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Adding Intrapreneurial Role in HR Business Partner Model

(An Extension in the HR Business Partner Model)

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Adding Intrapreneurial Role in HR Business Partner Model

(An Extension in the HR Business Partner Model)

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Abstract:

Purpose: The Purpose of this paper is to introduce a concept, whereby extending the Dave Ulrich's HR business partner model by adding fifth Role – The HR Intrapreneur Role – in the existing model. This will be done by combining two separate concepts “Four Roles HR Business Partner Model” and “Intrapreneurial HR”, resulting in a five roles HR Business Partner Model.

Design/methodology/approach: This paper is introducing a new concept through theoretical research.

Findings: HR Intrapreneur Role can be added as the Fifth Role in the existing HR Business Partner Model.

Originality: The four roles HR Business Partner Model has been taken from Dave Ulrich (1997) whereas the Intrapreneurial HR has been derived from articles of various authors like Wellner, Stam, Pinchot, Moore, Mitchell, Koch, Jong, Chapel, and Beatty. The Concept of This Paper is original as it combines both the aforesaid studies into a totally new formation, by introducing HR Intrapreneurship as a fifth Role in HR Business partner model and making the existing four roles – a pre-requisite of HR Intrapreneurial role in the extended model proposed by us.

(177 Words)

Key Words: *Intrapreneurial HR, HR Business Partner Model*

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1. Introduction:

The status of human resource management (HRM) and its standing as a department has been a persistent concern for both the researchers and companies over time. HR Department has traditionally been viewed as more administrative than advisory and more into imposing the practices instead of policy making. Many use to think about HR as paper pushers who usually hire people and file papers (Fallon & McConnell: 2007). To make the shift of HR from Operational to strategic continuum, Ulrich (1997) presented the HR Business Partner Model and stated that HR can help bring organizational excellence by means of four methods. First, HR should become a partner with the top management to help in strategy execution by aligning HR Systems with business strategy. Second, HR should add its expertise to achieve work excellence so that costs are cut and quality is maintained through efficient delivery of HR System. Third, HR should represent the employees concerns to senior management as well as coordinate with employees to ensure their contribution through competence and commitment. Finally, HR professionals should act as change leaders by contributing to process of change and help improve the organization's capacity to do so.

One of the other issues being faced by HR Department is that it is usually seen as a pure cost center and is often the first in organizations to face budget cuts and higher productivity demands (Chapel: 2007). Thus to combat with this issue, "HR Departments are now being forced to become profit centers" where selling the HR Expertise outside the company is being considered an attractive way to get into black (Koch: 1995). "Intrapreneurs" is the new buzz word for those people who take responsibility for creating any kind of innovation within an organization. Employees in human resource departments can become intrapreneurs when they develop ideas for providing human resources to new customers (Mitchell: 2000). Koch (1995) mentions that "some HR Departments have become outside consultants for profit", and according to our understanding we consider this outside consultancy role of HR as "Intrapreneurial HR".

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This newly defined Intrapreneurial role of HR can prove that it is able to generate direct income and, therefore, profits for the organization.

To our perceptive there exists a gap between HR as business partner and Intrapreneurial activities, thus it generates the need of more and more academic research in this area. This paper discusses the importance of HR Departments becoming HR Business partners as well as the role of Intrapreneurial activities of HR in organizational success, and suggests an extension in HR Business partner model by adding a fifth component “Intrapreneurial HR” into the existing Four Roles model by Dave Ulrich.

2. HR Business Partner Model:

The HR Business Partner Model is a Four-Roles Model first presented by Conner and Ulrich (1996), and later by Ulrich (1997). In the later study, Ulrich’s has given a conceptual framework for the Four-Role Model which consists of two main dimensions. The first shows ranges from an operational (current day-to-day) focus to a strategic (future) focus, whereas the second depicts conflicting demands of people and processes (Ulrich, 1997: Conner & Ulrich, 1996). Ulrich (1997) states that HR can provide organizational excellence by four methods; becoming a strategic partner, being an administrative expert, acting as employee champion and facilitating as change leader. These four roles are depicted in Figure 2-1

Figure 2-1: Ulrich's HR Business Partner Model



Source: Ulrich, D. (1997)

2.1. The Strategic Partner

Ulrich (1997) describes that the strategic partner role of an HR professional focuses on aligning the HR strategies and practices with the business strategy. Acting as a strategic partner; the HR professional works to ensure the success of organization's business strategies. Long and Ismail (2008) quote that in the capacity of strategic partner, HR professionals must be capable of identifying and implementing those practices that facilitate strategic business success.

2.2. The Administrative Expert

In the capacity of an administrative expert, the management of a firm's infrastructure requires the HR professionals to devise and bring efficient HR processes for recruitment & selection, training and development, performance evaluation, compensation & benefits, promotions, and overall management of the employees flow throughout the organization. The HR Professionals create infrastructure by continuously examining,

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evaluating and improving the HR processes and this administrative efficiency adds value to the business (Ulrich, 1997).

2.3. The Employee Champion

The management of the contribution made by employees occurs through the performance of the role of “employee champion” (Ulrich, 1997). An HR professional as employee champion strives to understand the needs of the employees, attempts to meet those needs, and provides every opportunity to increase employee commitment. Conner & Ulrich (1996) explains that the role of employee champion covers involvement of HR professionals in day-to-day problems, concerns and needs of employees. Thus acting as employee champions they can link employee contributions to the organization’s success.

2.4. The Change Agent

The change agent role refers to helping the organization build a capacity for change (Conner & Ulrich, 1996). Moreover in Ulrich’s (1997) view, the management of transformation and change falls directly in the change agent role of an HR Professional. Where Change refers to the ability of an organization to improve the design and execution of initiatives as well as to reduce cycle time in organizational activities; and thus the HR Professionals managing this transformation become cultural guardians and catalysts. The actions of these change agents include identifying and framing problems, building trust based relationships, solving problems, as well as creating and fulfilling action plans.

3. Intrapreneurship:

Hisrich, Peter & Shepherd (2005) define Intrapreneurship as “entrepreneurship within an existing business organization”. (* entrepreneurship refers to creating something new while assuming risks and rewards). Jong and Wennekers (2008) quoted that

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Intrapreneurship is “employee initiative from below in the organization to undertake something new; an innovation which is created by subordinates without being asked, expected, or perhaps even given permission by higher management to do so”.

According to Pinchot (1985) “Intrapreneurs are the ‘dreamers who do’; those who take hands-on responsibility for creating innovation of any kind within an organization; they may be the creators or inventors but are always the dreamers who figure out how to turn an idea into a profitable reality”. Whereas Stam (2008) has defined Intrapreneurship as “identifying opportunities within the company” and has also coined the term of ‘internal corporate venturing’ for intrapreneurship. According to him Intrapreneurship sometimes also leads to a spin-off firm that commercializes this opportunity outside the mother firm.

3. Intrapreneurial HR:

Human resource management has been criticized for being too expensive and providing no added value because any measurable business value could not be demonstrated by HR People. The changing nature of human resource management fostered the development of Intrapreneurial activities in human resource management. This activity was demonstrated through an entrepreneurial philosophy resulting in, transforming the cost centers of human resource departments to profit generation hub (Mitchell, 2000). Human resources has always had a service role in the firm, but this role needed to change to a new role for human resources -- that is, to act as a direct revenue earner (Beatty & Schneir, 1997).

Mitchell (2000) narrates that Employees in human resource departments can become intrapreneurs when they develop ideas for providing human resources to new customers outside their own company. According to him IBM, Disney, and Xerox all provide excellent examples of this type of Intrapreneurial activities by HR. He sites the example of IBM, that in 1992 IBM unveiled a new company called Workforce Solutions that operated within IBM. Workforce Solutions offers human resource services and programs

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to other firms. Moreover Walt Disney Company operated Disney University as part of its human resource and community relations departments. Disney University sells human resource experience and knowledge to other firms.

The field of human resource management initially may seem like an unlikely place for such intrapreneurial activities. However these activities have resulted in new and better ways to provide human resource services. Some of the intrapreneurial activities have occurred through classic ways by the delivery of services to firms started by entrepreneurs with expertise in human resource management of a company. The development of these Intrapreneurial activities has reinforced the development of human resource management as a function that adds monetary value to a firm. But this finding is especially apparent when human resource management is one of the firm's core competencies (Mitchell, 2000).

4. Intrapreneurship in HR Business Partner Model:

Being an Internal business partner is now not enough; some HR Departments have capitalized on their personal expertise and have become consultants for companies outside their organization, resulting in earning profits for their company (Koch, 1995). But the basic checkpoint in this regard is the internal health of HR. If HR is not functioning smoothly and efficiently or has any kind of operational problems then staying away from the profit center model would be wise (Wellner, 2000). He more says that some companies may unwisely pursue the Intrapreneurial HR activities for pushing the department to improve or maximize company profits.

Wellner (2000) narrates that the first step before offering HR services outside the firm is to assess your own population in terms of their skills and determine whether you have people, skill and expertise that could help effectively consult with third parties. The path

to success as an HR profit center (intrapreneurial HR) is exceptionally bumpy if the people who have to deliver services do not have the required skill set.

Koch (1995) has discussed the example of Xerox who developed internal HR Expertise and then started Intrapreneuring in HR. HR Department of Xerox developed its HR practices and expertise for over 25 years and then turned it into a business “Xerox HR Solutions” by selling this expertise to various companies. Its services include consulting in areas of employee empowerment, employee satisfaction, performance management, labor management, motivation, reward and recognition, workforce diversity, and gender based harassment. Moreover, capitalizing on its core competency – document processing – it also sell document management services and recommend technical solutions to support HRMS.

In light of the above literature we propose that the Intrapreneurial Role of HR (HR Intrapreneur) can be introduced as an extension in HR Business partner Model. An HR professional or department can be considered the HR Business partner of the organization when it adds value through strategy execution, administrative efficiency and building infrastructure, ensure employee commitment and contribution, and manage organizational Change and transformation. Moreover when an HR Professional / department becomes an HR Business partner by perfectly playing in the four quadrants, then it can move towards an Intrapreneurial Role in HR and can make the HR Department as a direct revenue generator of the organization. See Figure 4-1 for Extended HR Business Partner Model (with an additional role of HR Intrapreneur)

Figure 4-1: Extended HR Business Partner Model



HR Business Partner Model by Dave Ulrich (1997) gives the four roles that are essential to make an HR Department as the perfect one inside the organization. Thus this model forms the basis of our proposed model in a way that when an HR Department assures its expertise in the Four Roles discussed by Ulrich, then it becomes able to move in the HR Intrapreneur Role. We can say that the HR Expertise that has been developed through Ulrich's Four Role model ensures a strong base to move towards the HR Intrapreneur Role, where an HR Professional/department can act as a direct revenue source for the company.

Wellner (2000) discusses that when an HR Department moves towards HR Intrapreneur role it must develop a strategy up front for balancing its internal and external clients. Because when the HR department decides to go outside, it has to be sure that it does not take its eye off the core reason for being in the first place, that is servicing the corporation.

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4.1. Reason of Extension in HR Business Partner Model:

Companies must include their HR employees as full business partners. They will rise to the occasion and give surprising results by building the bottom line and becoming a profit center contributor as well as maintaining their traditional responsibilities - and they will be better at both (Moore and Furlong: 2009). Human resources can be a unique source of sustained competitive advantage. This is especially true when its parts have high internal and external fit (Mitchell, 2000). Thus idea behind this extension in HR Business Partner Model is that, HR department as a business partner should not only deal with the internal customers of an organization, but it should also serve the external customers and earn profits for the organization as a real business partner.

5. Conclusion:

Worldwide the discussion about Human resource management now centers about what the HR Departments can do to become more competitive, more strategic and more beneficial for the organization. The success parameters for an HR Department within the organization have been explained by Ulrich (1997) in form of the four roles HR Business Partner Model. On other hand some research and practices of different companies have introduced another role of HR department that is of a profit generation center for the organization. Now to create an interdependence between these two concepts, this paper discusses that when an HR Department achieve the expertise that has been defined in the Four Roles HR Business Partner Model i-e the expertise in strategic role, administrative role, employee champion role and change leader role, then it can optimize the opportunity to earn direct revenues for the organization by selling this valuable HR expertise outside the organization. For this purpose this paper suggests an extension in the HR business partner model by adding the fifth Role – The HR Intrapreneur Role – in the existing model.

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Several implications for organizational leaders, HR Managers / Professionals as well as academicians can be drawn from this research. Perhaps the most important practical implication of this research is that it provides a practical extension in a model which can be used by the HR Professionals for bringing in revenues into their organizations as well as shifting the HR cost center paradigm to a profit center one. From an academic perspective, an important implication of this research is that this model can become a part of theory and literature on Human resource management. This paper also provides the basis for researchers to do further theoretical and empirical researches on this extension in HR Business partner model in order to draw out its advantages, disadvantages, shortcomings and virtues (positive points). Future studies in this area might also increase the Human resource management literature w.r.t. advance concepts and can become common in upcoming years, by having a direct and practical impact on the combination of HR Expertise and HR Intrapreneurship.

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