



PR
40,5

570

Received 9 March 2010
Revised 5 January 2011
1 March 2011
Accepted 6 April 2011

HR transformation and shared services

Adoption and adaptation in Swedish organisations

Anders Boglind, Freddy Hällstén and Per Thilander
*School of Business, Economics and Law, University of Gothenburg,
Göteborg, Sweden*

Abstract

Purpose – This paper seeks to compare Ulrich's model of HR transformation/shared service organisation (the “three-legged stool”) with the empirical evidence from the research. The aim of the paper is to describe the journey from theory to practice of HR transformation in organisations as they adopt and adapt the model.

Design/methodology/approach – An institutional frame of reference is used for case studies of seven Swedish organisations. The respondents in the 192 interviews are HR professionals, line managers and other stakeholders.

Findings – All seven of the organisations adopted the HR transformation as a standard blueprint. Management consultants played a leading role in this process. HR service centres were established, the local HR staffs were reduced radically, and the remaining role, the HR business partners, took on lesser importance. During the adaptation process a variety of solutions resulted, some of which were innovations.

Research limitations/implications – Because of the small sample size, the generalisability of the results is somewhat limited.

Practical implications – The results may be useful to both researchers and practitioners, whether they are involved in the study or in the re-organisation of HR. It is not easy to imitate a theoretical model or a “best practice” model without taking the translation process into consideration.

Originality/value – Previous studies have not examined how HR transformation/shared service travels in different organisations using this number of interviews in in-depth research. These results show that achieving the desirable HR organisation depends on the translation and interpretations of the concepts in the local context.

Keywords Human resource management, Organizational change, Sweden

Paper type Research paper

1. Introduction

While most human resource management literature deals with optimal ways to manage employees in the interests of achieving organisational goals, there is an increasing body of such literature that deals with value-added activities (Ulrich, 1993; cited in Conner and Ulrich, 1996), business-related functions (Walker, 1989; Schuler, 1990) and strategic functions (Beer, 1997). The general theme in this research is that effective human resource activities and functions in organisations should be re-organised into three separate components: service centres, centres of expertise and business partners. This re-organisation of HR practice has been referred to as the “three-legged stool” (Reilly *et al.*, 2007; inspired by Ulrich, 1995, 1997). Other concepts



that have been used are the HR transformation (Schuler, 1990; Beer, 1997; Ulrich and Brockbank, 2005; Ulrich *et al.*, 2009) and the shared service organisation (or model) (Ulrich, 1995; Cooke, 2006; Maatman *et al.*, 2010). According to Hope-Hailey *et al.* (2005), a commonality among the concepts is that all cite Dave Ulrich, author of several books (Ulrich, 1997; Ulrich and Brockbank, 2005, Ulrich *et al.*, 2009) and various articles (e.g. Ulrich, 1995, 1998, 2000).

Ulrich's concepts about HR transformation and the shared services organisation have been criticised as overly normative (Caldwell, 2003) and lacking in empirical evidence that supports successful implementation (Truss *et al.*, 2002; Hope-Hailey *et al.*, 2005; Maatman *et al.*, 2010). Cooke (2006) claims there are few academic studies on the implementation of the shared services model. Basing her conclusion on a case study, she argues there is a significant gap between the model's intentions and its results.

The aim of this article is to compare Ulrich's concepts about HR transformation and the shared service organisation with evidence from seven Swedish organisations. Our goal is to describe the journey from theory to practice (i.e. the adoption and adaptation of shared services in organisations). In the remainder of the article we use the term "HR transformation" as related to the shared service organisation that is the main focus of our comparison.

We take an institutional perspective in this article since we have observed that organisations imitate each other by adopting the same or similar concepts, for example HR transformation. Neo-institutional theory, based on DiMaggio and Powell's (1983) ideas on institutional isomorphism, may account for such imitation. However, during our research, we also observed that the organisations, using various models, move beyond adoption to local adaptation of a concept. Since neo-institutional theory explains similarities but not differences, we include the Scandinavian model of institutionalism in the theoretical basis of our research. One feature of this model is translation, which recognises that ideas cannot spread without a collective construction process within a local context (Czarniawska and Sevón, 1996) and that theories, concepts and models change in each new context (Boxenbaum and Jonsson, 2008). Applying this model to our research, we conclude that HR transformation in practice changes when it travels from theory to practice.

The article continues with a description of HR transformation, followed by presentations of the institutional perspectives. Our Methodology section explains the conduct of our empirical research. In the findings section we describe how the seven organisations have worked with HR transformation. In the Discussion section we analyse our findings using the theory of isomorphism and the translation perspective in association with the concepts of adoption, adaptation and innovation. In our Conclusion we discuss the results of the HR transformation from a Scandinavian institutional perspective, and propose the various implications they may have for practitioners.

2. HR transformation and institutional perspectives

2.1 *The HR transformation and shared services*

Ulrich describes the concept of shared services as "the paradigm for staff organisations" (Ulrich, 1995, p. 12). Other researchers have used this paradigm before Ulrich, in particular to describe staff functions. For example, Maatman *et al.* (2010) use the concept of shared services in their description of the finance function.

The drivers for shared services are improved productivity (e.g. as the result of fewer employees), re-engineering of work processes, globalisation, better service and technology (Ulrich, 1995, p. 13).

A shared service organisation can be divided into transaction-based services and transformation-based services. Transaction-based services “deal with all the processes and activities related to meeting the administrative requirements of employees” (Ulrich, 1995, p. 14) such as employee benefits/compensation and staffing activities. According to Ulrich (1995), in a shared service organisation such services are usually organised in a service centre that employs policy and administrative experts. Transformation-based services deal with non-routine and non-administrative HR activities that are intended to “implement strategy, create a new culture or accomplish business goals” (Ulrich, 1995, p. 15). These activities should be organised as “centres of excellence” (Ulrich, 1995) or, as they are sometimes referred to, as “centres of expertise” (Ulrich *et al.*, 2009) that employ technical experts. In addition, organisations need HR business partners who are attached to the line organisation as the “customer interface” of HR. These business partners should align HR practices with business goals, integrate diverse HR initiatives into a common business focus, diagnose “organisational capability” and set “organisational priorities for competitiveness” (Ulrich, 1995, p. 171). The three legs of the “three-legged stool” approach are the HR service centre, the HR centre of expertise and the HR business partners.

In describing “the horizontal, team-based process of a shared organisation” Ulrich (1995, p. 16) depicts the flow from service centres and centres of excellence via “channels of delivery” (e.g. the HR professionals, outsourcing or information technology) to business partners. Some authors (e.g. Farndale *et al.*, 2009) label this flow a service delivery model (SDM), which is often combined with a service level agreement (SLA). The SLA is a contract between the HR function and other functions (especially the line functions) in the organisation about the delivery of HR services. Ulrich (1995) and Ulrich and Brockbank (2005) recommend contracts be drawn between HR functions and customers/clients.

In this article we investigate the HR transformation in seven organisations, including the “three-legged stool” and the service level agreement (SLA).

2.2 Institutional perspectives and HRM

Few studies take an institutional perspective on human resource management (HRM). However, an increasing number of studies today focus on HRM practices using a neo-institutional perspective (e.g. Paauwe, 2004; Boon *et al.*, 2009; Farndale and Paauwe, 2007; Farndale *et al.*, 2009). Such studies typically reference the DiMaggio and Powell (1983) article, in which its authors introduce the concept of isomorphism that describes the tendency of actors to make organisations in the same field increasingly similar. Such homogenisation is driven by the urge for social legitimacy as well as by economic rationality. Thus, institutional factors are the cause of the increasing homogeneity, or the isomorphism.

DiMaggio and Powell (1983) identify three forms of institutional isomorphism:

- (1) coercive isomorphism, in which laws and regulations exert pressure;
- (2) normative isomorphism, in which commonly accepted norms and ideas from staff and professionals exert pressure; and

-
- (3) mimetic isomorphism, in which organisations facing uncertainty model themselves after organisations known as “trend setters” (cf. Paauwe and Boselie, 2003).

There is yet another form of isomorphism – competitive isomorphism – in which organisations benchmark other organisations in order to improve efficiency and effectiveness. According to Farndale and Paauwe (2007, p. 356), this benchmarking may result in competitive differentiation that varies with the “approach, content and implementation”.

In addition, Farndale and Paauwe (2007) describe how theoretical perspectives can influence HRM practices in their examination of corporate internal and external pressures resulting from institutional and competitive drivers. Their results show that MNCs face three drivers simultaneously:

- (1) external global, competitive isomorphic pressures (e.g. universal “best practices”);
- (2) external national, institutional isomorphic pressures (e.g. legislation); and
- (3) internal pressures of strategic choice and competitive differentiation (e.g. corporate strategy, structure and culture).

These drivers exert different influences in different organisations, leading to “a varied degree of adoption, adaptation and innovation of HR practices” (Farndale and Paauwe, 2007, p. 371). Innovation, according to Farndale and Paauwe (2007), is the outcome of establishing a unique competitive position (Farndale and Paauwe, 2007). For Boon *et al.* (2009), innovation means taking an active part and making choices as an agent.

These studies, which address HRM from a neo-institutional perspective, are useful in the analysis of HR transformation. Researchers taking the neo-institutional perspective have used the term diffusion to describe the spread of ideas, fashions and innovations (e.g. Paauwe and Boselie, 2005). The term “diffusion” comes from physics and refers to the entry of some unit into a new sphere without change.

Inspired by Latour (1986, 2005), in this article we explore the possibility of using the metaphor of translation to understand how the change in the HR transformation concept has affected the seven organisations in our study. As Sahlin-Andersson (1996) writes, the distance between an organisational role model and its followers permits translations, reformulations and various interpretations. Therefore, when HRM practices are adopted, their adaptations may differ. In the journey from a theory or practice in one context to another context, an organisational role model must be edited, translated and transformed. Czarniawska and Sevón (2005, p. 8) summarise the effects of this journey: “Each act of translation changes the translator and what is translated”.

3. Methodology

In this article we compare Ulrich’s ideas about HR transformation with the evidence we collected in our interviews with HR representatives at seven organisations and with secondary data about the organisations. Our article focuses on the journey from theory to practice and the various ways HR transformation is adopted and adapted. We use a case study design and an institutional frame of reference for these purposes. As our

approach is exploratory, the findings of our research may be used as starting points for future investigations of other aspects of HR transformation.

The research is built on seven cases: two private companies, two governmental agencies/authorities, two hospitals and one Swedish municipality. Table I presents the organisations and a tabulation of our respondent interviews. We had one primary criterion for selection of the organisations for the study: each organisation's explicit acknowledgement that it is reorganising its HR function in alignment with the HR transformation concept.

Our secondary selection criterion was our wish to include both privately and publicly owned organisations of different sizes and in different stages of their HR transformation. We found that the publicly owned organisations were more interested in participating in the study than the privately owned organisations. We attribute this greater interest to the fact that the former organisations were in a later stage of the HR transformation.

We conducted interviews with key actors at each organisation regarding the HR transformation process. The number of interviews, each lasting between one and two hours, at the organisations varied between 15 and 34. We interviewed HR project leaders, HR managers in the service centres or centres of expertise, and HR business partners at different levels. We also interviewed managers in line and support functions. Because of time constraints, five interviews were organised as group interviews or focus groups. This interview design of respondents from different levels and with different functions is known as the multi-actor and multi-rater design (Chen and Naquin, 2006).

Following the interviews, we held workshops at each of the seven organisations where we have reported our findings, tested preliminary conclusions and received feedback from the organisations' representatives. These representatives were usually project leaders or senior HR managers.

We also collected secondary data such as the organisations' project plans and other documents. These materials gave us the official perspective on the HR transformation processes that we used to compare with the respondents' statements.

The interviews were semi-structured. They included questions related to adoption (e.g. "Where did you get your ideas and inspiration?"), adaptation (e.g. "How is the new HR function organised; what are its parts, who has what roles, etc.?"), results ("What effects do you see so far?") and adaptive changes ("How has the HR organisation changed since the HR transformation began?"). The questions were adapted to the respondent categories (i.e. the various HR department positions, staff functions or line functions). We also asked follow-up questions where needed in order to better understand respondents' statements. All interviews were audio-recorded. Interviews with HR professionals were transcribed since they were the most important group (they knew most about the process of adoption and adaptation). The interviews for each organisation were then summarised as a case study overview in order to facilitate comparisons. We then prepared a report for each organisation that we presented to its representatives. We also used this report, which detailed our investigation of the HR transformation, in our analysis of the seven cases.

For the analysis, we constructed a table of the cases that showed the launch time of the HR transformation, the motives, influences and changes in the process, and the choice of the shared service model (Table II; see Findings). In Table II we present only

Organisation facts/ interviews	Governmental 1 (GO1)	Governmental 2 (GO2)	Insurance company (IC)	Manufacturing company (MAN)	Hospital 1 (HO1)	Hospital 2 (HO2)	Municipality (MUN)	Total individuals
Number of employees	17,000	11,000	1,700	14,000 ^a	16,400	3,300	13,000	
Location	Multi-site	Multi-site	Single site	Multi-site	Single site	Single site	Single site	
<i>Interview respondents</i>								
CEO, and CEO direct reports, except for HR		3	1		8			12
HR top management team	1	2	2	4	8	1	1	19
HR transformation project members	6	NA ^b	1	11	1	NA ^b	1	20
HR managers, department/SSC ^c	1	5	2	1	1	3	5	18
HR specialists, HR department/SSC ^d			8			4	3 ^e	21
HRBP, local HR managers	9	4	10	5	2 ^f	14	4	53
Middle line managers	7	4		7	5	14		37
First line managers		5	10	4	3		4	26
Total interviews	24	23	34	32	28	36	15	206/192

Notes: ^aIn Sweden. ^bNA, not applicable. ^cShared service centres include service centres (e.g. help desks) and expert centres. ^dIn some of the HR service centres we also had opportunities to interview HR employees. ^eThree groups (nine persons). ^fTwo groups (seven persons). ^g206 individuals/192 interviews

Table I.
Organisations and interviews in the study

Table II.
HR transformation
(shared service
organisation), 2009:
an overview

Organisation topic	Governmental 1 (GO1)	Governmental 2 (GO2)	Insurance company (IC)	Manufacturing company (MAN)	Hospital 1 (HO1)	Hospital 2 (HO2)	Municipality (MUN)
Time of launch of	January 2009	April 2005	January 2006	April 2007	January 2010	October 2008	January 2008
HR transformation							
(a) Structure ("three legs": service centre, expert function, HR business partners)	(a) "Three legs" Extensive SLAs (important)	(a) "three legs" (b) Extensive SLAs (important)	(a) "Three legs" (b) SLA	(a) "Three legs" (b) SLA	(a) Limited "three legs": SC, experts ("strategic unit") and HRBPs ("HR specialists") (b) No SLA	(a) Modified "three legs": HR department includes operational development (b) No SLA	(a) Modified "three legs" with strong HRSC providing operational support (b) SLA
(b) Service level agreement (SLA)	50 HR specialists in an "HR centre" Geographically one location, offering HR services in all areas Extensive website Helpdesk Started January 2009	15 HR specialists in an "HR centre" Geographically three locations, offering HR services in all areas Helpdesk Started September 2005	12 HR specialists (administrative support and specialists) Started January 2009	Approximately ten HR specialists Geographically one location, offering HR services in all areas Extensive website Helpdesk The specialists have process responsibility for different topics Started 2006	Eight HR administrators Geographically one location, offering HR services in recruitment and competence development More areas will be added Helpdesk Started April 2009	Separate unit within HR dept (nine employees) Started April 2008	23 HR consultants and HR administrators in HR Centre Started January 2009

(continued)

Organisation topic	Governmental 1 (GO1)	Governmental 2 (GO2)	Insurance company (IC)	Manufacturing company (MAN)	Hospital 1 (HO1)	Hospital 2 (HO2)	Municipality (MUN)
Centres of expertise	90 HR experts Belongs to HR centre, operating on demand with experts in all areas (e.g. recruitment)	11 HR experts Belongs to HR Centre, operating on demand with experts in all areas (e.g. health care)	Integrated in HR service	Approximately 70 HR experts Belongs to "business service centres" (BSC) with experts in all areas	21 HR strategists or specialists Belongs to "the strategic unit", which has not been influenced by HRT	Separate unit within HR dept (nine employees) plus three corporate HR specialists reporting to SVP HR	Three corporate HR experts in PD's office (other experts belong to HR centre)
HR business partners (local HR)	33 HR managers, one for each unit Uses HR managers for every function area	Ten HRBPs, one for each region/unit Uses HR business partners for every function area	Six "business and specialist partners" with responsibility for specific business units and for one HR process	Approximately 50 HRBPs. The goal is to be one HRBP of 350 employees Uses HRBPs for every function area. HRBPs exist on different levels	61 HR specialists, nine HR administrators and six HR managers. Uses HR specialist partners for every function area. Have process responsibility through Strategic Councils	Eight HR partners allocated to line units. No process responsibility	Four HR managers and four HR strategists give support to division management and business area management. No process responsibility

Table II.

the model of the shared service organisation, i.e. the different parts of the “three-legged stool” and service delivery model (service level agreements, or SLAs). In general, Table II describes the adoption phase of the HR transformation.

We continued our analysis by comparing our seven organisation reports. Our purpose in this comparison was to learn how the organisations adopted the HR transformation and adapted it to their local conditions. We looked for both similarities and differences among the organisations. We also identified each organisation’s distinguishing characteristic in its HR transformation – a close adherence, a minor adjustment or a radical approach to new HR theories and concepts. The institutional theories are used here to understand how organisations change their organisation of HR from adoption of a theoretical concept, to adaptation, and further to innovation (i.e. the changes are compared to Ulrich’s theories and models).

4. Findings

In this section we explain how the seven organisations handled the HR transformation. We look at how the organisations introduced, adopted and adapted the concept to their local contexts.

4.1 *The introduction of the concept*

At the beginning of the twenty-first century, several well-known MNCs based in Sweden (Ericsson, ABB and Volvo) undertook a major makeover of their HR function. These companies used the concept of HR transformation and referred to Ulrich’s ideas for inspiration. In 2008, when our research began, the seven organisations in our study had adopted a nearly identical form of the HR transformation concept that contained the basic elements of the tripartite model Ulrich (1995, 1997) proposed (also labelled the “three-legged stool”, Reilly *et al.*, 2007).

In our interviews we found that the HR managers’ knowledge of the theoretical origins of HR transformation was rather limited. Few of them had read Ulrich’s books or articles. Their knowledge of HR transformation theory came from two related sources: consultants and professional networks.

The influence exerted by the consultancy firm’s models was generally rather direct. In the two governmental organisations, consultants participated in the pre-study phase as well as in the implementation process. At GO2, HR managers stated that the HR transformation model was chosen without any in-depth analysis. A manager stated:

In January 2005, I was at an HR meeting in Stockholm. The HR Director was there with consultants from Accenture who had evaluated the organisation’s HR current structure. In their sketch of how the main HR function should be structured, they centralised the work under an HR specialist, with IT support and self-service, and staffed by the local HR departments. Other HR functions should take a more strategic role by working with long-term issues, with only one HR strategist. The consultants made a number of comparisons with other organisations in terms of cost and efficiency. We realised that there was a rationalisation potential, but it felt like a ready-made solution (HR Manager, GO2).

In three cases (MAN, IC and MUN) the consultants were involved in parts of the pre-studies but not in the implementation processes. By contrast, consultants were not involved in either the pre-studies or the implementation processes in the two hospital cases. However, the hospitals’ guiding documents are generally similar to those of the

other five organisations, despite some differences in details. Since HO1 and HO2 developed their ideas through contacts with professional networks and business schools, they used the same generic HR transformation model as the other organisations. Moreover, their power point presentations, like those of the other organisations, feature “HR transformation” as a headline.

The respondents generally minimise the consultants’ importance in HR transformation. They believe that professional networks, with their real-world experience and greater credibility, have more influence. A service centre head explains this opinion:

I am not that interested in glossy overviews from consultants. What I need are honest stories from people and businesses we can relate to (Head of Service Centre, MUN).

In this respect, the respondents name the early HR transformation adopters: large Swedish MNCs such as ABB, the Volvo companies, Ericsson and Sandvik. A manager explains the influence of such companies:

I think it is typical that new ideas come from those big companies. Then those ideas trickle down. They are respected and are seen as “keeping up with the times”. If they adopt an idea it can’t be totally useless (HR manager, MUN).

The seven organisations used the service delivery model, depicted in Figure 1, with minor modifications. Some HR managers believe they created the model themselves, or at least adapted it to their own purposes. A manager explains:

You don’t take those recipes lock, stock and barrel. We used that picture from Accenture a couple of times, but it has never been that important. We adapt it to our context. For example, we don’t use the same names for the roles and the components (HR Manager, IC).

Another manager makes the same point, quite harshly:

You need to translate that consultant’s lingo or it will stay corporate bullshit to me. (Line manager, IC).

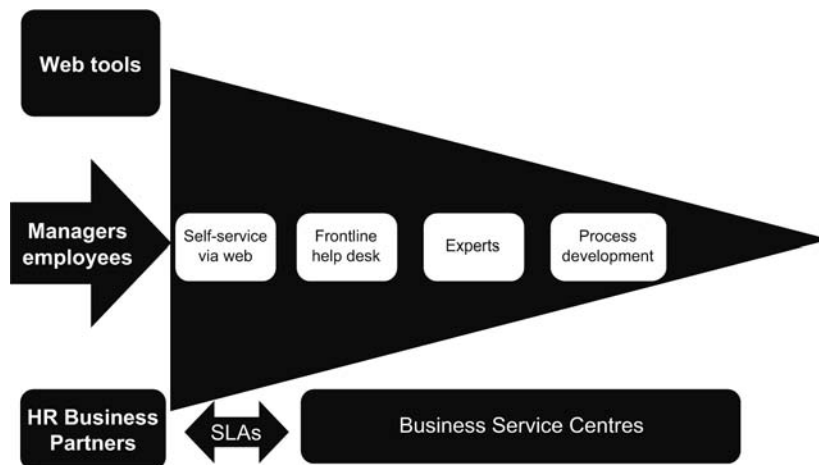


Figure 1.
The HR service delivery
model (from the MAN
company)

The model begins with the needs of managers and then requires them to use the self-service feature (on the web) to ask questions. The frontline help desk is available if managers do not find answers to their questions in the first step. If they still have questions, they can ask the experts at the next step. Finally, they can ask HR to start process development if there are no answers to specific questions. HR belongs to the business service centres and makes service level agreements (SLA) with the HR business partners.

The motives for adoption of HR transformation, as described in official documents and confirmed by the respondents, are a combination of cost reductions, value-adding, standardisation and control. The control motivation was sometimes described as the primary driver:

“One company” is our motto. Therefore we need to obliterate local support functions like HR. But we also take costs into consideration, of course (HR Director, IC).

This hospital is a loose aggregation of semi-feudal clinics, with local HR managers as spokesmen for their unique needs. This must end. We need common processes, tools and a mind-set where “we” means the hospital and not the clinics. That is our goal (HR Director, HO2).

Four cases (MAN, IC and the two GOs) have established cost reduction targets (in HR costs and/or HR staff). In these cases “adding value” is operationalised/translated as customer satisfaction (where the customers are the line managers). Satisfaction is measured by the use of surveys. In the other organisations, the goals of the project have not been operationalised except for time frames (e.g. the launch date of the centres).

The adopted model in each of the seven organisations includes an HR service centre for transactional service, an expert unit (either separate from or integrated with the common HR centre), and the use of contracts/service level agreements (SLA) to manage the exchange between the HR service providers and their customers. (The customers are the managers and local business partners who are the interface between the line departments and HR, and who provide HR support to the line departments). The model also includes tools and methods for self-service such as telephones and mailboxes (at HO1, HO2 and MUN) or modern IT portals and IT-based tools (at the other organisations). In all cases the model includes a process approach for the delivery of HR service. This approach uses standardised routines that are illustrated as process maps for recurring HR management operations such as those related to recruitment and compensation.

Table II presents an overview of the important characteristics for the implementation of the HR transformation in the seven organisations. As noted above, the organisations adopted a similar model that they adapted separately to suit their individual purposes.

4.2 Adaptations: the service centres and centres of expertise

The service centres with their self-service solution facilities are specific changes in HR transformation. Such service centres, which require re-allocation of both tasks and people, have considerable impact on the daily work of both HR staff and line managers.

Two organisations (IC and MUN) integrated the service centre and the centre of expertise in the same location, while the other five organisations kept the two centres separate. The launch of the centres meant a reasonably rapid and non-voluntary re-allocation of HR staff from local units to the centres (in all organisations). While local administrators have generally viewed this re-allocation positively, former generalists and HR managers who have been transferred to jobs with more specialised and standardised tasks have found the re-allocation stressful. The re-allocation has also meant redundancies of 20-30 per cent in GO1, GO2, IC and MAN. The other three organisations (HO1, HO2 and MUN) have reduced their HR staffs by 5-15 per cent. As a result of such redundancies, a gender imbalance in administrative positions has resulted in six of the seven organisations that are staffed by women only. Physical reallocation has affected more than 50 per cent of the HR staff in all organisations except at the two hospitals. Moreover, three centres have been submitted to the general support offices, with no direct link to the HR director.

Adaptation 1: counter-reactions to/modification of specialisation. Initially, the roles in the centres were narrowly defined. For two reasons, however, as time passed, there has been a tendency to accept or actively promote role overlap and job rotation:

- (1) resistance by HR employees who had generalist roles; and
- (2) the need for functional flexibility.

To former generalists, the jobs in a service centre are not always attractive. In some instances, the service centre management has had to make concessions:

The majority of the people in our centre are former generalist managers who come from the production units. Now we had to make them specialists. It was a tough ride, and after about nine months we were very close to a revolt. I had to take it easy and let the transition take some time. Now we use a model with flexible teams and double competences. It is working well (HR Manager, Service Centre, MUN).

One organisation (IC) experienced the most radical re-allocation from local units to a central service centre. All HR staff members, except the HR Director, were located to a common HR service unit. One manager comments:

The local HR managers, some of whom had specialists and assistants reporting to them, now sit together with junior colleagues who have the same title. Everyone, including myself, take turns in the tele-support. The old dogs don't like it. I think they look at our transformation as degrading to them personally and to HR as a profession. Anyhow, as we are a team now, we can start to face the outer world, our customers, again (HR Manager, IC).

In effect, this adaptation meant a major revision of the original idea of the "three-legged stool".

Adaptation 2: broadening the HR scope. In some cases (HO2, and to some extent IC and HO1), the adaptation meant questioning the borders between HR and other support functions. In HO2, the former Personnel Department became a "HR-OD" Department (HR and Operational Development):

In the re-organisation of our hospital it has become more and more obvious that the quality people and HR must work together. That's why we now have operational development people and logistic specialists working with the HR specialists on team support and leadership development (HR Director, HO2).

This adaptation also means that the HR function has recruited specialists with a professional background in logistics and quality operations.

Adaptation 3: revision of SLAs and customer contacts. The SLAs (service level agreements) between the centres and their customers were never implemented at the two hospitals. Two organisations (IC and MAN) have even been abandoned these agreements. The other three organisations (GO1, GO2 and MUN) have simplified the agreements with longer and “more inclusive” contractual terms between the centres and the line managers. The reason for such contractual adaptations was to reduce costs. One manager explains:

It is too expensive to “play shop” (HR Manager, IC).

For similar reasons all organisations except MUN have decreased or ended the internal customer surveys:

Our CEO ended these surveys. He thinks surveys may be nice work for corporate staffs but are just a burden for the managers. He thinks HR managers should listen to their colleagues in the management teams instead of increasing the work of the staff (HR Manager, IC).

There are indications that “listening to the voice of customer” has become less important. There is an opinion that local customer demands may not be in the best interests of the organisations. According to one manager, the customer is motivated by self-interest:

The customer is king, yes. But the customer is not always right. He thinks about what is best for his little kingdom (HR Manager, HO2).

The models adopted contained formulations about the need for more responsiveness towards the customer in the business unit. Successively, a more overarching perspective became dominant in the adaptation phase.

4.3 Adaptations: the business partner role

Adaptation 1: involvement in process work. Except in one organisation (MUN), the HR business partners’ (HRBP) involvement in process work and process re-engineering has increased. In three organisations (GO1, GO2 and MAN), the centres of expertise are responsible for this task. In three organisations (HO1, HO2 and IC) the HRBPs have this task. At HO1 and HO2, process mapping and process improvement have become obligatory parts of general hospital management. As a consequence, responsibility for continuous improvement of the HR processes is assigned to the HRBPs. One reason for this adaptation was the line managers’ demand for support of organisational change; another reason was the HR Directors’ insistence on governance. These Directors thought the HRBPs were overly prone to advocate the interests of their own departments. As process owners, the HRBPs were expected to work cross-functionally. Initially, the HRBPs were suspicious of this adaptation, as one manager explains:

Many line managers asked HR for this, but the partners thought it was outside their competence. But the basic idea underlying hospital re-organisation is process organisation. Some doctors have begun to ask why the support functions do not apply it to their own processes. ISO and other quality initiatives add to this trend (HR Manager, HO2).

The role of the process owner demands specialist knowledge. In two of the smaller organisations (IC, HO2), the HRPBs have a combined role. In IC, for example, this change in role is confirmed by the name change of "business partner" to "specialist and business partner".

Adaptation 2: the controller function. The HRBPs have become more involved in management control in cooperation with the support functions. A business partner describes the change:

Increasingly we are seen as policemen and spokesmen for the central administration. One main task is to check the staffing and the cost controls. For a year I have worked with a colleague from Finance. Together, we prepare a monthly report for management (HR Business Partner, HO2).

Thus, as in the centres, factors within HR (e.g. resistance from HR staff) and forces outside HR (line managers' and top management's expectations) have caused this adaptation.

5. Discussion

5.1 From Ulrich's ideas to organisational practice

By the beginning of the 1990s some researchers had begun to use the word "transformation" to describe the re-organisation of HR structures and working procedures (Schuler, 1990; Yeung *et al.*, 1994; Beer, 1997). In the twenty-first century consultants and other "carriers of management knowledge" (Sahlin-Andersson and Engwall, 2002) use the metaphor "the three-legged stool" (Reilly *et al.*, 2007) to describe the tripartite structure of the HR organisation that rests on the three legs of service centres, centres of expertise and business partners. Despite this change in nomenclature, the route from theory to practice has not been straightforward.

In their discussion of "travelling ideas", Czarniawska and Sevón (1996) describe the conditions that are required if an idea is to succeed in this journey from theory to practice. An idea must become an object that is easy to identify and describe. Røvik (2000) describes the transformation of an idea as "re-packing". Other authors use the term "editing" (Czarniawska and Sevón, 1996; Sahlin-Andersson, 1996). However it is described, management consultants were in charge in the first phase of this process that adds commercial value to Ulrich's idea of the shared service organisation. They marketed this so-called repacking and editing as "best practice" in modern HR management that produces an unfinished blueprint ready for both translation and local adaptation. Thus Ulrich's ideas have experienced a double translation on their journey from theory to practice.

In addition to a context-relevant translation, the adoption of an idea may depend on its social authorisation. Organisations and their members who are candidates for imitation must be seen as successful. In this study, an example of such mimetic isomorphism, as described by DiMaggio and Powell (1983), is the adoption by the two government organisations of HR transformation based on their imitation of the actions of Swedish MNCs. As one manager explained, referring to such MNCs, "If they adopt an idea, it can't be totally useless". We interpret this situation to mean that there is an external and global, competitive isomorphic driver (Farndale and Paauwe, 2007) to be cost efficient. A second example of this relates to the centralisation initiatives. In all the seven cases of our study, institutional centralisation initiatives had a considerable

effect on the scope and pace of the changes in HR. The transformation of HR resulted in increased institutional standardisation and transparency and more control mechanisms, instead of institutional decentralisation and strengthening of individual business units (see Ulrich, 1997; Maatman *et al.*, 2010). However, we see instances in which firms abandon or simplify SLAs and internal customers surveys in order to avoid the expense and bureaucracy of the HR work. Such simplification may be an example of how external institutional factors are moderated in favour of internal relation factors (Farndale and Paauwe, 2007).

Our study revealed no evidence of national institutional pressure (Farndale and Paauwe, 2007), but we observed more internal organisational factors (competing models, logics and institutional forms) that may have facilitated (as well as complicated) the adoption of the new ideas related to HR (see Schneiberg and Clemens, 2006). For example, the finance departments at five of the study's seven organisations had a shared service structure prior to the HR transformation. Such familiarity and experience with the idea of shared services may have facilitated the adoption of a similar structure in HR.

We observed the important role of the professional networks in the adaptation phase of HR transformation. The networks' attitude (acceptance or resistance) to HR change reflects the normative isomorphism that DiMaggio and Powell (1983) describe. The networks' ambitions and expectations were revealed in the pressure they exerted in the adaptation phase. Not all HR staff members were enthusiastic about the changes in the organisations. Their main concern was their reassignment from generalist roles in local units to more specialised roles in HR centres. As a result of their resistance, the role structures in the HR service centres were modified, and, in some of the seven organisations, in the HR centres of expertise as well. In addition, the business partner role was modified. Of the "three legs" in the HR transformation model, the business partner "leg" experienced the most deviation between adopted model and adapted role. While the translation of the service centre concept was facilitated by its adherence to a universal cost efficiency/best practice logic, the HR business partners were more vulnerable to local demands calling for continuance of old practices and established priorities. Here the result of the translation resulted in variety and divergence, both in the general transformation concept and among the seven organisations.

5.2 Re-distribution of power and status?

According to Ulrich (1997) and Ulrich and Brockbank (2005), as well as consultants, HR professionals use HR transformation to gain greater influence in their organisations. Owing to its exploratory design, our study provides no evidence as to the truth of this assertion.

In three of the study's organisations, the service centres and expert centres now report to the manager of a common support office. Before the HR transformation, they reported to the HR director. In those three organisations, HR specialists have slipped one, two or three levels down the organisational hierarchy. This new structure, which may result in a bifurcation of power within HR and new career possibilities for HR professionals, seems to be detrimental to the staff in the service centres. In two organisations (IC, MUN), the increasing difference in salaries supports this conclusion. This decline in professional status and compensation seems to have a gender aspect

since predominantly it is the women who have been assigned to the lower positions. Women now hold nearly 100 per cent of the service centre positions in the seven organisations.

5.3 *Adoptions, adaptations and innovations*

The HR implementation process has followed similar routes, with variations, in the seven cases. Based upon our findings and inspired by Farndale and Paauwe (2007), we suggest that three routes are possible, as detailed below.

5.3.1 Route 1: adoption with limited adaptation. Adoption of the HR transformation follows the declared intention to establish the three main components of the tripartite model with little or no re-allocation of HR staff. The result is limited change. An empirical example in our study is HO1.

5.3.2 Route 2: adoption and adaptation. Adoption of the HR transformation is followed by an adaptation process that involves major re-allocation and centralisation of HR staff. There is a new division of labour between line managers and HR, as well as within HR. There are successive adaptations of the legs in the model that result in maintaining the integrity of the tripartite structure. Examples in our study are MAN, MUN, GO1 and HO2.

5.3.3 Route 3: adoption, adaptation, innovation. Thorough adaptation of the original model, the former parts of HR are integrated in the new structure. The particularistic relations between specific line units and specific HR staff members are broken. Implementation of new roles and practices transcend the “three-legged stool”. One example in our study is IC, with its service centres and the new role of the “business and specialist partner”. A second example is HO2, where HR and operational development are combined in the same function.

The three routes are not unalterable. When concepts are translated and adapted to local contexts, the content may change in unplanned ways as innovations occur (Sahlin-Andersson, 1996). However, conflicts and historical patterns that block intended steps forward may also lead to solutions.

6. Conclusions

This article compares Ulrich’s ideas about HR transformation with the evidence acquired from the study of seven organisations. We found that, irrespective of the differences in business type, ownership form and former HR structure, these organisations chose the same model to transform their HR function. They used a consultants’ version of Ulrich’s shared service organisation model. However, the journey from blueprint to actual practice for the seven organisations resulted in successive translations according to the local contexts. These translations added variation and colour to both the adoption and the adaptation of the model.

HR transformation does not take place in virgin territory. Prior change initiatives and overarching organisation strategies facilitate or complicate the adoption and adaptation of a new HR model. Similar factors in the trend of organisational HR transformation and in more general corporate governance trends influence the route such transformation takes. As in general corporate restructuring, the HR change process may mean redundancies and, in most of the organisations we studied, a substantive re-allocation of roles among personnel.

We observed several other adaptations in HR transformation. Some adaptations result from the resistance by the HR staff members that affects the process, iteratively rather than linearly. The translation of the HR business partner role to the local context creates roles and practices that are less consolidated compared to the other components of the model. However, the most obvious results of the transformation are the establishment of HR service centres and expert centres, and the resulting standardisation and centralisation of the HR function.

Generalisation from our study is somewhat limited by the small size of our sample. However, our research is strengthened by its study of different organization types that allows for an examination of the influence of both external and forces and dynamics in the HR transformation process. Our results may be of use to both researchers and practitioners, whether involved in the study or in the re-organisation of HR. On a more general level, our study should give us a better understanding of why and how general management models are translated and adapted on their journey from theory to practice.

For future research, we suggest that studies be made using a larger sample that produces quantitative data. One area where such studies would be beneficial is the salary and qualification structure of the new HR roles. It may also be interest to study the change in the ratio of men and women employees, with the associated re-distribution of power, since the HR transformation. We also think research is needed on the assertion that HR transformation is undertaken to enhance the professional status of certain HR professionals.

References

- Beer, M. (1997), "The transformation of the human resource function: resolving the tension between a traditional administrative and a new strategic role", *Human Resource Management*, Vol. 36 No. 1, pp. 49-56.
- Boon, C., Paauwe, J., Boselie, P. and Den Hartog, D.N. (2009), "Institutional pressures and HRM: developing institutional fit", *Personnel Review*, Vol. 38 No. 5, pp. 492-508.
- Boxenbaum, E. and Jonsson, S. (2008), "Isomorphism, diffusion and decoupling", in Greenwood, R., Suddaby, C., Oliver, K. and Sahlin-Anderson, K. (Eds), *Handbook of Organisational Institutionalism*, Sage Publications, London, pp. 78-98.
- Caldwell, R. (2003), "The changing roles of personnel managers: old ambiguities and new uncertainties", *Journal of Management Studies*, Vol. 40 No. 4, pp. 983-1004.
- Chen, H.-C. and Naquin, S.S. (2006), "An integrative model of competency development, training design, assessment center, and multi-rater assessment", *Advances in Developing Human Resources*, Vol. 8 No. 2, pp. 265-82.
- Conner, J. and Ulrich, D. (1996), "Human resource roles: creating value, not rhetoric", *Human Resource Planning*, Vol. 19 No. 3, pp. 38-49.
- Cooke, F. (2006), "Modelling an HR shared service centre: experience of an MNC in the United Kingdom", *Human Resource Management*, Vol. 45 No. 2, pp. 211-27.
- Czarniawska, B. and Sevón, G. (Eds) (1996), *Translating Organisational Change*, Studies in Organisation No. 56, Walter de Gruyter, Berlin and New York, NY.
- Czarniawska, B. and Sevón, G. (2005), "Translation is a vehicle, imitations its motor, and fashions sits at the wheel", in Czarniawska, B. and Sevón, G. (Eds), *Global Ideas. How Ideas, Objects and Practices Travel in the Global Economy*, Liber, Malmö, pp. 7-12.

- DiMaggio, P.J. and Powell, W.W. (1983), "The iron cage revisited: institutional isomorphism and collective rationality in organisational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147-60.
- Farndale, E. and Paauwe, J. (2007), "Uncovering competitive and institutional drivers of HRM practices in multinational corporations", *Human Resource Management Journal*, Vol. 17 No. 4, pp. 355-75.
- Farndale, E., Paauwe, J. and Hoeksema, L. (2009), "In-sourcing HR: shared service centres in The Netherlands", *The International Journal of Human Resource Management*, Vol. 20 No. 3, pp. 544-61.
- Hope-Hailey, V., Farndale, E. and Truss, C. (2005), "The HR department's role in organisational performance", *Human Resource Management Journal*, Vol. 15 No. 3, pp. 49-66.
- Latour, B. (1986), "The powers of association", in Law, J. (Ed.), *Power, Action and Belief*, Routledge and Kegan Paul, London.
- Latour, B. (2005), *Reassembling the Social: An Introduction to Actor-Network Theory*, Oxford University Press, Oxford.
- Maatman, M., Bondarouk, T. and Kees Looise, J. (2010), "Conceptualising the capabilities and value creation of HRM shared service models", *Human Resource Management Review*, Vol. 20 No. 4, pp. 327-39.
- Paauwe, J. (2004), *HRM and Performance: Achieving Long-term Viability*, Oxford University Press, Oxford.
- Paauwe, J. and Boselie, P. (2003), "Challenging strategic HRM and the relevance of the institutional setting", *Human Resource Management Journal*, Vol. 13 No. 3, pp. 56-70.
- Paauwe, J. and Boselie, P. (2005), "Best practices ... in spite of performance: just a matter of imitation?", *International Journal of Human Resource Management*, Vol. 16 No. 6, pp. 987-1006.
- Reilly, P., Tamkin, P. and Broughton, A. (2007), *The Changing HR Function: Transforming HR Research into Practice?*, Report, Chartered Institute of Personnel and Development, London.
- Røvik, K.A. (2000), *Moderna organisationer. Trender inom organisationstänkandet inför millennieskiftet*, Liber, Malmö.
- Sahlin-Andersson, K. (1996), "Imitating by editing success: the construction of organisational fields", in Czarniawska, B. and Sevón, G. (Eds), *Translating Organisational Change*, Walter de Gruyter, Berlin, New York, NY.
- Sahlin-Andersson, K. and Engwall, L. (2002), *Expansion of Management Knowledge: Carriers, Flows and Sources*, Stanford University Press, Stanford, CA.
- Schneiberg, M. and Clemens, E. (2006), "The typical tools for the job: research strategies in institutional analysis", *Sociology Theory*, Vol. 24 No. 3, pp. 195-227.
- Schuler, R.S. (1990), "Repositioning the human resource function: transformation or demise?", *Academy of Management Executive*, Vol. 4 No. 3, pp. 49-60.
- Truss, C., Gratton, L., Hope-Hailey, V., Stiles, P. and Zaleska, J. (2002), "Paying the piper: choice and constraint in changing HR functional roles", *Human Resource Management Journal*, Vol. 5 No. 2, pp. 39-63.
- Ulrich, D. (1995), "Shared services: from vogue to value", *Human Resource Planning*, Vol. 18 No. 3, pp. 12-33.

- Ulrich, D. (1997), *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*, Harvard Business School Press, Boston, MA.
- Ulrich, D. (1998), "A new mandate for human resources", *Harvard Business Review*, Vol. 75 No. 1, pp. 124-34.
- Ulrich, D. (2000), "From eBusiness to eHR", *Human Resource Planning*, Vol. 23 No. 2, pp. 12-21.
- Ulrich, D. and Brockbank, W. (2005), *The HR Value Proposition*, Harvard Business School Press, Boston, MA.
- Ulrich, D., Allen, J., Brockbank, W. and Nyman, M. (2009), *HR Transformation: Building Human Resources from the Outside in*, McGraw-Hill, New York, NY.
- Walker, J.W. (1989), "Human resource roles for the 1990s", *Human Resource Planning*, Vol. 12 No. 4, pp. 55-61.
- Yeung, A., Brockbank, W. and Ulrich, D. (1994), "Lower cost, higher value: human resource function in transformation", *Human Resource Planning*, Vol. 17 No. 3, pp. 1-16.

Corresponding author

Freddy Hällstén can be contacted at: freddy.hallsten@handels.gu.se

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.