mainly using the Internet, is beginning to have an impact on the HR function, especially in larger organisations (Ruel, et al 2004; Gueutal and Stone, 2005). Early adopters of e-HR tended to bolt it on to their shared service models in a piecemeal manner, often as an adjunct to their call centre inquiry systems. But the emergence of e-HR is part of a larger shift of business operating models towards Web-based systems of delivery (Hawking et al 2004). This process is still at an early stage, and the main driving forces appear to be cost reduction, in the form of reduced HR staff numbers or HR costs per employee. At a more strategic level, however, e-HR is part of the overall push to devolve HR responsibilities to line managers and employees (Hawking et al 2004). While there is some survey evidence that e-HR is allowing HR to become more ‘strategic’ by off-loading routine HR administration, the process is still very uneven and it often has negative consequences in terms of depersonalising the HR function in the experience of its users (Lawler et al 2004: 223).

HR Business Partnering

HR business partnering was implicit in the integrationist agenda of HRM from its inception, but it only really took off in the mid 1990’s (Beer 1997). A number of organisations dispersed ‘HR
partners’ to the business while seeking to strategically realign the HR function and broker HR solutions between the business, transactional HR shared services and centres of expertise (CIPD 2004; Hunter et al 2006). There is however a growing realisation that business partnering is not suitable for some organisations, is ineffective in many, and may have negative and unexpected consequences (Gratton 2003; Rynes 2004; Hope-Hailey et al 2005).

Deciding how to coordinate these four components in an integrated and strategic manner has caused considerable problems for many organisations. HR shared services units rarely directly deliver any important sustainable competitive advantages; their success depends more on building lateral relationships with other internal units as well as strong relations with their internal customers. This approach can be compromised by strong function-based territorial control over shared service units and a failure to achieve cost reductions or desired service levels, with the result that shared services can quickly become a candidate for outsourcing or restructuring. Shared services invariably go hand in hand with the creation of centres of HR technical knowledge, skills and specialist expertise. But these centres can also become remote from local HR needs and requirements, both because central policy-setting and compliance agendas erode their service remit. This creates new integrationist challenges for the strategic coordination and management of the HR function that have yet to be resolved.

Integration or Fragmentation?
One of the central themes running through questions on the changing structures, processes and boundaries of the HR function is how far the function can really become ‘strategic’. When ‘strategic HRM’ first emerged as a theoretical concept it was assumed that HR policies could be internally coordinated and that HR strategy could be integrated with business strategy (Guest 1987; Beer 1998). This was partly a reaction against traditional personnel management as a diffuse and fragmented series of ad-hoc policies and confusing administrative practices that appeared to have little or no connection with organisational performance (Sisson 1995). However, it soon became evident that abandoning traditional transactional personnel was deeply problematic; HR might lose its operational-administrative rationale without delivering on its strategic promise. Until very recently the solution to this double-bind was to assume that HR could find a ‘middle way’ by excelling at transactional HR delivery through HR shared services and centres of expertise, and yet also deliver on its integrationist strategic remit through new ‘value propositions’ and strategic business partnering with the line. But there are increasing indications that strategic integrationist models of HR and the notion of a middle-way are under strain.

Outsourcing and HR
A major challenge for organisations committed to integrationist models of a strategic HR function has always been outsourcing. Doomsday scenarios of the outsourcing of the HR function abounded in the late 1980s and early 1990s, mainly on the back of top-down managerial restructuring agendas. This provoked a counter-reaction from advocates of HRM; especially those committed to the universal prescriptions of ‘best practice’ models. The large-scale outsourcing of HR activities was perceived as a rejection of the integrationist mission for HRM, as well as a threat to the potential prestige of a more strategic HR function (Pfeffer 1994; 2006). Despite these concerns, HR outsourcing began to take hold partly because in-sourced HR shared services were still in their infancy and cost savings were not always immediately apparent (Lawler et al 2004). However, as more ambitious cross-functional models of shared services emerged and significant cost saving became achievable the concept of limited outsourcing began to seem much less threatening to HR. In-sourced shared services and out-sourced services could, in principle, be mutually supportive (Klaas et al 2001; Lee Cook et al 2005). In this context, shared service
appeared to offer the possibility of a ‘middle way’ that combined in-house transactional efficiencies and the promise of strategic HR, with limited outsourcing tacked on.

But enthusiasm for HR shared services and a middle way for HR may now be beginning to wane. For organisations that are already leaders in shared services the cost reduction and integrationist debates have shifted to include major outsourcing. Efficient transactional HR administration may have delivered cost saving, but this was never in itself going to achieve any serious competitive advantage for HR. More importantly, shared services models may have allowed HR re-centralisation, but they also open-up new areas of conflict along the interfaces between HR specialists and generalists and between HR and employees. Shared services models have not delivered as an integrationist platform for strategic HR. The new challenge is to make HR both cost effective and strategic by integrating HR processes, systems and outcomes into the business.

Theses issues have led some organisations to assume that the strategic ambitions of HR can be reformulated as a HR technology and systems problematic – it is about more integrated MIS platforms or the procurement of best-of-breed software applications. But this reflects a limited understanding of the integration puzzle (Ciborra 2000). Information ‘systems’ cross boundaries and HR technology has an organising and disorganising effect; it creates order and disorder, control and ‘drift’, and the risks associated with integration are as great as the risks of fragmentation. The focus on HR technology also misses the point (Martin 2005). For HR integration is not just about integrating systems, data sets, measurement tools and sub-functions and eliminating system-wide redundancies using HR technology; it is also about moving HR to a higher level as a strategic business partner. Paradoxically shared services models fuelled this ambition by crossing functional boundaries and establishing performance metrics, but these models are now reaching a performance plateau in terms of cost savings and efficiency gains, and few organisations that have gone down this route have come close to creating a new strategic role for HR. In most cases, shared services models are intrinsically a limited foray into strategic business partnering in that HR accountability and performance are often not fully realised or critically tested.

This partly explains the renewed focus on outsourcing options, and the broader interest in the innovative possibilities of integration through outsourcing. Outsourcing is potentially more demanding in that it can provide a decisive exit from transactional HR while opening up greater possibilities for aggressively pushing strategic business partnering agendas. The defensive idea that transactional HR administration is a ‘core competence’ of the HR function is replaced by the idea that transactional HR is a ‘non-core’ activity; it is a transactional competence that can be outsourced – and it does not need to be owned or managed by HR. Once thinking about HR goes down this route, however, the question of what core competences or capabilities belong inside or outside the organisation becomes much more complex (Quinn 2000). Is an internal and broad-based HR function necessary in developing the core competencies of an organisation or an agenda of HR integration? Does HR really have a meaningful role to play in holding organisational culture together or facilitating organisational learning and change? Is it possible for the out-sourcer to take on the HR technology challenge of integrating best-of-breed software systems and applications?

CHANGING HR ROLES – EXPERIMENTS IN BUSINESS PARTNERING.

If the shifting boundaries of HR organization present major challenges for the integrationist ambitions of HRM, and the idea of a strategic HR function, so too does the changing nature of HR roles. Over the last decade HR professionals have been urged to adopt the role of ‘HR business partners’ in their ongoing search to integrate business strategy and people management
(Ulrich 1997; Barney and Wright, 1998). The largest ever survey of HR practitioners in the UK by the CIPD (2003), confirmed that this ambition is widely espoused – if not actually practiced. Of 1188 practitioners surveyed, 56% indicated that they aspired to become ‘strategic business partners’, although only 33% were currently performing this role (Caldwell, 2004). Practitioner aspirations are also reinforced by the growing recruitment demand for ‘business partners’ at all levels, and there is some evidence of an emerging ‘skills gap’ in this area, especially for more senior positions (Lawson et al 2005).

As an agenda for HR role reinvention and professionalisation Ulrich’s (1997) ideas on business partnering have been enormously influential in both the US and the UK, partly because they counter the negative images of a passive, reactive and fragmented personnel function. With a curious mix of universal prescription and practical advice, moral certainty and harsh realism, Ulrich presented a potentially unifying aspiration for the HR professional. But the prescriptive limitations of Ulrich’s model and the growing diversity of practice have created considerable confusion for those practitioners who have embraced HR business partnering. In particular, Ulrich leaves many perplexing questions unanswered. What is the scope and nature of the ‘strategic partner’ role? How does it fit with other more conventional roles performed by HR professionals? How do business partner roles map on to specialist and generalist HR roles? Should all HR practitioners aspire to become business partners - is this realistic? Is the business partner role a strategic boardroom role or an operational role, or both? Are HR people best suited to perform a ‘change agent’ role? Might the business partner roles erode the specialist culture and ethical ethos at the heart of the HR profession (Kochan 2004; Rynes 2004)?

One area of notable confusion has been the ‘strategic’ remit of business partner roles as vehicles for the delivery of strategy HR. When Ulrich’s model first became influential there was an implicit assumption that the business partnering roles must be focused on the real or perceived influence of HR within the Boardroom, and the accompanying shift of the HR function away from operational-administrative concerns towards ‘strategic’ or business-driven HR. The ‘strategic business partner’ role therefore became closely identified with the growing aspiration of HR directors to gain a seat in the Boardroom. It soon became evident, however, that the delivery of business-driven HR required a much more intensive focus on operational ‘how to’ issues of HR practices and effective implementation, rather than the grand intentions of HR strategy and policy formulation. Boardroom influence is certainly important, as it is strongly associated with the inclusion of HR in business planning processes (see Kersley et al 2006:64), but it is not the be all and end all of HR business partnering or HR strategy (Kelly and Gennard 2001, 2007).

Another area of uncertainty has been the translation of prescriptive roles into detailed job descriptions for the new holders of the ‘HR Business Partner’ job title. These appointments at the business unit, departmental or regional level, often with an operational remit, task defined agenda or local business focus, required the creation of detailed job specifications. But what were the appropriate competencies of HR business partners and how should they be defined (Hunter et al 2006)? Was it essentially an internal consultancy role designed to broker HR service with the line? Must they really have detailed business knowledge? Was it best to select HR partners from a generalist HR background, or could they also be specialists? The response of the HR function to these questions was to produce increasingly more detailed and formalised ‘competency profiles’ of what business partners should be (for example, Cabinet Office 2005). In contrast, there was little exploration of what the role meant for those who were performing it, with the result that gaps opened-up between prescriptive profiles and actual practice, strategic aspirations and performance.
Further complications arose in realising the central integrationist ambition of business partnering: the alignment of HR with the business. HR partnering involves an erosion of the traditional functional boundaries of HR and a reworking of line-business-HR interfaces and reporting relationships, so much so that partnering with the line versus partnering with HR can become an issue, and a source of conflict. The potential for confusion and tension is only too apparent. Should HR business partners report to local business unit heads or HR, or should there be dual reporting? Are HR business roles best organised around consultancy-style projects rather than specialist sub-functions? In addition, the possible secondment or assimilation of HR partners into managerial and consultancy roles with a direct business impact raises the question of whether managers can also cross the boundary and become effective HR partners - a further complication in an already complex picture.

One way of potentially avoiding at least some of the mounting confusion surrounding business partnering is to treat it as an all-inclusive ‘mindset’ for the HR function. The idea is that ‘business partnering’ is an overall generic descriptor for how HR addresses business issues and problems, often working closely with line managers. The CIPD has often advocated this approach, especially when it seeks to negotiate around the practice gaps that surround the implementation of Ulrich’s ‘pure’ model (Smethurst 2005). The main advantage of this approach is that it makes it clear that the shift needed to make business partnering workable, at least in principle, is a change in mindsets, not just job titles. But this inclusive formulation of business partnering lacks analytical rigor, and so the idea can cover a multiplicity of disparate practices that appear to have no internal consistency or coherence. More importantly, from a practice viewpoint, it provides no guidance on how to address the role ambiguities and confusion surrounding business partnering. Mindset models are intrinsically amorphous and ambiguous.

Paradoxically, at the very point where Ulrich’s model appears to have gained rhetorical ascendancy in the UK, he has confounded his critics and partly confused his admirers by superimposing a new set of roles on his original model. There were inklings of this revision some years ago when Ulrich insisted that HR practitioners should not just be partners but they must also become active business ‘players’: partnering always carried connotations of passivity or it assumed somewhat negatively that HR professionals were not already part of the business – a view that has always infuriated some senior practitioners. However, Ulrich’s recent revisions (with Brockbank) in The HR Value Proposition (2005) appear more substantial. The starting point is the ‘delivery of value’ and the creation of an ‘integrated blueprint for the future of HR’, especially in the wake of HR re-centralisation, the outsourcing of transactional HR and the ascendency of HR business partnering (Ulrich and Brockbank 2005:viii). This necessitates a major reworking of HR business partnering roles. The HR ‘administrative expert’ has now become a ‘functional expert’; an implicit reinstatement of the enduring importance of a specialist HR function for those who had perhaps ‘overlooked’ it, or worse, those who contemplated its total demise in the face of outsourcing or downsizing (Ulrich 2004: 32). The change agent role has been absorbed into the ‘strategic business partner’. Perhaps most interesting, in a post-Enron world, the ‘employee champion’ that often appeared as a marginal, business subordinated role, has been enlarged by splitting it into two roles: ‘employee advocate’ and ‘human capital developer’.

Ulrich overlays his reformulated roles with a new synthetic ‘HR leadership’ role. This is in many ways the replacement for ‘business partnering’ as an activity that somehow promises to unify his four prescriptive roles; for ultimately the HR function is a centre-less cacophony of roles (Ulrich and Brockbank 2005:218). Yet the new synthetic leadership category is the weakest link in the new model in that it imports all the worst features of conventional (i.e. American) leadership theory into HR. Ulrich assumes that leadership is essentially influence-driven, that leaders simply
lead followers and that leadership is defined by a fixed set of competencies. What we are not told is that this leader-centric vision of HR is at a premium in a context where the HR function is becoming more complex and more difficult to manage, especially in large organisations. The spectre of HR losing leadership of the HR function is still a real one, and it is likely to intensify as functional authority if dispersed, HR integration/fragmentation becomes more complex, and organisational boundaries, both internal and external, become increasingly blurred. HR business partnering contributed to this unravelling; it is unlikely that HR leadership as formulated by Ulrich will resolve it.

CONCLUSION
The idea of ‘integration’ has begun to fade as the central ambition of ‘HRM’, although it still remains powerful in the search for a ‘strategic HR function’ and a new set of proactive roles for HR practitioners (Buyens and De Vos 2001). But was this ambition ever realistic?

Integrating HR policies and practices has always been a challenge given the economic, political and institutional context of UK employment relations, and the HR profession as a stakeholder and interest group has invariably been a very peripheral player in this process. With every push towards long-term strategic interventionism, employee-centred policies and investment in a high-skill, knowledge-based economy, there are even stronger forces arguing for government non-intervention, employer-centred policies and strategies of cost-minimisation. Equally, bringing HR polices together within an organisational setting and delivering them effectively presents enormous challenges, and these have become greater still as the potential scope and boundaries of HR policy expand and shift (see Sisson Chapter 5).

Integrating HR policies and practices with business strategy is also enormously daunting. ‘Strategy’ and the idea of ‘integration’ are often synonymous in the early ‘strategy as positioning’ literature, partly because it was assumed that strategy formulation was a relatively coherent process and implementation was simply strategy execution (Beer et al., 1984). These ideas still seem to exercise a powerful hold over some influential proponents of strategic HR (Pfeffer 1997; Ulrich 1997). But strategies are rarely purely instrumental, before and after sequences of action, they also involve emergent processes of practice that are invariably unpredictable with respect to outcomes. It is also increasingly clear that as the competitive dynamics of success change, and as organisational boundaries and processes shift, strategies cannot be limited to external or internal analytical schema, they must include both. These ideas are beginning to inspire a rethink of HR-business strategy integration (Purcell 2005). The HR strategy-business strategy linkage must include both an exploration of external competitive imperatives and the idea of organisations as ‘unique bundles of resources’ – competencies, practices, processes, knowledge - that can be managed both within and across boundaries. But this presents an enormous challenge for more conventional resource-based or organisation-specific debates on ‘core competencies’ and the integrative bundling of key HR practices, for the analytical focus must shift to the exploration of performance across permeable organisational boundaries. Unfortunately, this new challenge may have a disillusioning outcome for those who defend ‘progressive’ or ‘high commitment’ people management, for it is clear that ‘low roads’ and ‘high roads’ to HR are not just alternatives; they can coexist within and across organisational boundaries.

Integrating HR into the line, by devolution and the empowerment, was another essential ambition of HRM, for without it HR practices could not be effectively implemented (Guest 1987). Nor would the HR function become strategic if the line did not take HR policies seriously enough to own them (Ulrich 1997). HR devolution processes have now taken on an enormous variety of forms, but it is increasingly evident that these processes can accommodate both
proactive and passive roles for HR, as well as positive and negative outcomes. In practice, devolution processes may integrate HR to some degree, but equally they can fragment it.

Finally, HR business partnering raised hopes that HR would become ‘strategic’ by integrating HR into the business, mainly as a broker of specialist expertise, strategic knowledge, and internal consultancy support to the line. In the most sophisticated cases business partnering came on the back of shared service, centres of expertise and e-HR which opened-up a new strategic space for HR to become ‘transformational’. But the process was fraught with dangers: business partnering roles were complex, ambiguous and confusing. HR business partner generalists in partnering with the business came into conflict with HR specialists at the centre, and business partners were often suspected of ‘going native’. In practice, the centrifugal logic of business partnering was creating both an agenda for integration and HR fragmentation.

So where does all this leave the HR function? HRM began with an integrationist promise that now looks far more problematical than it once seemed. The belief that integration would deliver the HR-performance linkage has reached its limits as a paradigm for progressive HR practices. The search for strategic HR did not banish the fragmentation of employment policy and practice at the heart of personnel management – ad hocism and pragmatism are still the most powerful guiding principles of practice. Nor was HRM in its various guises a panacea for the deep-seated weaknesses of the personnel/HR function: marginality in business decision-making, role ambiguity, limited performance accountability and relatively weak professional power. Instead the rhetoric of HRM and HR business partnering were fundamentally deceptive; they affirmed integration while masking the new centrifugal forces emerging within the HR function.

The question now is what new choices arise after the failures of integration and post-HR business partnering? Is it possible to re-bundle HR practices, reorganise HR specialist activities and re-centre the HR function, or has the disordering of structures, processes and boundaries simply gone too far? Attempting to counter organisational fragmentation with a renewed push toward integration using information systems, the extension of shared services or renewed HR outsourcing may seem natural responses, but they may be unwise. These are the very processes that facilitated fragmentation. The choice has to be posed differently. It has to be asked if the risks of further fragmentation offset the possible benefits of a renewed search for HR-business strategy integration. The answer, given the current state of the HR function, is probably that they do not.
Appendix

Evidence from the Workplace Employment Relations Survey 2004

When Keith Sisson made an assessment of the HR Function in the first edition (1995) of this book, his judgement was sober. Drawing upon the Workforce Industrial Relations Survey (WIRS90) he noted the then limited impact of HRM. Personnel/HR practitioners appeared to constitute a fragmented and poorly qualified grouping of ‘clerks’ and ‘contracts managers’ involved in a disparate array of low-level administrative and operational activities (Sisson, 1995:100). They had not appeared to increase their representation or strategic influence in the boardroom, even in large organisations. Moreover, two significant developments – outsourcing on the one hand, and the devolution of personnel activities to line managers on the other, may have been further marginalizing their role. But perhaps most decisively and surprisingly, there was little real evidence of a move to include ‘human resources’ in job titles. Sisson (1995: 107) therefore concluded, that personnel professionals were in danger of espousing ‘HRM’ as an old style ‘coping’ strategy: ‘using professionalism in an instrumental fashion to hide the mismatch between a pretentious and abstract model of what they should be doing, and the reality of a relatively fragmented and routine set of activities’

In the second edition of this book, less than a decade later, Sisson found that the picture had changed in some substantial respects. Drawing this time upon the 1998 WERS data he presented an account which catalogued a whole series of significant changes to the personnel function and HR roles. The number of personnel specialists had increased and they were better qualified. The spectre of dramatic outsourcing of HR had appeared to recede, at least temporarily, along with fears about the downizing of the personnel function. Some HR was being decentralised, although this did not appear to equate with a loss of decision-making authority for the Function. Perhaps significantly, there appeared to have been a growth in the use of the ‘human resource’ job title. In 1990 just over 6 per cent of the people management specialists employed in UK workplaces with 25 or more employees used the HR title, while in 1998 the figure had risen to approximately 30 per cent (Sisson 2001; Millward et al., 2000).

Of course the change in title in itself may not be significance unless it is also accompanied by changes in behaviour, influence, or most importantly, a performance effect. Hoque and Noon (2001) demonstrated, using the WERS98 data, that there were important differences between ‘personnel’ and ‘HR’ specialists. Their analysis suggested HR specialists were distinct from personnel specialists in four respects: first, level of formal qualifications; second, involvement in strategic planning processes; third extent to which authority had been devolved to line managers or supervisors; and fourth adoption of sophisticated ‘high commitment’ practices associated with HRM. In other words, the HR job title was more than simply a change of name, although the reasons for the change and its impact were unclear (Caldwell 2002). Sisson (2001) concluded his review of the WIRS98 data on a more positive if cautionary note. The function was developing ‘all-round operational and strategic competence’ and it appeared to have ‘the quality of people and the structures to deliver what senior managers ask of it’ (2001:93). But there were areas of continuing concern: few workplaces had fully embraced ‘high-commitment’ managements, there was little evidence of a new strategic approach to HR, cost minimisation still predominated in UK workplaces; and the HR function was still espousing HR from the ‘touch line’. For Sisson, HRM therefore appeared to have had a ‘partial impact’ on the personnel function in the UK; it was a case of transition rather than transformation.

What does the latest WERS 2004 data tell us about the changing nature of the HR function since 1998? The WERS research team headed by Barbara Kerseley (2006) offers a detailed
examination of the changing nature of HR/personnel/employment management function. They assess the idea of the professionalization of the function, the extent of specialists versus generalists, the gender composition, changing roles, the size of the function, and overall the question of whether the profile of HR managers differs in any marked respect from that of personnel managers. This appendix concentrates on the findings regarding the HR role.

Large numbers of academic analysts – possibly a majority – have been sceptical about the significancce of job title as a proxy measure of HRM. The debate is complicated because the professionalisation of the personnel/HR function and the narratives of HRM overlap. New or ‘progressive’ HR ideas have influence among specialists retaining the apparently old-style ‘personnel’ job title, while some re-badged functions remain unchanged in anything other than name. And from case study work we know that both instances do occur. To focus on the differences between HR and personnel specialists on the basis of job title can therefore be fraught with hidden dangers.

Evidence of the decline in the personnel job title has been emerging for some years. An analysis of CIPD membership data in 2002 indicated that there were approximately 43,700 members with either the HR or personnel job title. Of these 42% used the personnel title while 58% used the HR title (Caldwell 2002). It is no surprise then that the WERS04 data confirms the ascendancy of the HR title. Whereas in 1998 management 7% of respondents used the human resource manager job title, by 2004 12% were using the title, effectively overtaking the personnel title, now used by 9% of specialists (Kerseley et al 2006: 38). Bearing in mind that the WERS04 sample is of workplaces and not organisations this probably understates the significance of HR in employment management.

Kerseley et al 2006 use this new data to re-open the question about a possible shift from personnel management to human resource management (pp 58-61). They note that the increasing numbers of HR managers could be simply a matter of re-labelling, but they follow Hoque and Noon’s (2001) in suggesting that it is something more than this. A series of indicators point to the fact that ‘HR managers professional profile differed significantly from that of personnel managers and general managers’ (p59). Some differences were found too in relation to job responsibilities with HR managers carrying more responsibility for substantial employment matters such as rates of pay and pensions. They had ‘substantially more’ autonomy than those using the personnel manager title. They were also subject to less central monitoring than personnel managers. HR managers were more likely to be qualified in people management (73%) than were those retaining the personnel manager title (52%). Moreover, the latter group tended to have been longer in the same post, whereas the HR managers had been in the specialist post for a much shorter period of time and yet had more qualifications and carried more responsibility. As Kerseley et al (2006: 61) note: ‘Overall, the different profile and context in which HR and personnel managers work do not support the assertion that “the name has changed but the game remains the same”.

Clearly a shift is taking place, but the implication of these findings should be treated with caution. HR managers may be different but does this make a difference in practice? We also have to ask if the debate over job title is more distracting and divisive than helpful, especially when links are made between the uptake of the HR title and the fortunes of ‘progressive’ HRM? While the picture of a ‘new breed’ of HR managers may be encouraging the overall picture remains relatively unchanged from 1998, and has declined in at least one area (involvement of HR managers in the preparation of business plans), and this despite considerable advocacy of the strategic virtues of HRM by academics, consultants and practitioners. Kerseley et al 2006 also highlight the range of similarities between personal and HR managers and the convergence in the range of duties performed by specialists and generalists. For example, both HR managers and
personnel managers spend less time on traditional employee relations matters in 2004 than in 1998, but it is unclear if HR managers are acting in more strategic capacity than their personnel colleagues. In practice, the really crucial issue is whether the presence of HR or personnel managers has any clear link to performance. The evidence from Kersley et al (2006:70) is that it does not. This is an important finding. If more practitioners are to be persuaded to embrace the HR title, not just as a label but as part of an agenda for HRM and the professionalisation of the HR function, then some evidence of performance linkages would help facilitated the transition. For some personnel pragmatists who have so far resisted the embrace of the HR tile, a change in the performance profile of the role must predate a change in title.
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