Abstract

Human Resource as a function has constantly evolved over years. Even today economic forces such as rise of new generation, abundant supply of talent, evolving technology, adoption of social applications and mobile culture continue to influence HR. Newer technology and products offer far more sophisticated features and easy to maneuver operating environments compared to their predecessors. Integrated talent and performance management, learning and advanced analytics is part of these offerings, thus massively multiplying usage of self-services and collaborative decision making opportunities for line managers.

These solutions will redefine traditional ways of working for HR. HR will need to create a nimble and dynamic operating model in order to keep pace with people and technology.
Introduction

The future state HR operating model will need to clearly define roles and technology overlaps, structural changes, transition scenarios and end state models in order to contribute business value. This paper aims to analyze the requirement for this change, the impact of change and future considerations to take advantage of this change.

Evolution of Operating Models

HR models have evolved rapidly over the years – moving from a services only framework, to lead organization effectiveness and strategy; all of this delivered through multiple sub groups (recruitment, business HR, talent management, organization development and other COE’s).

HR managers usually followed and implemented “One HR Practice” to ensure synergy of process delivery across functions. This promised business stakeholders a seamless experience while interacting with varied sub functions of human resources. The terms of engagement were kept simple and HR ratios were derived based on the FTE’s supported, unit revenues, and criticality of the business. Businesses usually expected HR to bring in:

1. Seamless end user experience: to drive Engagement
2. Seamless straight through processing models: to drive Service Delivery
3. Realize people value through performance management: to drive Business Adoption

Towards meeting these objectives, the HR structure was a pyramid with the HR staff (across sub functions like recruitment, learning, performance, talent and services delivery) reporting into one Head HR. Transactions delivery and strategic support were balanced through tail to head FTE ratios.

Over a period, each of the sub disciplines became stronger and there was a wave of specialists operating within the HR organization. Capability maturity models became an integrated part of the HR framework with each function rolling out silo operating models and tactical tools to enable effective delivery.

With time, the industry witnessed an era of Shared Services where large and medium scale global organizations moved towards a consolidated services model. HR capabilities were centralized within delivery functions as the role of HR Business Partners focused on driving business outcomes. The pyramid coexisted within the delivery functions. The bottom of the pyramid gained significance with increasing transaction volumes and simultaneously the governance layer was enhanced to ensure that a robust back bone (of centralized services support).

Services delivery transformation further showed us models of “Click”, “Call” and “Face” as organizations adopted this approach in ratios best suited to their technology capability. Dave Ulrich’s model focused on driving HR towards being a strategic partner, administrative expert, change agent and employee champion. This led to HR industry progressing to distinct disciplines such as:

1) HR Generalists only
2) Generalists + Service delivery + Specialist functions
3) Generalists + Service delivery + Specialists functions + Shared Services

Specialist functions continued to bring its own set of people, technology and processes. Shared services / service delivery centers adapted to this partial automation and, Business partners focused on strategic business aspects. The objective however remained constant: providing business value.

The rules of the game continue to change and there is yet another shift round the bend for HR experts. Technology enablement has significantly changed the culture of millennial generation. We are now moving from “click” and “call” to “tap”
through tablets, smart phones and cloud applications making this generation stand out from the Baby Boomers and the Gen X employees. The millennial generation at workplace will need more agile and flexible policies, influential data, connectedness at work, power to take informed decisions, faster job role changes and better compensation to live up to the social value.

Most HR professionals have started to realize that it is a matter of time before the millennial generation takes charge of organizations. This creates the need to adopt a different HR operating model – one that can engage all generations without trying to force a one-size-fits-all approach.

**Future State HR Operating Model**

Considering the above, it’s imperative for growing organizations to establish clear roadmap for HR function. Now, the end user experience, service delivery and business adoption will depend on tools and technologies apart from HR FTE’s. Added capability and attractive price points of Cloud and SaaS make the deployment of such tools lucrative. There is adequate research to indicate that organizations are willing to make significant investments into technologies that empower HR function.

It is indicated that HR SaaS based applications will see growth rates of as high as 50%\(^1\). About 50% of all large and medium sized organizations are inclined to invest in better HR systems\(^2\). Closer look at these new HR applications, show that most HCM’s are looking at adopting better transaction processing modules and self-sufficient capabilities on performance management, talent planning and derived analytics. Meanwhile, legacy systems will continue to exist in parallel until the new technology wave sets in and a hybrid model is envisaged over the coming decade with significant investments in infrastructure and licenses already in place, demanding ROI.

HR Operating model, thus, is expected to shift from a pyramidal structure to a more retained delivery through tools thus reducing the transaction (tactical) agenda items. In the next five years, HR will become a model with a narrowed transaction layer (the bottom most layer of the pyramid) and significant middle/ top layer.

These roles will be fulfilled with certified in-house practitioners or vendor practitioners and organizations will adopt a mix best suited for their budgets and talent pool. **Evangelists and policy keepers** will continue to operate cross verticals. The focus should now move away from traditional models of advocacy to engaging in more participative rules. Let’s realize that millennial generation is our next in line people capital – resources with tremendous social insight and happy go lucky behavioral derivatives. Evangelists need to influence these working level changes in policy making and adherence. **Technology enablers** and keepers will ensure the running of the technology services backbone. Considering most organizations today have diverse systems across HR functions, technology keepers will bring in perspectives on transition, technology effectiveness and pricing.

As organizations move to a more outsourced model of HR services, the vendor mix is expected to be high. Vendors will also contribute significantly to the technology pie: bringing in interfaces, middleware and other data management techniques across legacy and cloud systems. **Vendor management** in itself will be an in-house function or outsourced depending on size and number of vendors. Investment in code development for...
software compliance across functions will reduce as these expected to be plug and play modules. CIO and CHRO will have reduced dependencies if data migration techniques are aptly anchored and consumed. All this brings in added focus on vendor managers.

**Generalists** will focus on deriving value for the business from each of these verticals. Learning services and performance management will see consolidation as vendor partners provide specialized services and technology. The role of generalists will get stronger and more strategic - understand and guide the organization effectiveness. Generalists will also be expected to focus on contributing significantly to organizational change as line managers see change in ways of working.

**Services delivery** will continue to govern the tactical nature of business. However, vendors and captive shared services will continue to dominate this area via hybrid models (technology and services, on premise v/s outsourced mix) and would be visible for organizational transitions. Services delivery will see added focus on governance and change management as technology adoption increases.

**Policy keepers** will need to spearhead changes to accommodate needs of rapidly changing workforce, drive better work culture and workforce alignment.

The key considerations for future enabling your HR function will be:

- Budgets (move towards a structure that optimizes cost)
- Organization structure: layers and span to bring in effectiveness
- Distinct roles identification: to contribute to effectiveness agenda
- Capability requirement against roles: this will become a moving agenda item as organizations transition into dynamic environment
- Products: sustainability of existing v/s future investment required
- Talent demography: strategize and hire basis talent required
- Learning organization agenda: drive learning culture through talent planning

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**About the Author**

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Dilshad comes with extensive experience in Organization Effectiveness, Shared Services and Business Partnership. She has led initiatives on Pre-sales, Employee Engagement, Career Pathing, Assessment Frameworks, Talent Management, Organization Design and Process Re-engineering. Dilshad has an MBA from Welingkar Institute of Management. She also holds a Masters degree in Information Technology.

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**Conclusion**

Even as HR remains the focus of both legacy and new-generation organizations, transformation is inevitable. The operating model presented here is a visualization of the future. Organizations have a choice on size, speed and scale of this change.

The key would be to challenge status quo and work on solutions that would take the organization to the next level of performance. HR should leverage technology to deliver business value via new generation workforce.

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