

# **1 Introduction: The Development of Human Resource Management and the Importance of Human Resource Business Partnering**

Human resource (HR) management has roots as ancient as the emergence of labor itself, tracing back to the dawn of humanity. Throughout the course of human existence, the regulation and optimization of work, methodologies, procedures, and productivity have been imperative within communal, team, and organizational settings. Historical records reveal a multitude of intricate systems governing work organization, labor allocation, and HR administration, evident in agricultural practices, the governance of the Roman Empire, feudalistic structures, and systems of slavery. The genesis of modern HR management, however, can be traced to the advent of the Industrial Revolution and the subsequent evolution towards contemporary corporate structures.

While the notion of HR management has persisted throughout history, the formalization of a scientific framework can be pinpointed to approximately 1900, coinciding with the publication of Frederic Taylor's seminal work, "The Principles of Scientific Management." Taylor's treatise heralded a paradigm shift by introducing empirical methodologies and objectives into labor management, particularly in the realm of workflow optimization. Central to Taylor's doctrine was the systematic measurement and refinement of work processes through scientific inquiry, with the overarching goal of enhancing organizational efficacy. Fundamental to his approach was the concept of maximizing specialization among workers while delineating distinct spheres for managerial planning and operational execution. This philosophy, encapsulated as "Taylorism," revolutionized labor management practices worldwide.

Embedded within Taylor's model were rudimentary frameworks for HR selection and development, primarily oriented towards fostering specialized skill sets among workers. Additionally, Taylor's framework espoused notions of performance-driven remuneration and competency-based evaluations, underscoring the profound influence of HR on organizational performance (Kolb, Burkart, Zundel, 2010, 12–13).

Before HR management prioritized these aspects, attention was directed towards other domains of activity. Subsequently, the developmental trajectories of HR management, delineated decade by decade starting in the 1950s, are expounded upon. Each new decade witnessed the incorporation of additional responsibilities onto pre-existing ones.

During the 1950s, emphasis was placed on HR administration and societal factors. In the subsequent era of the 1960s, the establishment phase of HR manage-

ment saw the inclusion of recruitment, a corporate talent development system, and workplace design. Transitioning into the 1970s, a focus on humanization emerged. Augmenting HR management were workplace organization, broadened participation and decision-making scopes, collaborative leadership, and talent development. The 1980s marked the advent of economization within HR management. Key areas of engagement included IT integration, quantitative HR control mechanisms, and the shift towards flexible working hours. In the final decade of the 20th century, the restructuring of HR management took precedence. This restructuring encompassed decentralization, team synergy, goal-oriented leadership, health management, internationalization, qualitative HR methodologies, organizational evolution, and corporate culture enhancement. Dave Ulrich's seminal work in 1997 introduced the concept of Business Partnering, advocating for a heightened focus on HR's contribution to success and the consideration of both internal and external HR customers.

Entering the new millennium, Ulrich's Business Partnering framework gained prominence, emphasizing corporate contribution. Novel HR domains included variable compensation, talent retention strategies (e.g., work-life balance, diversity management), competence mapping, succession planning, process optimization, HR digitalization, crisis management, and human capital optimization. Ulrich's subsequent publications in 2005 and 2009 iterated on the Business Partnering model, refining roles, competencies, and development stages for enhanced value delivery. The 2010s prioritized the establishment of sustainable HR management, aligning with Ulrich's vision of bolstering organizational success through long-term HR strategies and ethical considerations. In 2017, Ulrich's fourth and current book on Business Partnering underscored the significance of the "War for Talent" and its ramifications for HR and business partnerships. While the 2020 decade is ongoing, discernible challenges and focal areas for HR management include the "War for Employees", demographic shifts, talent cultivation, AI utilization, succession planning, adaptability to sudden environmental shifts, digital transformation, mobile work integration, evolving work attitudes, and ethical dilemmas.

Throughout the delineated evolution of HR management, there has been a continual increase in the number of supplementary tasks and challenges, accompanied by a rise in complexity. The process of professionalization within HR management becomes evident when considering the progression and accumulation of tasks and responsibilities. A pivotal aspect of this professionalization has been the shift towards delivering value and contributing to organizational success. This transition marks a departure from a predominantly administrative focus to a robust strategic orientation. Ulrich's seminal work on Business Partnering represents a pivotal moment in HR management's trajectory, introducing a model that revolutionizes the field by prioritizing value delivery and organizational contribution. His model stipulates that all HR endeavors must align with this overarching goal, a principle crucial for establishing credibility and longevity in HR practices. The clarity and practicality of Ulrich's model, detailing roles, tasks, challenges, and their implementation, have led to its widespread adoption across organizations

globally. Moreover, Ulrich continually addresses current and future HR management challenges, perpetuating the professionalization of Business Partnering and strategic development.

In 1997, he underscored the imperative for HR management to focus on value delivery and organizational contribution to justify its continued relevance. The delineation of the initial four Business Partner roles and their responsibilities was refined in subsequent years (2005, 2009), emphasizing human capital optimization and customer-centric approaches. In 2017, Ulrich foresaw challenges stemming from talent shortages and advocated for strategic partnerships to address them. He viewed this situation not only as an opportunity but also as a significant obligation for Business Partners and HR management as a whole. Today, an organization's success hinges on the effectiveness and outcomes of its Business Partners, with HR emerging as pivotal success factors. As outlined in foreseeable trends, the importance of HR management, especially Business Partnering, will continue to escalate, becoming strategically indispensable. Strategic planning will increasingly rely on the availability and quality of HR, necessitating adept management of Ulrich's latest Business Partnering model by HR professionals. Challenges such as talent scarcity, the "War for Employees," and evolving skill requirements driven by technological advancements and changing work dynamics will significantly influence Business Partners' work.

Competencies in HR development will thus become paramount for delivering value and fostering organizational success. Consequently, Business Partners must integrate HR development aspects into each role, leveraging existing potential to enhance strategic positioning. However, this incorporation of HR development aspects presents new challenges and expectations, underscoring the need for Business Partners to further refine their strategic acumen and adaptability. By leveraging external challenges, Business Partners can chart a competency development trajectory, elevating their strategic relevance and influence in organizational decision-making processes.

In recent times, HR Management, and consequently Business Partnering, has garnered significance as talent management has emerged as a crucial factor for organizational success. However, in the near future, HR development, encompassing both skills and application, is poised to emerge as the primary strategic determinant due to the burgeoning talent scarcity. As such, the cultivation of Business Partners and their adeptness in HR development will assume heightened importance for value delivery and organizational prosperity.

To operationalize this envisioned paradigm, the objective of this book is to elucidate the HR development competencies and their consequential impact aligned with each Business Partner role. This framework also holds the potential to instigate the subsequent developmental imperatives and phases of Business Partners. Integrating HR development aspects into each Business Partner role introduces a novel consciousness prerequisite, a distinct array of tasks and challenges, as well as developmental requisites for Business Partners.

The proposed amalgamation of HR development competencies into each role harbors the potential to advance the prevailing state of Ulrich's Business Partner model by incorporating essential facets of value delivery and success-contributing factors within each partnering role. Business Partners must comprehend the interrelation of requisite HR development competencies and systematically assess them. It becomes incumbent upon Business Partners to introspect upon the requisite competencies, identify areas necessitating heightened engagement, and recognize developmental potentials.

Moreover, they may discover more effective means of integrating and enhancing HR development aspects to actualize a greater value contribution. Subsequently, Business Partners can scrutinize their current developmental stage and trajectory, while concurrently aligning their diverse roles to maximize their influence. However, this endeavor necessitates identifying the interconnections between the various roles and the role of HR development aspects through systematic situational analysis.

From this foundational premise, Business Partners can derive viable solutions and discern their developmental imperatives. In essence, the consideration and integration of HR development competencies possess the potential to underpin the subsequent developmental phase of Ulrich's Business Partnering model. Consequently, there exist both practical and theoretical applications by integrating HR development competencies and skills into the existing Business Partnering model.

Given the proposed additional competencies for each Business Partner role, the content of this book accrues benefits for practitioners, students, researchers, and scholars in the domain of Business Partnering due to the fusion of theoretical and practical dimensions.

Prior to delineating the pertinent HR development aspects of each Business Partner role, the objectives of Business Partnering, alongside the initial model and its evolution up to the present scenario, will be expounded upon. Ulrich's aspiration to instigate a novel purpose for HR professionals will be comprehensively summarized, serving as the foundation for his subsequent advancements in 2005, 2009, and 2017. These advancements will also be detailed, as the latest model forms the inception for integrating HR development competencies into each of the nine roles within the extant Business Partnering model.

This approach is adopted for several reasons. Firstly, it furnishes a theoretical underpinning for Business Partnering practitioners, facilitating a deeper understanding of the framework and offering insights for its application. This is advantageous for both neophytes and seasoned practitioners, owing to the proposed integration of HR development aspects into each Business Partner role.

Secondly, theory-oriented readers find a comprehensive summary of the initial postulations and the evolutionary trajectory leading to the current model, along with its proposed integration of HR development competencies. The delineated evolution presents myriad avenues for potential research into each of Ulrich's models, as well as those derivable from the suggested integration of HR development competencies.

Thirdly, this approach is beneficial for students due to the condensed overview of a globally applied model, offering insights into all requisite and forthcoming HR domains, thereby providing a comprehensive understanding of the challenges encountered by Business Partners.

Lastly, this approach is advantageous for novices in the realms of Business Partnering and HR management, elucidating fundamental domains, activities, and challenges within HR management. Additionally, it furnishes an elaborate overview of a globally embraced and implemented model in HR management.

## **2 Ulrich's Intentions and the Initial Model of HR Business Partnering: Human Resource Champions – the Next Agenda for Adding Value and Delivering Results**

### **2.1 The Situation of HR Management and its Necessity for Transformation**

Within this chapter, Ulrich's inaugural model will be elucidated. In 1997, Ulrich authored his pioneering manuscript on Business Partnering, titled "Human Resource Champions: The Next Agenda for Adding Value and Delivering Results." Merely from the title's contemplation, his objectives become readily apparent. The phrase "the next agenda" denotes his aspiration for HR advancement. "Adding value and delivering results" suggests Ulrich's advocacy for HR departments to prioritize tangible outcomes and demonstrate their contributions to organizational efficacy. His aim for HR departments is to enhance their capacity in HR management, achieving true professionalism and embodying the essence of a champion: an individual who ardently advocates, defends, or champions a belief or principle. These deductions, latent in the title, crystallize upon perusal of the preface.

Initiating with the contemporaneously debated inquiry of the era, "Should we do away with HR?" (Ulrich, 1997, vii), Ulrich rebuts this proposition, deeming it futile. He contends, "this is a silly question and a senseless debate. Of course we should do away with HR – if it fails to add value and impedes performance. Of course we should keep HR – if it creates value and delivers results. A more useful question, the question addressed in this book, is 'How can HR create value and deliver results?'" (Ulrich, 1997, vii). He posits a paradigm shift in HR conceptualization as imperative for addressing this inquiry.

Ulrich asserts that HR discourse has remained relatively static over the past four decades, centered on the conventional domains of HR activities: staffing, development, compensation, benefits, communication, organization design, high-performing teams, and the like (Ulrich, 1997, vii). Nevertheless, he acknowledges subtle evolution in HR practices toward innovation, utility, and refinement. Yet, he cautions against complacency, warning that such progression may jeopardize HR's *raison d'être* and its indispensability.

In the 1990s, HR predominantly bore the stigma of a cost center, preoccupied with routine processes and delineated responsibilities. Ulrich advocates for a radical metamorphosis within HR departments, advocating for a transition from a cost-centric, task-oriented entity to a catalyst for success. He emphasizes, "I want to focus less on what HR professionals do and more on what they deliver" (Ulrich,

1997, vii), championing an outcome-oriented perspective wherein delivery encompasses the tangible results and guarantees of HR endeavors.

To effectuate this transformation, Ulrich delineates four overarching outcomes: strategy execution, administrative efficiency, employee contribution, and capacity for change (Ulrich, 1997, vii). He advocates for a shift from mere task completion to result-oriented deliverables, challenging entrenched beliefs about HR professionals, practices, and departments. HR professionals must assume roles as partners, players, and pioneers, equipped with robust HR management competencies to inform strategic business decisions. A profound comprehension of HR practices and their alignment with both internal and external stakeholder needs is imperative for organizational success (Ulrich, 1997, viii).

Ulrich posits that success in these roles hinges on the visible delivery of value, vital for the perpetuation of HR management and its relevance (Ulrich, 1997, viii). Beyond HR's purview, he discerns its pivotal role in organizational triumph, a realization ahead of its time: "The issues with which HR professionals deal are at the heart of organizational success" (Ulrich, 1997, viii). Overcoming the prevailing perception of HR as solely concerned with administrative, transactional, and policy matters is paramount for its future viability. For the continuity of HR management, Ulrich advocates for the enhancement of capabilities and competencies among HR professionals. They must devise frameworks, ideas, and approaches oriented toward success contribution, supplanting bureaucratic norms with innovative, value-centric, and results-driven methodologies (Ulrich, 1997, ix).

In subsequent sections, Ulrich elucidates his overarching concept and objectives as articulated in the preface. A critical aspect is the collaboration between operational managers and HR practitioners to realize the objective of developing organizations that enhance value for stakeholders, including investors, clients, and employees (Ulrich, 1997, 1). Their collective efforts can architect a competitive enterprise poised for future success (Ulrich, 1997, 1). Central to this endeavor is the transformation of organizational capability into a wellspring of competitive advantage, a feat attainable through adept management by both line managers and HR professionals (Ulrich, 1997, 1). Ulrich delineates eight challenges confronting HR professionals that serve as catalysts for competitiveness (Ulrich, 1997, 1), wherein they can exhibit their indispensability and the imperative of close collaboration with line managers (Ulrich, 1997, 2). Conquering these challenges necessitates a paradigm shift in HR practices and roles, demanding innovative approaches to HR service delivery (Ulrich, 1997, 2). Ulrich underscores the pivotal role of HR management in embracing this developmental trajectory, affirming HR as the linchpin for addressing the eight challenges (Ulrich, 1997, 1). These challenges encompass globalization, optimization of the value chain for business competitiveness and HR services, profitability through cost management and growth, cultivation of organizational capabilities, navigating incessant change, leveraging technology, securing and leveraging competence and intellectual capital, and distinguishing turnaround from transformation (Ulrich, 1997, 2–15).

Ulrich extrapolates business ramifications stemming from surmounting these challenges. In the realm of competition, emphasis must be placed on bolstering organizational capabilities such as agility, responsiveness, relationship-building, and employee proficiency (Ulrich, 1997, 16). Regarding leadership, HR must persuade line managers of the substantive contribution of HR practices to organizational competitive advantage (Ulrich, 1997, 16). The bedrock for addressing the eight challenges lies in the implications for HR as a profession, advocating for a proactive approach centered on value creation and the cultivation of competitive organizations (Ulrich, 1997, 17).

Ulrich posits the feasibility of adapting HR practices to contemporary circumstances, delineating eight imperative actions. First, HR ought to cultivate methodologies enhancing employee competitiveness. Second, HR should synchronize theoretical frameworks with pragmatic applications grounded in robust comprehension. Third, HR must equip itself with tools to gauge the efficacy of HR interventions and correlate them with financial performance. Fourth, HR strategies must not merely aim at cost reduction but rather augment organizational worth by fostering intellectual capital. Fifth, HR is tasked with bolstering line management efforts in fostering employee dedication. Sixth, HR must view its endeavors as an evolutionary trajectory, openly communicated within the organization. Seventh, HR must adopt a stance that is both challenging and supportive in engagements with managerial HR. Eighth, HR must advocate for the recognition of its significance akin to finance and strategy, underscoring its pivotal role in organizational success (Ulrich, 1997, 18).

### **2.2 HR Reorientation and Roles of Business Partners**

The evolution of HR necessitates a departure from existing roles and practices, requiring a redefinition of its functions. Ulrich elucidates that HR management must transcend prevailing perceptions of its role to realize its objectives. Moreover, a reorientation of HR's role is imperative to prioritize value creation and delivery. This necessitates a shift from operational to strategic, qualitative to quantitative, policing to partnering, short-term to long-term, administrative to consultative, functionally oriented to business oriented, internally focused to externally and customer-focused, reactive to proactive, and activity-focused to solutions-focused paradigms (Ulrich, 1997, 23). This metamorphosis entails that HR management must adeptly navigate both operational and strategic spheres within an increasingly complex business environment. Consequently, their responsibilities, challenges, and performance expectations become more intricate. To effectively generate value and yield outcomes, HR professionals must prioritize the delineation of deliverables and their attainment. They can achieve this by focusing on four dimensions: processes, people, operational (day-to-day) concerns, and strategic (future-oriented) considerations (Ulrich, 1997, 24).



Building upon this foundation, Ulrich devises a 2x2 matrix delineating four distinct HR roles crucial for fostering organizational competitiveness. These roles encompass the management of strategic HR, management of transformation and change, management of firm infrastructure, and management of employee contribution (Ulrich, 1997, 24).



**Fig. 2-1:** HR Roles in Building a Competitive Organization (Ulrich, 1997, 24)

The upper two roles, namely management of strategic HR and management of transformation and change, primarily center around prospective (strategic) elements. The former emphasizes processes in addition to this focus, whereas the latter prioritizes individuals. In contrast, management of firm infrastructure and management of employee contribution entail an operational (day-to-day) emphasis, with the former encompassing processes and the latter emphasizing individuals (Ulrich, 1997, 24). Ulrich's matrix design unequivocally illustrates that HR professionals are mandated to excel in both operational and strategic dimensions, along with adeptly managing processes and individuals. Ulrich delineates deliverables (outcomes), metaphors, and activities specific to each of these four roles, as outlined in the subsequent table (Ulrich, 1997, 25).

The metaphors represent the four functions of a Business Partner, collectively constituting the components of a Business Partner (Ulrich, 1997, 37). Consequently, the objectives and necessary actions of these four functions are subsequently delineated.

As depicted in the table above, the output of Business Partners in the capacity of strategic HR management is to foster and bolster strategy implementation. In this regard, HR management enhances organizational capabilities by engaging in the delineation of the business strategy process and facilitating the transition from strategy formulation to execution. Anchored in the business strategy, HR delineates priorities aimed at supporting the desired accomplishments. Effective execution necessitates organizational diagnosis, scrutinizing strengths and weaknesses (Ulrich, 1997, 26–27).

**Tab. 1:** Definition of HR Roles (Ulrich, 1997, 25)

Role/Cell	Deliverable/Outcome	Metaphor	Activity
Management of strategic Human Resources	Executing strategy	Strategic Partner	Aligning HR and business strategy: "Organizational diagnosis"
Management of firm infrastructure	Building an efficient infrastructure	Administrative Expert	Reengineering organization processes: "Shared services"
Management of employee contribution	Increasing employee commitment and capability	Employee Champion	Listening and responding to employees: "Providing resources to employees"
Management of transformation and change	Creating a renewed organization	Change Agent	Managing transformation and change: "Ensuring capacity for change"

The output of Business Partners in the realm of firm infrastructure management is to construct an efficient infrastructure. HR Professionals are tasked with devising streamlined processes across all domains of HR management, harmonizing them with the organizational infrastructure. In this capacity, Business Partners strive to enhance administrative efficiency through ongoing reengineering of administrative workflows. Optimization and refinement of HR and business processes are imperative for contributing to organizational triumph (Ulrich, 1997, 27–28).

The output of Business Partners in the domain of employee contribution management is to enhance employee dedication and proficiency. Given the criticality of intellectual capital as a strategic driver of success, HR professionals are mandated to nurture human capital and correlate employee contribution with organizational success. Even at this nascent stage of human capital scarcity, Ulrich recognized the imperative of establishing stronger links between human capital considerations and thus HR development as pivotal for organizational sustainability. This is manifest in the Business Partner’s mandate to persuade line managers of the significant importance of employee training and development. Additionally, Ulrich already incorporates evolving competency requirements at the embryonic stage of his model (Ulrich, 1997, 28–30). Given the markedly adverse trajectory of human capital availability, as subsequently expounded, HR development aspects are assuming greater significance and therefore should be integrated into each Business Partner function.

The output of Business Partners in the domain of transformation and change management is to effectuate organizational renewal. HR management professionals identify the imperative for change and devise implementation strategies accord-