

STRUCTURE OF THE HR FUNCTION

Any student use of these slides is subject to the same License Agreement that governs the student's use of the SHRM Certification Prep System materials.

1

Evolution of SHRM and HR

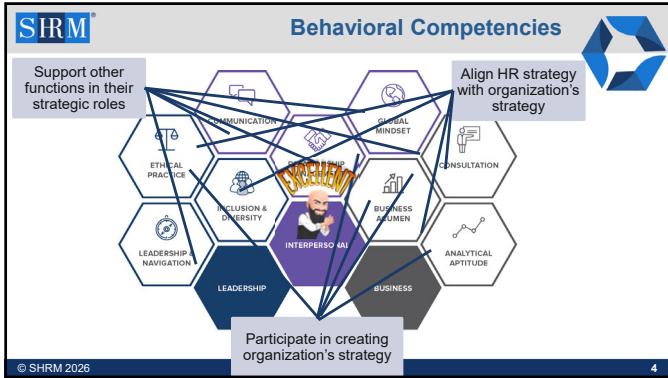
- American Society for Personnel Administration (ASPA) 1948
- Society for Human Resource Management (SHRM) 1989
- World's largest HR professional society
- 300,000 members in more than 165 countries.
- Leading provider of resources serving the needs of HR professionals and advancing the practice of human resource management.
- 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates.

2

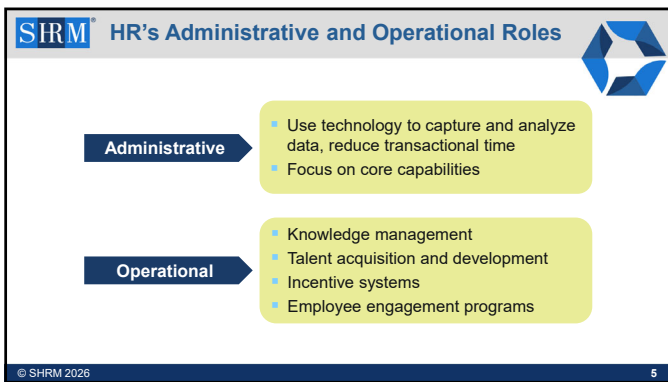
HR's Strategic Role in the Organization

```
graph TD; HR[HR] --> A[Participate in creating organization's strategy]; HR --> B[Align HR strategy with organization's strategy]; HR --> C[Support other functions in their strategic roles];
```

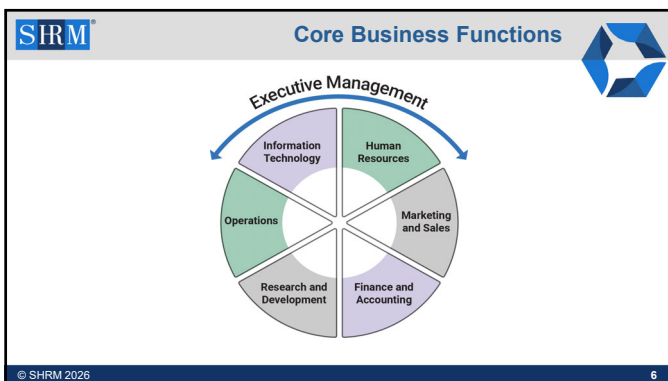
3




4



5



6


SIRM Executive Management 

The C-suite is ultimately responsible for all of the core business functions and their effect on the organization's performance.

- Develop and communicate strategy.
- Monitor and control implementation of strategic and operational activities through control of financial resources.
- Be the primary interface with the organization's stakeholders.
- Lead the organization through a shared vision and the values they model.

© SHRM 2026 7

7

SIRM Finance and Accounting 

Finance

- Supports operations and strategic initiatives through the creation and monitoring of operating and capital expenditure budgets.
- Provides financial analysis used in strategic planning.
- Manages the organization's "treasury."

Accounting

- Focuses on tracking financial transactions and reporting financial information to finance and to external stakeholders.

© SHRM 2026 8

8

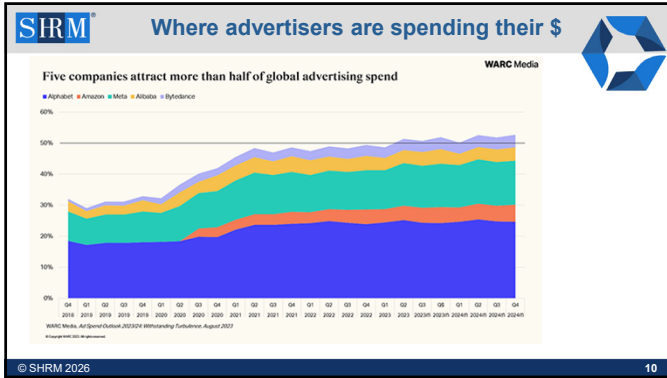
SIRM Marketing and Sales 

Brings in revenue; may be separate functions or together.

<p>Marketing Strategies</p> <p>Often categorized as:</p> <ul style="list-style-type: none"> ▪ "Push"—getting products/ services in front of customers. ▪ "Pull"—attracting customers to the product. 	<p>Sales Strategies</p> <ul style="list-style-type: none"> ▪ Heavily influenced by an industry's customary distribution practices and the company's marketing strategy. ▪ Affects HR needs, including talent acquisition and compensation.
---	---

© SHRM 2026 9

9



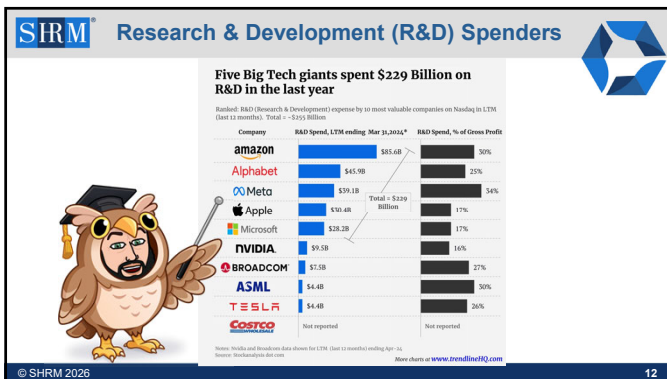
10

SRM Research and Development (R&D)

- Generates future revenue through new product design and development.
- May be conducted in a centralized manner (for example, with a globalized strategy) or implemented in business units so that projects stay focused on customer needs.

© SHRM 2026 11

11



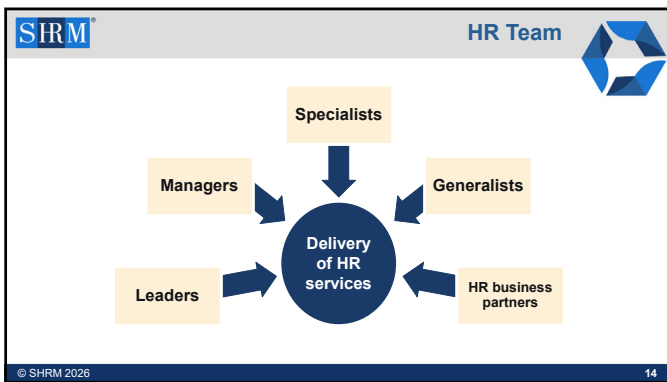
12

SIRM Operations and IT

Operations	IT
<ul style="list-style-type: none"> Develops, produces, and distributes products/services. Concerned with efficient use of resources, quality, environmental impact, worker health and safety. Requires complex logistics and sophisticated planning. 	<ul style="list-style-type: none"> Manages storage, access, exchange, and analysis of organizational data through hardware and software systems. Supports integration of data across enterprise through ERPs. Maintains security and reliability of data.

© SHRM 2026 13

13



14

SIRM HR Structural Alternatives

Centralized

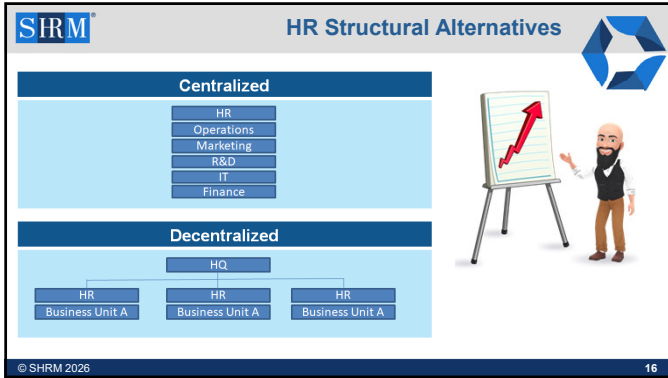
- All HR personnel are located within the HR department.
- Headquarters makes all HR policy and strategy decisions and coordinates all HR activities and programs.
- Helps ensure standardized HR policies and processes.
- Creates efficiencies in delivery of services.

Decentralized

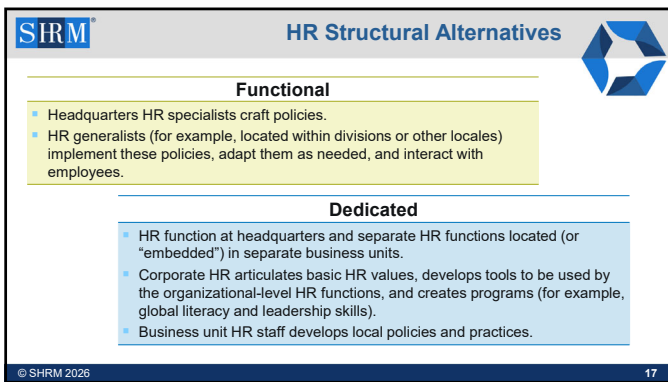
- Each part of the organization controls its own HR issues.
- Strategy and policy may still be made at headquarters, but HR staff within each function, business unit, or location carries out the required activities.

© SHRM 2026 15

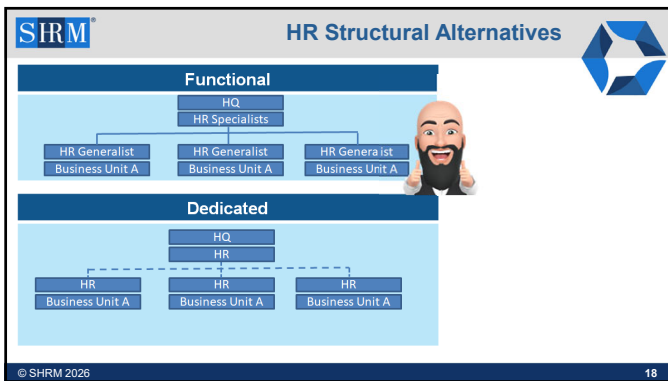
15



16



17



18

SIRM HR Structural Alternatives

Shared Services

- Centers with specific areas of expertise develop HR policies in those areas and then deliver the service to all units.
- Frequently used in organizations with multiple business units.
- Units select what they need from a menu of shared services (usually transactional).

Center of Excellence

- Related to but different from shared service center.
- Aim at leveraging strategic expertise to foster growth and continuous improvement.
- Can be located in a certain facility or be virtual.

© SHRM 2026 19

19

SIRM HR Structural Alternatives

Shared Services

Resourcing Services	Recruiting
Performance Services	Annual Reviews
Learning Services	Training & Development
Reward Services	Comp, Benefits, Payroll
Managed HR Programs	Health, Safety, LOA
Exit Services	Terminations, RIF, Severance, Outplacement

How's it GOIN'?

© SHRM 2026 20

20

SIRM HR Structural Alternatives

Business Partners

- Embedded in different areas of the business.
- Report directly to area managers with dotted line reporting to HR.

Matrix Structures


- Allow for flexibility, resulting in specialized working relationships.
- Unlike business partners, involves reporting through HR senior management positions.
- Requires that expectations are set clearly.

Global Resources

- Refers to the ability to attain support and resources from around the world, often via outsourcing.
- Helps HR avoid the tendency to consider only local issues, but may increase the opportunities for miscommunication or failure to recognize particular cultural norms.

© SHRM 2026 21

21


SIRM **Outsourcing** 

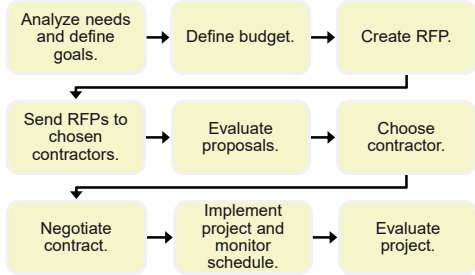
Successful outsourcing/cosourcing depends on:

- Choice of right activities to outsource/cosource.
- Alignment of contractor's performance objectives with strategic requirements.
- Confirmation of contractor's reliability, capacity, expertise, and ethical behavior.

© SHRM 2026 22

22

SIRM **Outsourcing Process** 



```

graph LR
    A[Analyze needs and define goals.] --> B[Define budget.]
    B --> C[Create RFP.]
    C --> D[Send RFPs to chosen contractors.]
    D --> E[Evaluate proposals.]
    E --> F[Choose contractor.]
    F --> G[Negotiate contract.]
    G --> H[Implement project and monitor schedule.]
    H --> I[Evaluate project.]
  
```

© SHRM 2026 23

23

SIRM **Demonstrating HR's Value** 

Benefits of measuring and reporting results include:

- ★ ▪ Reinforcing HR's role in strategic development by measuring the effectiveness of HR strategies and senior management's implementation of those strategies.
- ★ ▪ Identifying opportunities for redirection and improvement through periodic measurement of progress on strategic objectives.
- ★ ▪ Strengthening HR's relationship with internal business partners.
- Supporting future investment in HR programs.

© SHRM 2026 24

24

SIRM **Balanced Scorecards**

Balanced scorecards help support a clear line of sight from strategic goals to strategic performance.

Effective balanced scorecards:

- ✓ Contain accountability and measurable results.
- ✓ Are valid (requires understandable measures, metrics, and targets that are aligned to an objective and supported by solid data).
- ✓ Contain only measures that are most important to the objective and the organization's strategic plan (for example, measures must result in actionable items).
- ✓ Focus on results.
- ✓ Are carefully planned and executed.

© SHRM 2026 25

25

SIRM **Sample HR Metrics**

Absence rate	Accruals	Applicant yield ratio	Cost per hire
Customer satisfaction	HR staff per full-time employee	Human capital ROI	Human capital value added
Key talent retention	Promotion pattern	Success ratio	Training ROI
Transfer	Turnover costs	Turnover rate	Vacancy costs

© SHRM 2026 26

26

SIRM **Types of HR Audits**

- Compliance
- Best practices
- Strategic
- Function-specific

© SHRM 2026 27

27

