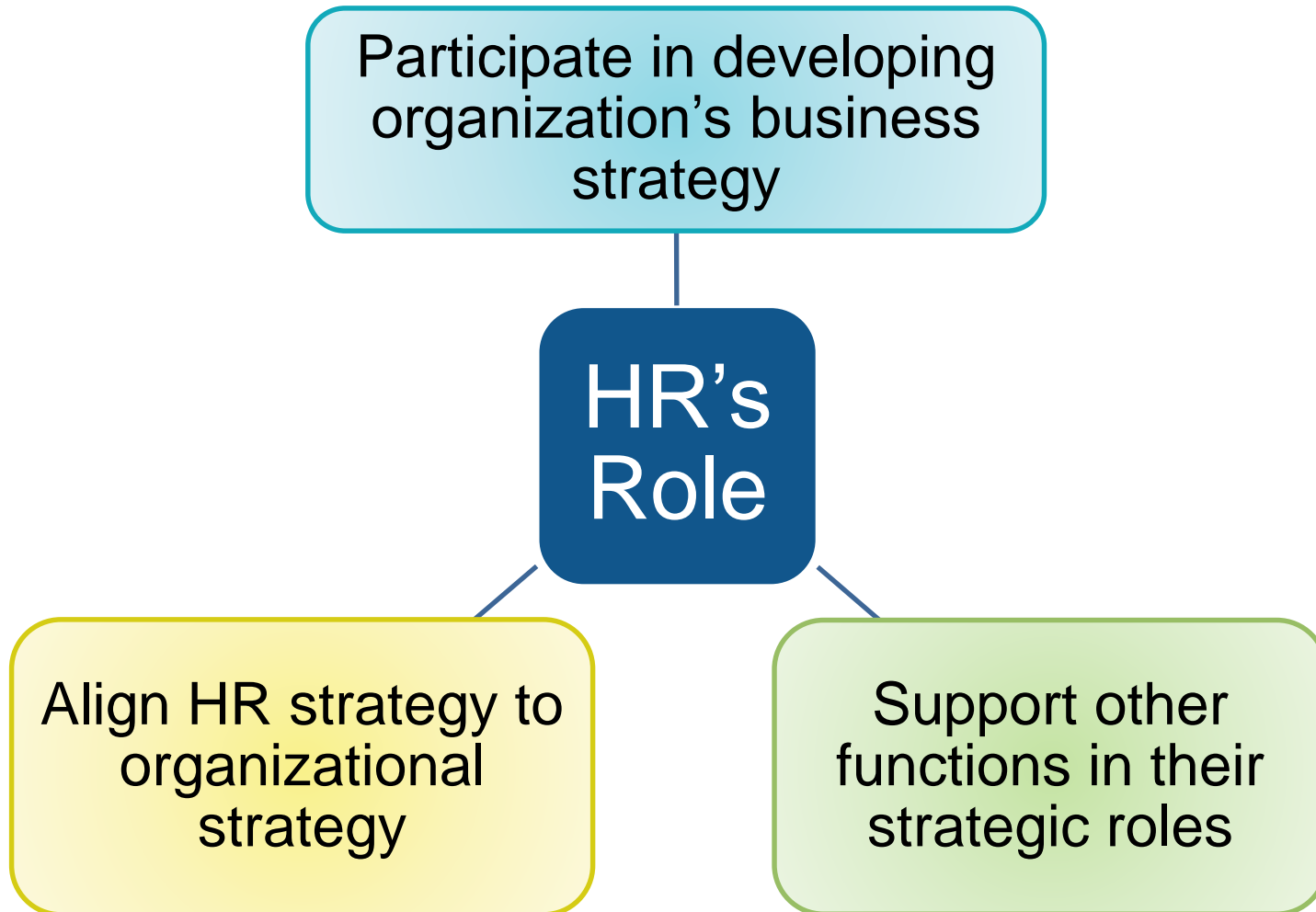


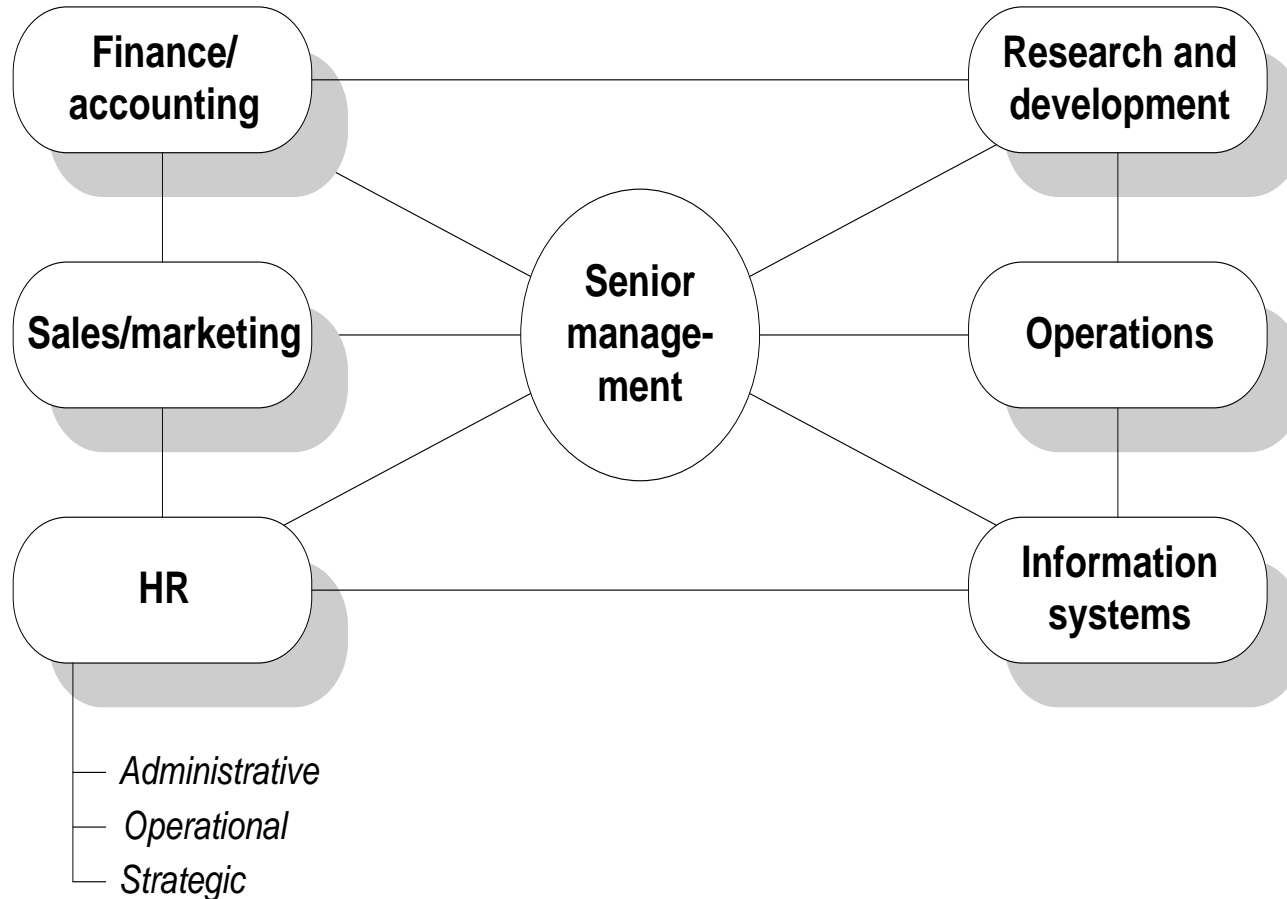
Functional Area #5: Structure of the HR Function

(Behavioral Competencies: Business Acumen, Critical Evaluation, Consultation)

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HR's Integrated Roles



Changes Influencing HR

2015 SHRM LEARNING SYSTEM® FOR SHRM-CP/SHRM-SCP

Workforce/
workplace
changes

Globalization

Ethics

Organizational
growth/retraction

Increased accountability

Consultation Competency

- How have you used your awareness of internal and external changes to guide the decision making of your stakeholders (e.g., discussing the impact of trends in workforce skills with function leaders)?
- Which of your knowledge, skills, abilities, or other characteristics have been useful in consulting with stakeholders?



Core Business Functions

Executive management is responsible for core functions and organization's overall performance.



- Plans, processes, documents, and accounts for financial resources.
- Applies budgeting approaches.

Budget Type	Characteristics
Zero-based	Each unit or goal is ranked, and available funds are allocated with budgets starting at zero.
Incremental or line-item	Traditional approach; prior budget is basis for next budget.
Formula	Different units receive varying percentages of budget.
Activity-based	Based on how much it costs to perform activities; funding based on strategic significance of activities.

Marketing and Sales

- Bring in revenue.
- Develop intelligence about customers, competitors, and markets.
- Position and sell products/services.

R&D

- Generate future revenue through new product design and development.
- Needs to attract, develop, and retain talent.

Operations

- Develops, produces, and distributes products/ services.
- May be globally dispersed and involve external partners.
- Requires complex logistics and sophisticated planning.

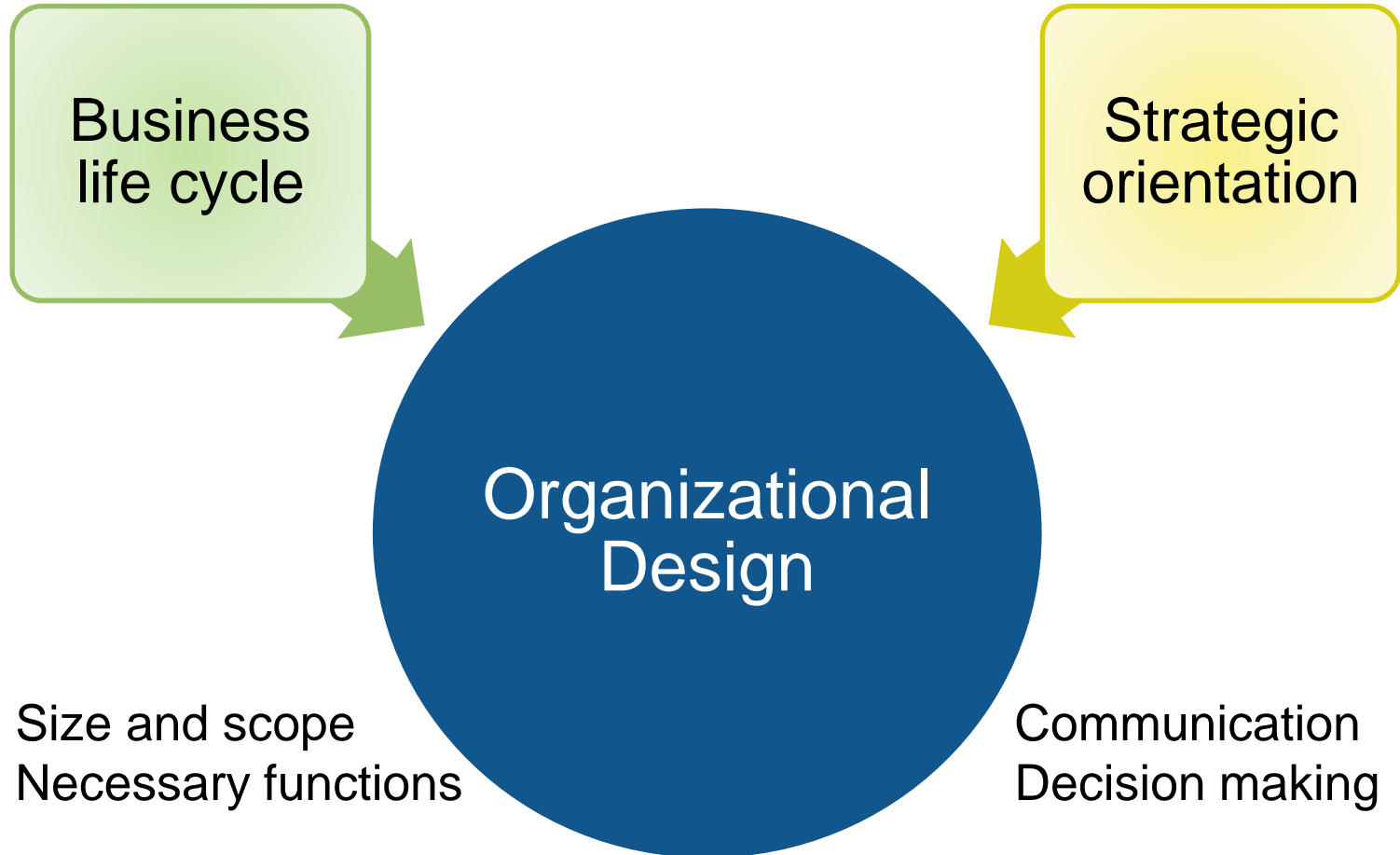
IT

- Makes business intelligence available across the enterprise.
- Manages systems for future growth, cost efficiencies, and security.

- Understands the organizational goals and the role each function plays.
- Serves as a cross-functional bridge:
 - Facilitates cross-functional understanding and collaboration.
 - Advises core functions on how to align with organizational strategy.
 - Identifies and supports need for resources or training.
 - Locates talent dispersed throughout the global organization.

- How has your knowledge of other business functions and your organization's business influenced specific actions by HR (e.g., understanding the type of experts needed by R&D and future trends for that need)?
- Which of your knowledge, skills, abilities, or other characteristics have been useful in responding to this challenge?





- Decision-making authority
- Layers of hierarchy
 - Chain of command
 - Span of control
- Formalization

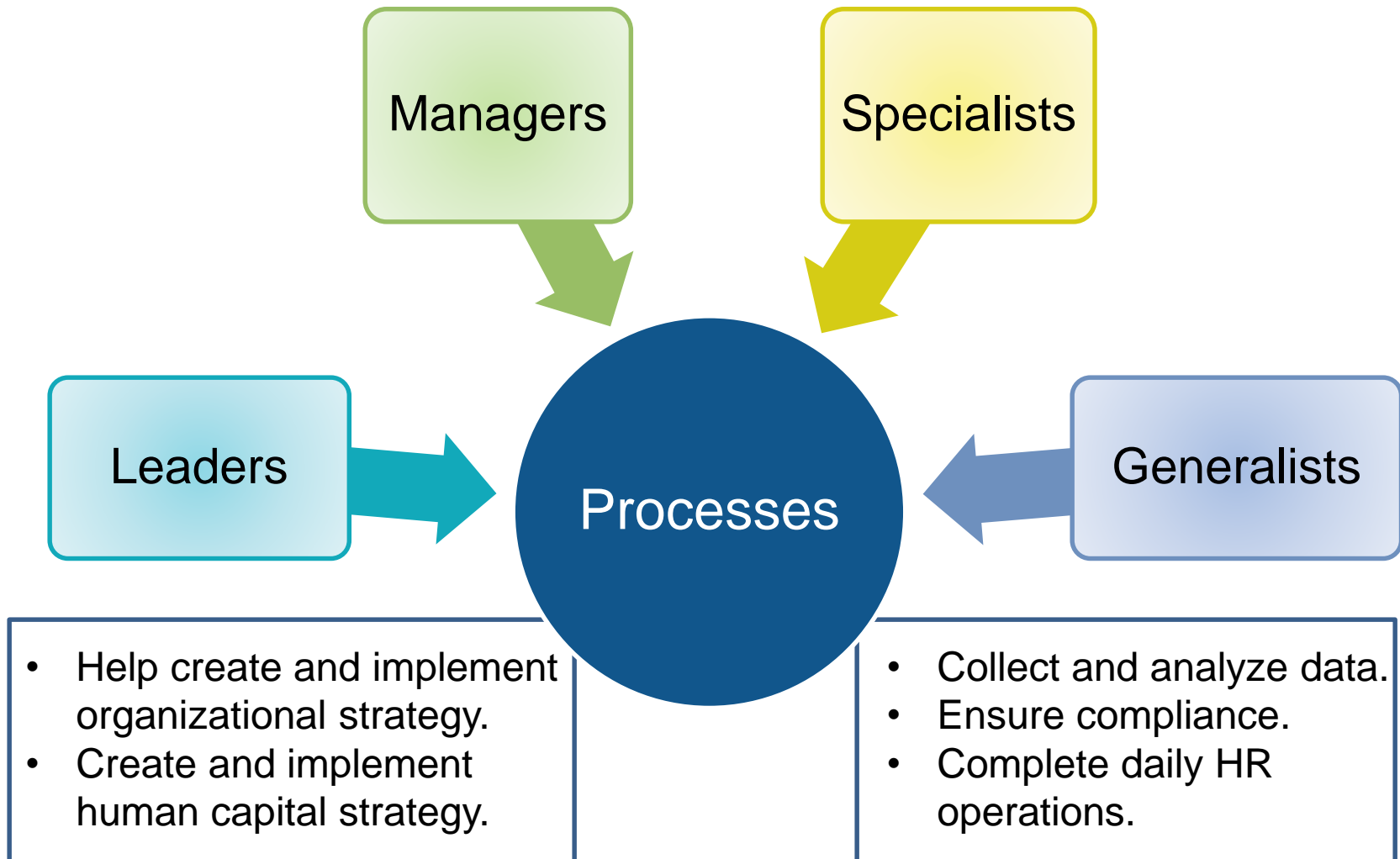
Organizational Structures

Type	Advantages	Disadvantages
Functional	<ul style="list-style-type: none"> • Easy to understand • Specializations develop • Economies of scale • Communication within functions • Career paths • Fewer people 	<ul style="list-style-type: none"> • Weak customer or product focus • Potentially weak communication among functions • Weak grasp of broader organizational issues • Hierarchical structure
Product	<ul style="list-style-type: none"> • Economies of scale • Product team culture • Product expertise • Cross-functional communication 	<ul style="list-style-type: none"> • Regional or local focus • More people • Weak customer focus
Geographic	<ul style="list-style-type: none"> • Proximity to customer • Localization • Quicker response time • Cross-functional communication 	<ul style="list-style-type: none"> • Fewer economies of scale • More people • Potential quality control

Organizational Structures, Continued

Type	Advantages	Disadvantages
Front-back	<ul style="list-style-type: none"> • High level of customer focus • Flexibility (units can be added to meet demand for new products or emergence of new customers) 	<ul style="list-style-type: none"> • Possible conflict between front and back (for example, explaining drops in sales by mutual accusations of poor performance) • Necessity for developing new skills (customer/market focus) for all employees
Matrix	<ul style="list-style-type: none"> • Balance of standardization and localization • Availability of best global talent 	<ul style="list-style-type: none"> • Complexity • Unclear lines of authority • Bureaucratic behavior

HR Processes and Team



- How have you used workforce data to support specific decisions in your organization (e.g., identifying trends in attractive employee rewards)?
- Which of your knowledge, skills, abilities, or other characteristics have been useful in working with data in this way?



HR Structural Alternatives

HR Organization Model	Advantages	Risks/Disadvantages
Functional HR	<ul style="list-style-type: none"> • Effective in enterprise with single strategies • Consistency between HQ policy and BU practices 	<ul style="list-style-type: none"> • Isolation of headquarters HR from realities in the line
Dedicated HR	<ul style="list-style-type: none"> • Promotes strategic alignment between headquarters and units 	<ul style="list-style-type: none"> • Loss of shared knowledge and experience • Duplications and inefficiencies
Shared services and COE HR	<ul style="list-style-type: none"> • Reduces transactional activity in favor of value-creating activity • Balances standardization and localization 	<ul style="list-style-type: none"> • Underuse of service centers

Successful outsourcing/cosourcing depends on:

- Choosing the right activities to outsource/cosource.
- Alignment of contractor's performance objectives with strategic requirements.
- Confirmation of contractor's reliability, capacity, expertise, and ethical behavior.

- How have you applied your Ethical Practices competency in contracting for HR services or performing due diligence on organizational sourcing (e.g., taking steps to protect employee data)?
- Which of your knowledge, skills, abilities, or other characteristics have been useful in responding to this challenge?



- Balanced scorecards
- HR audits
 - Compliance
 - Best practices
 - Strategic
 - Function-specific
- HR metrics in key performance areas (e.g., recruiting, financial management, talent retention and development)

HR Strategic Alignment

Recognize HR's mission to serve the organization and its functions.



Position HR as an expert in human resource planning.



Fulfill HR mission to create and maintain productive workforce.



Understand other functions and build partnerships.



Understand industry.



Use facts and figures to support recommendations.



Measure strategic success.

HR Strategic Process

