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What is HR business partnering?

HR business partnering is a process whereby HR professionals work closely with business leaders and/or line managers to achieve shared organisational objectives, in particular designing and implementing HR systems and processes that support strategic business aims. This process may involve the formal designation of ‘HR business partners’, that is HR professionals who are embedded within the business, sometimes as part of a wider process of restructuring of the HR function.

However, it is important to note that many varying definitions of HR business partnering exist and, where HR business partners operate, there are wide variations in their role.

- Go to our factsheet on Strategic human resource management

HR business partnering in context

The concept of HR business partnering, or strategic partnering, emerged during the mid-late 1990s, around the time that US business academic Dave Ulrich set out his initial theories for the optimum delivery of HR\(^1\). Subsequently, certain aspects of the Ulrich model have come to be depicted as a ‘three-legged stool’ or ‘three-box’ model for HR, although there is an ongoing debate over how his theories should be interpreted and put into practice. Ulrich has also reviewed and further developed his own theories on this issue in subsequent work\(^2\).

The ‘three-legged model’ of HR as perceived by many commentators is based on three key elements - HR business partners, shared HR services and HR centres of excellence - which may be depicted as follows:

- **HR business partners (or strategic partners)** – senior or key HR professionals working closely with business leaders or line managers, usually embedded in the business unit, influencing and steering strategy and strategy implementation.

- **Centres of excellence** – usually small teams of HR experts with specialist knowledge of leading-edge HR solutions. The role of centres of excellence is to deliver competitive business advantages through HR innovations in areas such as reward, learning, engagement and talent management.

- **Shared services** – a single, often relatively large, unit that handles all the routine ‘transactional’ services across the business such as recruitment administration, payroll, absence monitoring and advice on simpler employee relations issues. The remit of shared services is to provide low-cost, effective HR administration. For further information see our factsheet on HR shared service centres.

Key drivers of such change include:

- **Rising expectations of HR.** Organisations expect more from HR in terms of contributing to strategy, enabling the execution of business plans, and delivering tangible commercial benefits.

- **Accelerating competition.** Organisations need HR functions that can deliver skilled, creative, motivated, flexible and committed employees; hence the growth of centres of excellence (for example, specialising in reward or learning and talent development).
Cost efficiency. The introduction of shared services is seen as particularly important to achieving savings, although these cannot be realised without other roles operating effectively.

In theory, where adopted in its entirety, this model may replace integrated HR teams that conduct the full range of HR activities from administration to developing HR strategy.

Challenges to the HR business partnering model

There are various challenges to the HR business partnering model. Some are issues raised as organisations seek to implement the model. Others question how helpful this model is when considering how best to design an HR function.

Where the model exists, there is a danger that in practice it can create silos in the HR function. A further challenge relates to managing a degree of overlap that often exists between the three strands of HR. For example, although a centre of excellence might in theory handle complex employee relations issues, HR business partners can find themselves entangled in local employee relations issues.

Several commentators have pointed out that the model should not be regarded as a prescriptive approach and rather organisations may wish to adopt a hybrid or customised version to meet their own business needs. For example, the full-scale implementation of business partnering in the context of the three-box model is generally deemed unsuitable for smaller companies (as it might be impossible for a HR function with only a few staff to be divided up in this way).

Some commentators have criticised the entire concept and terminology of HR business partnering as they believe that HR should be seen as integral to the business rather than working in partnership with it.

CIPD's Next Generation HR work warns against 'HR orthodoxy' in considering how best to organise the function. It identifies three 'savvies' (business, organisational and contextual) which are required of HR professionals for the function to be most effective and deliver deep organisational insight. These three savvies should also be used to inform decisions about the most appropriate HR architecture (design, systems and processes) for the organisation. Our Next Generation HR: Insight driven report cautions that where the three-legged stool model is used to organise functions, HR’s sphere of influence can be narrowed and there may be less opportunity for teams and individuals to be insight-led. The report has more about design principles for an enabling HR structure organised to drive sustainable performance.

Go to the report

We have extended our Next Generation HR work by conducting further research to examine what it means to be 'business savvy' in practice. This project, based upon extensive research with practitioners, identifies four foundations of what it means to be business savvy and accompanying insights and indicators. It can be summarised as:

- understanding the business model at depth
- generating insight from data and evidence
- connecting with curiosity, purpose and impact
- leading with integrity, consideration and challenge.

Business savvy allows practitioners to be fully integrated into the business, pursuing the business and commercial agendas we expect, whilst at the same time maintaining our people and performance strengths. It is also appropriate for all sizes and shapes of organisation and, with adjustments in terms of the organisational focus, for public sector and not-for-profit organisations.

Go to the report

How widespread is HR business partnering?

Despite the intense interest surrounding business partnering and associated HR restructuring, there is relatively little empirical evidence to illustrate the extent to which such approaches have been adopted in practice. This is partly because the varying definitions and interpretations that exist across organisations mean that take-up is difficult to measure.

Our HR Outlook: views of our profession survey report sought to understand more about current HR structures. Nearly 40% of survey participants from large organisations described their HR function structure as the three-legged model (referred to as the Ulrich model) including business partners, specialists and shared services. Among small and medium-sized organisations (less than 250 employees), ‘a single HR team with generalists, specialists and administration together’ was the most common structure, with just under two-thirds reporting they had adopted this model. There are also interesting sector differences, with public sector organisations much more likely to have adopted the three-legged model than private sector organisations.

Go to the report

Role of HR business partners

The role of HR business partners varies widely between organisations. Some activities that HR business partners are likely to be involved include:

- organisational and people capability building
longer term resource and talent management planning

using business insights to drive change in people management practices

advising on the people implications of organisation change, making recommendations

intelligence gathering of good people management practices internally and externally, so they can raise issues of which executives may be unaware.

In practice, the activities can vary enormously depending on factors such as organisational size, company culture and business priorities.

When creating and developing HR business partner roles, it is important to consider the knowledge and behaviours required for the position in that particular organisation, bearing in mind that creating the title of HR business partner will not alone create a strategic contribution from the function. The CIPD’s Profession Map sets out the key knowledge, skills and behaviours required of HR professionals at all stages of their career to maximise their impact on business performance.

Visit the Profession Map

Implementing HR business partnering

Introducing partnering

Organisations contemplating the use of HR business partnering as part of a broader HR transformation agenda should consider the following guidelines:

- Ensure that there is a clear rationale for the proposed changes and that this is a joint decision between the business and HR.
- Assess and prepare the ground for change, allowing sufficient time to openly discuss partnering and what adjustments are needed both within HR and across the wider business.
- Think through the likely barriers to achieving a smooth transition to the new structures such as potential overlaps in HR delivery and new capabilities required.

Strengthening partnering

It is important that the HR business partnering relationship is reviewed on a regular basis, with steps taken to strengthen partnering through the following measures:

- Taking an interest in the key business performance measures for example, sales, costs, production, utilisation.
- Ensuring that business partners are involved in the business planning process at the outset and that they are well prepared for planning meetings. This requires spending time reading up on broader economic, social and political trends affecting the business.
- Being able to communicate in the language of the business, in particular discussing key HR metrics and issues in terms of what they mean for business performance, losing HR ‘jargon’.
- Setting the personal objectives of strategic HR partners (and perhaps those in centres of excellence) so that they are aligned to those of managers in the business areas to which they are assigned.
- Using tools such as 360 degree feedback and customer satisfaction surveys to obtain a broad range of views on how well the HR function, including business partners, are fulfilling their role. See our factsheet for more information.

Go to our factsheet on 360 feedback

Building teamwork within HR through, for example, joint projects and peer coaching.

CIPD viewpoint

Business partnering is a popular and widespread approach to organising the HR function. The segmentation of the HR function into distinct streams may work for some organisations but may create silos. It’s important for HR to remain united as a function, sharing their knowledge and insight from different parts of the organisation, ensuring overall alignment with the business strategy and goals. It’s also essential that if a business partnering model is adopted, the skills and capabilities required of the roles are built into HR development plans as a matter of course.

Overall, the road to HR effectiveness lies in being integrated with the organisation. The whole HR function from top to bottom needs to be business-focused like never before, but it also needs to maintain its focus on people, performance and purpose as outlined in our research. Our continuing research aims to bring to life what these key HR skills and behaviours mean and look like in practice.

References

1. ULRICH, D. (1997) *Human resource champions: the next agenda for adding value and delivering*


Further reading

Books and reports


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Journal articles


CIPD members can use our online journals to find articles from over 300 journal titles relevant to HR. Members and People Management subscribers can see articles on the People Management website.

This factsheet was last updated by CIPD staff.