Human resources division transformation in the banking sector: the implementation of the ‘three legged stool’

Ioannis Theotokas*

Research in Shipping and Port Management Laboratory (ReSHIP),
Department of Shipping, Trade and Transport,
University of the Aegean,
2a Korai Str. 82100, Chios, Greece
Email: gtheotokas@aegean.gr
*Corresponding author

Nicholas Kapantais

National Bank of Greece,
Group HR Division,
2nd Floor Office 103, 10559 Athens, Greece
Email: nickapantais@ath.forthnet.gr

Abstract: The management of people has not always been considered an important aspect of an organisation’s success. Lately, companies have realised that the only asset that cannot be imitated is the employees. Consequently HR is expected to contribute, more now than ever before, towards achieving a sustainable competitive advantage. To that end, more and more companies have adopted Ulrich’s model or “the three legged stool”, as the latter has been named after the use of three main pillars that depict the roles of the model. This study analyses the successful adoption of the model by a Romanian bank. It describes the process and highlights possible best practices by providing a process-map and encapsulating some thorny issues raised during the process of change.

Keywords: human resource management; HRM; three legged stool; HR transformation process; HR change process; HR business partner model; Ulrich’s model results; Romanian banking sector.

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Biographical notes: Ioannis Theotokas is a Professor at the Department of Shipping, Trade and Transport of the University of the Aegean. He has a background of economics and specialises in shipping management. He received his PhD from the University of Piraeus in 1997. His research interests include topics in management, human resource management and strategic management applied to shipping business. He is the co-author (with G. Harlaftis) of the book Leadership in World Shipping. Greek Family Firms in International Business (Palgrave, 2009). He has published over 35 papers in academic journals and edited books.

Nicholas Kapantais is the Head of the HR Business Partners Department,
1 Introduction

Human resource management (HRM) as a term, although its conception is dated back in 1954, came forth in late 1980s early 1990s. Since then its correlation to the traditional personnel management has been a centric debate. In the last decade, following the tremendous developments in technology and the globalisation of the economy, the already competitive business environment has become even harsher. The organisations today need more from the HR function than what they demanded 20 or 30 years ago. The function must prove that it adds value to the business. In order to achieve that, HR division should focus on the result rather than the process.

There are many arguments on how this can be achieved. One of the most prevalent proposals pertains to Ulrich’s model (Ulrich, 1997, 1998; Ulrich et al., 2009, 2008): it is a model dealing with the transformation of the traditional personnel division to a real business partner that contributes to business sustainability and participates in the strategy formation process offering valuable insights. Indeed there are a lot of organisations that have adopted successfully the model. This, however, does not imply that there is no controversy on its value-adding capability.

This paper deals with the preconditions for the business transformation and presents the implementation process of the three legged stool model. We deem that presenting this process of change in an organisation is of great interest, since we have not been able to find anything similar in the literature so far, let alone something bearing on an Eastern European Bank. In the following section the basic concepts of the model and the criticism it has received are depicted briefly. The third section focuses on the methodology of the study. In the fourth section the case and the process of the implementation of the model are presented, whilst the fifth evaluates the project and the results. The final section includes the conclusions and the limitations of the study.

2 Ulrich’s model

Dave Ulrich has been the major champion of a new operating model which, as it is argued, facilitates the transformation of the HR function into a real business partner. Actually, this model represents his answer to the question “How can HR create value and deliver results?” [Ulrich, (1997), p.vii].

Ulrich acknowledges the HR practices as the cornerstone for achieving competitive advantage through creating critical organisational capabilities, which will help the organisation to be distinguished from its competitors. To that end, the focus of the HR practitioners should be moved from the activities and roles to the deliverables expected by the organisation.
Since its introduction, the model has been the benchmark for many HR divisions across the economic sectors (see for example Reilly, 2008; Yusoff and Abdullah, 2008; Grossman, 2010; Van De Woestyne et al., 2010; Woodward, 2011; Fox, 2012; Rafat et al., 2012; Afouni et al., 2013; Mamman and Somantri, 2014). According to Ulrich’s model, the HR professionals have to focus on both, strategic and operational aspects, irrespectively to what the target of their activities each time may be, people or processes. Additionally, he argues that the wrong attitude of the HR division in the past has prevented the function from being considered as a professional activity. This attitude stemmed from the following myths:

- people go into HR because they like people
- anyone can do HR
- HR deals with the soft side of a business and is therefore not accountable
- HR focuses on costs, which must be controlled
- HRs job is to be the policy police and the health-and-happiness patrol
- HR is full of fads
- HR is staffed by nice people
- HR is HR job.

HR, as Ulrich argues, should adapt to the new reality and address effectively and efficiently the company’s demands. Consequently, the HR professional should master the theory and practice so as to be able to create and implement the appropriate tools. The contribution of the HR division to the results of the company should be measured in financial terms and, more specifically, it should be judged by the value it adds instead of the cost it reduces.

More importantly, however, the HR professionals have to make line managers accept that the HR is as important as the other business domains are. Additionally, they have to stop acting simply as HR officers and start demonstrating competencies that contribute to the achievement of competitive advantage (Wright and Snell, 2005). In light of the above, HR professionals should become the assistants of the line managers in implementing HR policies and tools and avoid being just the compliance watch-dogs. The focus should be on helping line managers with people issues, providing them with the appropriate tools and support, the effectiveness of which is going to be evaluated at the end of the day. In order to achieve that, HR has to abandon the jargon used and embrace the authority that should have clothed the profession. In consideration of the above, the roles and actions, which are expected to be embraced simultaneously by the HR professionals, are the following (Figure 1):

a. Management of strategic HR. The HR professionals are expected to deliver on the execution of the strategy, to become a ‘strategic partner’, who, based on an organisational diagnosis, translates the business strategy into HR priorities and practices.

b. Management of firm infrastructure. They must manage efficiently administrative jobs, such as staffing, training, appraising, rewarding etc. Although HR employees recently tried to disclaim this role in favour of a more strategic one, the former is still the cornerstone on which the credibility of HR function is to be rebuilt. The developments in information technology field allowed such activities to be dealt with in a more centralised and standardised way, creating thus economies of scale. As a result the ‘shared services’ pattern emerged during 1990s.

c. Management of employee contribution. Nowadays, when restructuring and downsizing have almost destroyed the traditional psychological contract between the organisation and the employee, HR specialist is expected to enhance employees’ commitment and contribution. The latter have been proven to be the case when employees’ needs are met by the organisation. Therefore, HR staff should become an ‘employee champion’ and devote time to personal meetings with employees. They must listen, respond, address employees’ issues, help them with possible difficulties and inspire other managers to do so as well.

d. Management of transformation and change. The capability of the organisation to change must be increased. HR professionals should aim at tackling problems, building commitment to change and helping employees adapt to a new culture. Challengingly, the rhetorical of the need for change has to be based in the past, which should not be diminished and devalued.
An initial mismatch between theory and practice (Kenton and Yarnall, 2010) led Ulrich and Brockbank (2005) to revise the model by adding the role of the ‘HR Leader’. This role distinguishes the more senior HR professionals but also encapsulates the very important aspect of leadership, which is connected and related to the other four roles, too.

2.1 Model’s criticism

The Ulrich model, as already analysed, has been extensively presented and implemented in various business sectors. However, the model has also received criticism from practitioners, who declared that business partnering had not worked in their organisations (Peacock, 2008b). The main allegation is that, although the model requires business savvy professionals, the profession has not developed adequate number of executives with such attributes (Peacock, 2008a, 2008b). This seems to be caused by the difficulty of HR executives to adapt to the new role, due to their focus on administrative activities. This lack of business acumen is further harshened by the inappropriate reimbursement for attaining the new skills required by the new role (Hird et al., 2009).

Undisputedly, there must be cases where the model did not deliver what had been expected. In fact, Ulrich et al. (2009) report at least 30 reasons, for which successful transformation could be impeded. Nevertheless, the criticism seems not to focus on the model itself; it is focused rather on how the transformation is perceived and, at the end of the day, how it is implemented by each organisation. Undeniably, the most important aspect of a change should be the expected outcome rather than the implementation of the transformational activities themselves, according to Ulrich et al. (2009, p.6), who states that:

“[t]ransforming HR professionals into business partners, isn’t an end in and of itself; it’s the means to a strategic, business-oriented end.”

3 Methodology

The research method that was chosen to be implemented is the case study. The meaning of the term is arguably quite vague: it is used not only as a way of teaching, but also as a research method via which the researcher collects and documents the evidence from the field (Dyer and Wilkins, 1991; Eisenhardt, 1991; Remenyi et al., 2002, Stablein, 2006). Cohen et al. (2000, p.79) argues that the case study is intended to portray, analyse and interpret the uniqueness of real individuals and situations through accessible accounts and to present and represent reality.

In light of the above, we collected the data via various ways, quantitative and qualitative ones. Being a member of the project team allowed developing first hand insights based on observation, interviews and meetings with the stakeholders and involved parties, as well as on hard data, wherever applicable. Aiming not only at shedding light on the particular case, but also at developing generalisations, we tried to reveal underpinning ideas and concepts as well as the relationships between them.
4 The case

4.1 The case analysis: the X-bank-organisation diagnosis

The X-Bank was established in the early 1990s and a decade later it joined the group of a renowned Greek bank. Its network, from 25 branches at that time, was extended to 151 by December 2009. Nevertheless, the economic crisis and the austerity in Greece, which affected the parent company, resulted in several redundancy programs that downsized the branch network to 134 branches.

The journey of Romania towards a market-driven, unguided economy started after 1989 and resulted in serious economic difficulties and finally in an economic recession, which called for extensive reforms (Mocanu and Mares, 2005). The country’s accession to NATO in 2004 and the treaty with European Union in 2005 were the motivators towards them (Mocanu and Mares, 2005). At that time, most of the banking sector related assessments suggested that there were significant growth potentials (Tyler, 2007). Indeed, the private sector loans to GDP amounted at 21%, as opposed to 115% of the European mean (Spiro, 2006). By the end of 2006 the foreign capital possessed almost the 80% of the Romanian banking sector with Austria, Greece, Netherlands and Italy, in descending order, as the main foreign investors. For the aforementioned reasons, Romania’s banking sector provides a very interesting context for examining HR initiatives.

In late 2010 a team from Group HR Division, led by senior officers, paid the X-Bank a visit with a view to conducting an organisation diagnosis, which surfaced the bad cooperation that the HR division had had with the business line divisions. The former seemed to be self-restricted in executing solely the traditional, administrative aspects of its role, while its employees seemed to be protocol-driven rather than business-driven causing considerable delays.

Figure 2  HR division organisational chart in 2012 (see online version for colours)
At the same time, the challenges faced by the bank were getting bigger and bigger. The ‘big-bang’ of the local banking sector resulted in a high demand for skilful and experienced employees, who were very scarce partly due to the brain-drain, which had taken place in Romania before as well as after its official membership to European Union (Tyler, 2007). Moreover, retaining the bank’s few talented employees has become such a fierce exercise for HR division due to the economic environment in Greece, the inadequate induction training and the several redundancy programs held during the last years.

All the above-stated points had been jeopardising not only the corporate culture of the X-Bank, but also the level and the kind of competencies available, affecting detrimentally the competitiveness of the company.

At that time the HR division of the X-Bank comprised four sectors (Figure 2):

- The payroll and personnel administration sector, which monitors the implementation of the related processes and secures the compliance of all HR activities with the legal norms. It is responsible for reporting towards the management of the bank or the local regulatory authorities and represents the contact point with the Central Bank of Romania. The sector deals, also, with all issues pertaining to the expatriated officers and it is the only one out of the four sectors, which is actively involved in the X-Bank’s budgeting.

- The recruitment sector is responsible for the related function up to the point of short-listing the top 5–6 candidates with the final interview and the hiring decision resting with the pertinent line manager’s responsibility. There are instances, especially at branch network, where the short-listed candidates by the HR division are not taken into consideration and HR deals solely with the paper pushing aspect of the hiring process.

- The training sector strives to provide the organisation with up-to-date training with a very restricted budget, which could be characterised as inadequate. It is also responsible to develop, implement and evaluate the training curriculum according to the business plan of X-Bank. Surprisingly, the training needs documented during the performance evaluation process, are neither analysed nor taken into account.

- The development sector is in charge for implementing and monitoring the performance appraisal procedure as well as any employee development plans. It is also accountable for the internal communication, job titles/job descriptions, performance management, career paths, succession planning, and employees’ grievance process.

The aforementioned delegation of responsibilities amongst the sectors led to obvious dysfunctions affecting the business line. However, although business line managers were not satisfied with the contribution of the HR division to their day-to-day workflow, at the same time they contributed to that trend by overlooking/ignoring its strategic, even as a potentiality, role.

The analysis conducted by the team revealed four major reasons, which supported the decision for transforming the division:

- The strict legal and regulatory framework that remained highly complex even after the ‘aquis communaire’ adoption.
• The tendency of the HR division to focus solely on being compliant with the legal framework. Thus it was seemed to be averse to change and risk-taking, especially under the fear of becoming the scapegoat. For instance, despite the devastated need for a flexible and quick hiring procedure, the HR was not even considering to change the policy, which provided for six executives to review the actual need for even a budgeted position.

• The existing delegation of the responsibilities within HR seemed to be desultory and not focused on business needs. It is suffice to say that all the sectors were involved in designing policies and procedures, whilst none of them had actual business insights.

• The senior managers, who considered HR division as a cost-centre dealing with administrative issues without value to the company. As a result, suggestions regarding the outsourcing of the functions had been brought on the table.

What is more, the tendency of the business line to mis-implement selectively basic HR policies and procedures was documented. Such an attitude either could have stemmed from the need to be flexible and immediate in dealing with the specific issues, or could have been attributed to the belief that HR creates more problems than solutions.

4.2 Project planning

4.2.1 Team formation

Based on the aforementioned findings, with a view to transforming the division into a strategic partner, the reorganisation of the HR division by adopting Ulrich’s model was decided. The project team was formed with a view to securing the support and embracement of X-Bank’s employees. Therefore, almost all the stakeholders were represented in the team, which constituted from the following members:

• the director of the group’s international HR division
• the excellence centre of the parent company
• the group’s HR business partner embedded to the X-Bank
• the local HR head
• the local sector supervisors
• the local top management
• the local senior management responsible for branch network.

The team formation revealed the intention to use the cumulated experience of the parent company and to involve to the greatest feasible extent the local executives, including the senior management supervising the business line divisions, so as to ensure that the perspectives of the internal customers would be taken into account. The engagement of the first line management could possibly have caused unnecessary delays and tensions due to the ongoing redundancy program and thus was avoided.

The top management’s involvement was deemed as the basic prerequisite for the success of the project. It was believed that having its endorsement would highlight the
importance of the required change. Therefore, the project team, before anything else, presented the business case to the top management.

Once that crucial support had been secured, the business environment, the quality of the local HR staff and the needs of the business line according to the aired strategy were scrutinised with a view to depicting the desirable deliverables.

The vast majority of HR employees at X-Bank were not satisfied with the level of appreciation they were enjoying. They were convinced to provide their support since the project was a great opportunity to change that status.

Still some of them were not quite sure whether such transformation would be beneficial. Not surprisingly, those who expressed such a point of view used to cope with the administrative aspects of the function; such services were very highly appreciated by the rest of the business not only because they had been of high quality and functioned seamlessly, but also because they had not intervened in how the line managers had been handling the personnel issues. Such a difference in the level of appreciation enjoyed by the sectors had led to the formation of silos in HR with all the attendant implications, whose analysis lies far beyond of the scope of this paper.

In light of the above, the challenging task of engaging the employees of the Department took place via the following initiatives:

- by underling the importance of the delivered services for the success of the new operating model
- by stressing the strategic role of the pertinent employees, who will be responsible for analysing the functions performed and proposing possible developments
- by bringing in-house the payroll function signalling that way that the bank believes in their competence and secures their jobs.

4.2.2 Proceeding with the further steps

According to the three legged stool model, three departments with overtly distinctive responsibilities were introduced, namely the HR Services Department, the HR Excellence Department and the HR Business Partnership Department (Figure 3). Right upfront it was made clear that all departments were of equal importance, that their functions had to be integrated under the umbrella of a solid product, namely the services provided to the business and therefore the cooperation amongst them should be enhanced. To that end, even the slightest indication of silo formation had to be eliminated radically.

**Figure 3** HR division organisational chart since 2013 (see online version for colours)
In view of the above, the design of a detailed functional description and the transfer of employees from one department to the other were implemented. It goes without saying that such transfers were based on each employee’s knowledge, skills and abilities. Via the new design we needed to make the transition of HR obvious: from appearing as the experts, the policy makers and policy watchdogs, to representing the link between culture, strategy, people and results.

4.2.3 The role of new departments

Under the new model, the service department is responsible for the administrative aspects of HR’s role. In our case it used to be responsible for keeping employees’ registry, reporting and cooperating with the payroll provider. It turned out that transforming the specific department was the most challenging task, for the change was not supported by ‘tangible’ alterations to the practices implemented in their day to day work: rather the change was about employees’ mind-set. For instance, registry was and will continue to be one of the transactional services provided by the department. But now, even the flawless, of high quality services should be challenged in light of the business needs.

The excellence department is responsible onwards for designing and developing the HR processes, policies and procedures. Until then, all the four sectors had been involved, on a case by case basis. Owing to each participant’s endeavour to secure its sector’s importance, this practice had led to the creation of extremely bureaucratic policies and procedures. The department is expected to have a close collaboration with the other two, mainly with business partner department, not only in designing and implementing the right tools but also in diagnosing business needs.

The third department, the business partners department, comprises the officers who are going to interact face-to-face with the internal clients. The introduced role of the business partner comprises the responsibility to act as an advisor to employees providing them with useful insights and expertise, to help in designing as well as implementing the policies and procedures, to cooperate with the other two departments providing them with insights and making proposals in order for the HR division to deliver value adding services. The question pertaining to whether the business partners, who were going to be responsible for the branch network, should reside at a branch or at headquarters was answered by opting for the second option, which considered as clothing the role with ‘special weight’. Especially regarding the top and senior management, the head of the HR division was appointed as the pertinent business partner; a less senior officer could possibly be neglected by his hierarchically superior clients, and, therefore, the role could be nullified ad hoc.

4.3 Project implementation

A high level work flow of the project is presented in Figure 4; however the most crucial steps have indisputably been the following:
Communicating the business case. A workshop on the operating model was held at headquarters in Greece and it served as the kick-off meeting of the project. The place of the workshop was intentionally selected in order to stress the importance had been vested by the mother company. The achievements of the HR divisions of the group affiliates that had implemented successfully the specific model and the appreciation they enjoyed by the business lines turned to be a huge motivator for the employees of X-Bank, who, even implicitly, as we have already mentioned, had been looking for such a change.

Staffing the new departments. The appropriate staffs with the necessary competencies were sought. The aforementioned stage was quite crucial provided the following limitations applied on the selection process:

- The legal framework. The company could not dismiss an employee, whose performance had been assessed as ‘adequate’ or above. It was not allowed even to delegate different duties without his/her consent
- The ongoing redundancy process. It deprived the division from recruiting either from inside or outside the company, due to the fact that any available position, according to the law, should be offered first to the employees becoming redundant.
The absence of internal job ladders. Consequently, all of the HR employees had not worked in other positions and therefore they lacked business acumen.

Following that and taking into account the entailed training cost, the staff were allocated by the group divisions in cooperation with the X-Bank HR Head, among the three departments.

c Dealing with training issues. It is sufficient to say that the employees responsible for developing the training courses were not in a position to provide basic information on the operating system used by the tellers. With a view to tackling this weakness, each employee spent almost ten business days observing, asking questions and participating to the daily activities of two different branches. At the end of the program, they sat for an exam. The questions were developed by the pertinent first line divisions and the results registered with their personal files.

The satisfactory outcome of this on-the-job training led to a new 40 consecutive business hours program involving only the staff of the HR Business Partnership Department. This time it was more focused on the implementation of the HR practices as well as their evaluation by the employees.

In addition, all the employees of the HR division participated in training organised by specialised vendors on a wide array of subjects varied from labour legislation, to Romanian employees’ cultural attributes, to information technology, to negotiation skills, to effective communication skills, to employees’ relationships issues.

d Going live. The initiation of the new operating model was communicated via presentations on the prospect benefits of the model organised by the head of the HR division for the executive committee. A second presentation was addressed to the heads of the divisions of the X-Bank, as well as the regional managers, who were going to be the main conduit via which the information were going to disseminated throughout the organisation. The general manager was present at both events encouraged the participants to pose questions and put forth their thoughts. An open letter was sent by the general manager himself to all the employees through the internal communication channel of the bank informing them about the developments on the new operating model of the HR division.

4.4 Results

The transformation process described above resulted in changes in the responsibilities of the HR. More specifically:

• HR planning and management: the development of the HR strategic plan as well as the proactive consultation on the implementation of policies and procedures are now introduced.

• Career development and employee satisfaction/engagement: for the first time as well the HR division is responsible to establish clear career paths for the employees and to provide top management with metrics on the working climate and suggestions for its improvement.
Staff retention: the related responsibility used to rest with line managers solely. Currently, the division is additionally involved in talent spotting and motivator mapping. The issue is expected to be dealt with in a more solid, coherent and organised manner henceforth.

Some of the functions were enriched substantially with further responsibilities, with a view to improving the contribution of the HR division into the day-to-day activities of the company.

Organisational development: the HR division becomes responsible for the performance of the bank and for facilitating change. Rather being the book-keeper of the organisation it actively seeks to become a trusted consultant.

Recruitment and selection: the contribution of the division is now more strategic: it is shouldered with monitoring the market, planning recruiting needs, training and consulting line managers on the recruitment process.

Employees’ appointment, internal transfers, promotions and exits: until then the line managers made all the related decisions and the HR was coping with the administrative part. The latter, henceforth, is going to get involved in such decisions based on the insights acquired through its interaction first line.

Performance management: the consulting role of the HR division secures the rightful implementation of the process and its correlation with other HR systems.

Training: the training needs analysis is now expected to be conducted in a more thorough and complete manner.

Remuneration: The division onwards is responsible for establishing a grading structure of the jobs in the bank. Moreover, based on its business insights and the market data analysis, it is expected to recommend any modifications deemed proper.

Additionally the ‘getting rid of’-process for administrative functions performed by the HR although they had nothing to do with it, apart from freeing valuable resources served as a sign that the administrative, paper-pushing era of the division, had ended.

Generally, the perspective, under which even the ‘administrative’ activities are carried out, has changed. The following ‘commands’ entail its essence:

- get business insights: without them you will never be properly guided
- monitor the market: without such data you will never know where the organisation stands
- master administration processes: without it you will lose your credibility and will not be able to approximate your internal clients
- be proactive: without it you will be change-led instead of leading change
- challenge constructively: without it your services will eventually become obsolete
- be exemplar: without it you will never be persuasive and inspirational.
5 Evaluation – lessons learnt

The project lasted from January 2012 to December 2013. It could not have been shorter, due to the volatile business and the concurrent redundancy programs. Moreover a sufficient period of time should be allowed for the transformation to be absorbed by HR employees. On the other hand, every change has its own dynamics, which could be diminished if an extended project timeframe is adopted instead.

In any case, the support from the top management seems to be the most decisive factor and affects heavily the outcome of the project, especially when it comes to dealing issues such as the ‘natural’ resistance to change, the strict legal framework and the vested interests of the stakeholders.

For the HR staff, acquiring sufficient business acumen is of utmost importance. It is a crucial competence needed for dealing with the front line employees. Even a minor signal that the ‘guy from headquarters’ cannot understand the front-line due to insufficient awareness is enough to cause irrevocable damage to the model. In our case the on-the-job training provided seems to have positive results.

The communication of the new model is equally important, as well. In the X-Bank the model was introduced by presentations addressed first to top management and gradually to more junior officers in the presence of the general manager of the bank. The latter were going to convey the new role of the HR to their subordinates throughout the organisation.

The impact of the implementation of the new model is going to be appraised in the long term. Nevertheless, the first attempt to evaluate the model took place five months after its official adoption. According to the findings it seems that HR’s contribution to business results is now attracting the attention of the management of the bank.

More specifically, several interviews with members of the top and senior management team, as well as some branch managers were conducted. Their assessment on the new way that the HR approaches the issues raised by the business line was positive. According to them, its knowledge of the company’s operations has been enhanced and more importantly it shows a willingness to see things in a different perspective compared to the past.

Figure 5 Evaluation (see online version for colours)
Additionally, we decided to administer the questionnaire, which has been developed and proposed by Ulrich et al. (2009) with a view to assessing the readiness for implementing the model, as a tool for evaluating the results of the project. Thus the questionnaire was sent to 15 officers, all of whom were members of top and senior management team, with 11 of them to respond, which gives a response rate of 73.3%. The results (Figure 5) are very interesting and provocative for further actions. Nonetheless, the striking findings are considered the following:

- The business case for transformation seems to be fulfilled by 70%, achieving the best score. Especially the business acumen of the HR staff was appraised to be 73%. Those figures alone could suffice for considering the project successful, especially when bearing in mind what the initial organisation diagnosis showed.

- The HR division design is the second best rated area with a rate of fulfilment of 64%. Again the business line’s perception of the HR staff’s ability to translate the strategy in actions was rated 69% and the ability to distinguish transactional from strategic tasks evaluated to 67%. The score of this area could have been even better, if the HR division’s headcount had been perceived as merit by more than 56% of the sample.

- In contrast, the area that seems to need further attention bears on line management engagement (59%). It is believed that this finding is a remnant of the past and it is going to be eliminated gradually as the HR division implements its action plan under the new philosophy.

- The lowest score, 57%, is recorded in HR practice design. Especially the integration of HR practices is evaluated as low as 47%, enjoining the worst appraisal. Taking into account that the policies and procedures review was still on going when the data were collected, this result is absolutely justified and in line with what the initial organisation diagnosis revealed. Again, this rate is expected to be increased as the practices are reviewed and integrated.

Moreover, after just one year of the model’s adoption the data are considered quite promising. The average hiring cost dropped by 23%, as much as the average recruitment interim did. Moreover, the newcomers’ turnover (within the first 12 months) dropped significantly by 27%, whilst the training hours per employee rose by 12% on an annual basis. The lost days (days of absence other than the annual leave) were diminished by 9% and, most importantly, the productivity per employee raised by 47%.

6 Conclusions

The purpose of this case study is to depict and analyse the successful adoption of Ulrich’s model in the Romanian banking sector. Furthermore, the study highlights possible best practices, to provide a process-map and encapsulate some thorny issues raised during the transformation process.

Since the introduction of the model by Ulrich in 1997 a lot of papers have been published on pros and cons of its implementation trying to evaluate its contribution to the business results. This is probably the first time, since we have not been able to locate any similar study, that a successful transformation process is described thoroughly in an endeavour not only to highlight some possible best practices, but also to address the
problematic situations, which may arise. Moreover, the framework and the environment into which the transformation has taken place (a financial firm of an East European country in a transition towards full EU membership) as well as the metrics, which have been implemented for the evaluation of the outcome, makes the contribution of this case study of utmost importance.

We approached the topic via this case study taking advantage of being a member of the project team and we collected the data via qualitative and quantitative means. According to those data, the implementation of the three legged stool seems to be quite fruitful. Not only the business line directors seem to notice the new mind-set of the HR division, but also positive, beyond any reasonable doubt, quantitative indicators are evident.

The major limitation of the study is at the same time the aforementioned advantage: being a member of the project team may have resulted in bias, despite our tireless efforts towards adopting an objective and critical approach.

Undisputedly, further research is required before one could argue in favour of the generalisability of the findings. It would be extremely interesting to see whether the afore-mentioned steps can be implemented in the same context with similar results. Also, it could be challenging to find out if the process can be followed by a company in another sector and/or country and whether the same issues arise to the same extend.

This case study is another step of a long endeavour of HR not only to obtain a seat but also to bring to the C-suite table fruitful insights and expertise on the most valuable asset of any company: its people. Is Ulrich’s model the answer to the question whether the HR division is able to deal with the needs of the organisation in an effective and efficient way, contributing to a sustainable competitive advantage and affecting the economic results by its contributions to strategy formation? The jury is still out, but, as we deem, not for long.

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