



THE STRUCTURES OF HR

The HR profession is responsible for the design of structures within most organisations. In this month's Instep, we look at the structures HR has designed for itself and we ask how happy HR practitioners are with these structures.

What structures are currently in place?

The structures that most HR professionals find themselves in and their preference of structures were just two of the questions in a national survey conducted by The Next Step of almost 2,000 HR professionals. Responses were received from all levels of the profession, all areas of expertise (from generalist to specialist) and across all industries.

The survey responses indicated that the predominant structure in HR in Australia is the Ulrich Model. The results were as follows:

- » Ulrich Model 51.3%
- » Traditional HR Department 15.2%
- » Wholly Decentralised 9.3%
- » Centralised + some Decentralisation 7.9%
- » Wholly Centralised 11.8%
- » Other 4.5%

Does the size of the organisation in relation to HR structure matter?

Clearly the Ulrich Model is the preferred HR structure, but is this due to the size of the organisation? The answer is an emphatic yes! As seen in Table 1, over 70% of organisations in Australia with more than 5,000 employees structure their HR teams in the Ulrich Model.

Table 1: HR structure by size of company

Company size	Ulrich	Traditional HR Dept	Decentralised	Centralised + some others	Wholly Decentralised	Other
1-250	13%	29%	14%	7%	21%	14%
251-500	25%	33%	12%	4%	20%	4%
501-1,000	44%	20%	10%	8%	14%	3%
1,001-5,000	64%	10%	8%	7%	8%	2%
5,001-10,000	70%	5%	6%	10%	5%	3%
Over 10,000	71%	5%	6%	9%	6%	1%

Does the HR profession like being in the Ulrich Model?

The results of the survey found, that for some in HR, the grass is greener on the other side of the fence.

Some HR professionals who are not in an HR team structured in an Ulrich Model, have indicated they would like to be. But, interestingly, as can be seen in Table 2, many HR practitioners that are in this model don't want to be!

Table 2: Organisation size

(By people)	Currently in Ulrich Model	Preference is to be in Ulrich Model	Difference
Under 1,000	27.3%	43.3%	Plus 16%
Over 1,000	68.3%	56.3%	Minus 12%

Anecdotally, the big negative about the Ulrich Model appears to be that there is a significant amount of time, effort and money that goes into coordinating everyone in HR to be on the same page. Commercially driven HR professionals tire of the frustrating process of getting things done, which requires spending most of their time dealing with other HR professionals and not the business.

This raises the question, if HR professionals don't want to be in the Ulrich Model, what structure would they prefer?

The results of the survey indicated that the people who don't want to be in the Ulrich Model and are currently structured this way, would either like to be in a wholly decentralised or conversely, a wholly centralised structure. While these options look clear cut enough, no structure is perfect.

A final word

While there are pros and cons with every structure in HR, it's clear that the majority of people in Australia are in the Ulrich Model and most are committed to this approach. The \$64m question is - what's next? No doubt the major consulting firms and industry gurus are currently creating something "brand new" and therefore a wave of recycled ideas and fads for HR is just around the corner.

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