

Cost Benefit of Hybridization of HR Function for Future Work – Implications for HR Practitioners

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Abstract

This paper examines the cost-benefit analysis of hybridizing the HR function for future work and its implications for HR practitioners. With the changing landscape of work and the increasing importance of technology, organizations are exploring ways to optimize their HR functions to remain competitive. Hybridizing the HR function involves integrating technology and automation into traditional HR practices to improve efficiency and effectiveness. Through a review of existing literature and case studies, this paper evaluates the potential benefits and costs of hybridizing the HR function and discusses its implications for HR practitioners. The findings suggest that hybridization can result in significant cost savings, increased productivity, and improved employee experience. However, it also highlights potential challenges and cost associated with its adoption such as resistance to change and the need for upskilling HR practitioners. The paper concludes with recommendations for HR practitioners looking to adopt a hybrid HR model in their organizations.

Keywords: Hybridization of HR Functions, Future of Work, HR practioners, Cost-Benefits Analysis

1. Introduction

The role of Human Resources (HR) has evolved significantly over the years, and with the advent of technology and changing workforce demographics, the HR function is expected to undergo further transformation. HR practitioners are increasingly being called upon to play a strategic role in organizations, with an emphasis on driving business outcomes and enhancing employee experience [1]. Moreover, the proliferation of digital technologies has led to a greater emphasis on automation and data analytics in HR functions [2].

In response to these changes, organizations are exploring ways to optimize their HR functions to remain competitive. One approach gaining traction is the hybridization of HR functions, which involves integrating technology and automation into traditional HR practices [3]. Hybridization is aimed at improving efficiency, enhancing employee experience, and enabling HR practitioners to focus on more strategic tasks that add value to the organization.

There is growing interest in hybridizing the HR function, with several organizations adopting this approach. For example, IBM's HR function has embraced a hybrid model that leverages technology to automate certain HR tasks, while reserving more strategic tasks for HR practitioners [4]. Similarly, Unilever has adopted a hybrid HR model that integrates digital platforms, data analytics, and automation to improve efficiency and reduce costs [5].

Despite the growing interest in hybridizing the HR function, there is a need to evaluate its cost-benefit implications and its impact on HR practitioners. This paper aims to address this gap in the literature by providing a comprehensive review of existing research on the cost-benefit analysis of hybridizing the HR function and its implications for HR practitioners.

2. Conceptual Relevance of Hybridization for Future of Work

The concept of hybridization, as it relates to the HR function, refers to the integration of technology and automation into

traditional HR practices [6,7]. This approach is gaining traction as organizations seek to optimize their HR functions and adapt to the changing landscape of work [8]. This literature review examines the conceptual relevance of hybridization for the future of work and its implications for HR practitioners.

Hybridization of the HR function is rooted in the broader concept of digital transformation, which involves the integration of digital technologies into business processes to improve efficiency, productivity, and competitiveness [9]. The adoption of digital technologies has resulted in a fundamental shift in the nature of work, with a growing emphasis on automation, data analytics, and artificial intelligence (AI) [2]. In this context, hybridization of the HR function is seen as a necessary step towards digital transformation and a means of enhancing the effectiveness and efficiency of HR practices [3]. The conceptual relevance of hybridization is further supported by the changing nature of work and the expectations of the modern workforce [10]. The rise of the gig economy and remote work has led to a more dispersed and diverse workforce, which presents new challenges for HR practitioners [11]. Moreover, the expectations of the modern workforce have shifted towards a more personalized and flexible approach to work, which requires HR functions to be more agile and responsive [12]. Hybridization of the HR function is seen as a means of addressing these challenges by enabling HR practitioners to focus on strategic tasks that add value to the organization while automating routine and administrative tasks.

However, the adoption of hybridization also presents certain challenges and implications for HR practitioners. One potential challenge is resistance to change, as some HR practitioners may be reluctant to adopt new technologies [13]. Moreover, the adoption of hybridization requires HR practitioners to possess new skills and competencies related to technology and data analytics [12]. This highlights the need for HR practitioners to upskill and reskill themselves to remain relevant in a rapidly evolving workplace. In conclusion, the conceptual relevance of hybridization for the future of work is clear, as it represents a necessary step towards digital transformation and a means of enhancing the efficiency and effectiveness of HR practices. However, the adoption of hybridization also presents challenges and implications for HR practitioners, which must be addressed to ensure a successful transition towards a hybrid HR model.

3. Theoretical and Empirical Justification on the Benefits of Hybridization for Future of Work

The adoption of hybridization in HRM functions presents several benefits that can positively impact organizations and their employees. Several studies in the literature have examined the benefits of hybridization for the future of work.

One of the most significant benefits of hybridization is the ability to leverage technology to automate administrative and repetitive tasks, allowing HR practitioners to focus on more strategic and value-adding activities [13]. This can lead to improved efficiency and productivity, as HR practitioners can dedicate more time to

activities such as talent management, employee development, and organizational culture initiatives [12]. Several empirical studies have proven that the automation of administrative tasks through the hybridization of HRM functions can lead to significant improvements in HR productivity and efficiency, allowing HR practitioners to focus on more strategic and value-adding activities. For Instance, a study by Deloitte (2018) found that organizations that have adopted HR technology have seen a 15-20% increase in HR productivity whilst a study by KPMG (2021) found that organizations that have implemented HR automation have seen a 20-30% increase in HR productivity. Also, a survey by Accenture (2019) found that 70% of HR professionals believe that automation will free up time for more strategic work, and 64% believe that it will improve the quality of HR services. Moreover, the adoption of hybridization can also lead to improved data management and analytics capabilities. Digital technologies enable the collection and analysis of large amounts of data, providing HR practitioners with insights to inform decision-making related to talent acquisition, retention, and development [3]. This can lead to more informed and data-driven HR strategies and interventions, which can improve organizational performance and employee satisfaction. This has been justified by a number of studies. For example, A study by IBM (2019) found that organizations that use HR analytics are more likely to achieve better business outcomes, including higher revenue and profit margins, than those that do not use analytics; in support to this, a survey by McKinsey (2021) found that organizations that use advanced analytics in their HR functions are more likely to have a positive employee experience and higher levels of employee engagement. Another benefit of hybridization is the ability to enhance the employee experience through the use of digital tools and platforms. Digital technologies can enable HR practitioners to provide personalized and interactive support to employees, such as self-service portals, chatbots, and virtual coaching [13]. This can lead to increased employee engagement, satisfaction, and retention, as employees feel supported and valued by their organization. This has been proven by a number of studies. A study by Oracle (2019) found that employees who have access to self-service HR tools, such as online portals and mobile apps, report higher levels of satisfaction with their HR function. The study also found that these employees are more likely to recommend their organization as a great place to work. Also, a survey by Gartner (2021) found that 67% of employees prefer to use digital tools to access HR services, such as benefits enrolment and time-off requests, rather than interacting with HR practitioners directly. The survey also found that organizations that offer a seamless and personalized digital HR experience are more likely to have employees who feel valued and engaged. These studies suggest that the use of digital tools and platforms in HRM can enhance the employee experience, leading to increased engagement, satisfaction, and retention. By adopting hybridization and leveraging digital technologies, HR practitioners can provide personalized and interactive support to employees, which can lead to a more positive perception of the HR function and the organization as a whole. Furthermore, the adoption of hybridization can also lead to improved collaboration and communication within organizations. Digital technologies

can enable HR practitioners to connect and collaborate with employees and other stakeholders across different locations and time zones, facilitating knowledge sharing and collaboration [3]. This can lead to improved organizational culture and a more connected and engaged workforce as justified by several empirical studies. A study by McKinsey & Company (2020) found that the use of digital collaboration tools, such as video conferencing and instant messaging, increased significantly during the COVID-19 pandemic. The study found that employees who use these tools reported higher levels of collaboration and communication with their colleagues, even when working remotely. Also, a survey by Deloitte (2019) found that organizations that use digital platforms for knowledge sharing and collaboration report higher levels of employee engagement and productivity. The survey found that these organizations are better able to leverage the expertise of their employees and facilitate cross-functional collaboration, leading to more innovative solutions and better business outcomes. These studies suggest that the use of digital technologies for collaboration and communication can enhance organizational performance and employee engagement. By adopting hybridization and leveraging digital collaboration tools, HR practitioners can facilitate knowledge sharing and collaboration across different locations and time zones, leading to more effective teamwork and better business outcomes.

Lastly, the adoption of hybridization can also enable organizations to adapt more quickly to changing business environments and customer needs. Digital technologies enable HR practitioners to collect and analyse real-time data, enabling organizations to make informed and agile decisions [13]. This can lead to improved organizational agility and resilience, which are critical in today's rapidly changing business environment as validated by empirical justifications; A study by PwC (2021) found that organizations that leverage digital technologies are better able to respond to changes in customer needs and market trends. The study found that these organizations are more likely to use data analytics and customer feedback to inform their decision-making, enabling them to respond quickly to changing customer demands. A survey by the Society for Human Resource Management (SHRM) (2019) found that HR professionals who use technology to automate routine tasks report higher levels of efficiency and effectiveness. The survey found that these professionals are better able to focus on strategic initiatives, such as talent management and employee development, which can improve organizational agility and resilience. Overall, these studies suggest that the adoption of hybridization and digital technologies can enable organizations to respond more quickly to changing business environments and customer needs. By leveraging real-time data analytics and automation, HR practitioners can make informed and agile decisions, enabling organizations to stay competitive and adapt to changing market conditions. In conclusion, the adoption of hybridization in HRM functions presents several benefits that can positively impact organizations and their employees. Improved efficiency and productivity, enhanced data management and analytics capabilities, improved employee experience, improved collaboration and communication, and improved organizational

agility are some of the benefits that organizations can realize by adopting a hybrid HRM model.

4. Theoretical and Empirical Arguments on the Cost of Hybridization for Future of Work

Hybridization of HR functions has been increasingly adopted by organizations due to its potential benefits. However, there are also costs associated with hybridization, which may impact an organization's decision to implement such practices. This literature review examines the theoretical and empirical arguments for the costs of hybridization in HR functions.

4.1. Implementation Costs

Hybrid HRM practices require investment in digital technologies, changes in organizational processes, and training of HR practitioners. These costs can be significant, and their magnitude may vary depending on the size and complexity of the organization [13]. Theoretical arguments suggest that the cost of implementing hybrid HRM practices may outweigh the potential benefits (Chauhan & Srivastava, 2016). Empirical evidence supports this argument, with a study by Deloitte finding that the average cost of HR technology implementation was \$4 million, and costs varied depending on the size and complexity of the organization (Deloitte, 2021).

4.2. Maintenance and Upgrade Costs

Digital technologies require ongoing maintenance and upgrades, leading to ongoing costs for the organization [13]. Theoretical arguments suggest that these costs may be a significant challenge for organizations, leading to a decrease in the return on investment of hybrid HRM practices (Nouri & Parker, 2018). Empirical evidence supports this argument, with a study by Gartner finding that organizations spend an average of 3.28% of their IT budget on maintenance and support of existing systems (Gartner, 2021).

5. Cybersecurity Risks

The use of digital technologies in hybrid HRM practices increases the risk of cyber-attacks, leading to potential data breaches and reputational damage [3]. Theoretical arguments suggest that cybersecurity risks may be a significant challenge for organizations and may require significant investment in cybersecurity measures to mitigate the risks (Chauhan & Srivastava, 2016). Empirical evidence supports this argument, with a study by IBM finding that the average cost of a data breach was \$4.24 million, and costs varied depending on the size and sector of the organization (IBM, 2021).

6. Resistance to Change

The implementation of hybrid HRM practices may face resistance from employees who are not familiar with digital technologies or are hesitant to change their work processes [13]. Theoretical arguments suggest that resistance to change may be a significant challenge for organizations and may require significant investment in change management practices to overcome (Nouri & Parker, 2018). Empirical evidence supports this argument, with a study by McKinsey finding that organizational change initiatives had a

failure rate of 70%, with resistance to change being one of the main reasons for failure (McKinsey, 2018).

7. Legal and Ethical Considerations

The use of digital technologies in HRM practices raises legal and ethical considerations related to data privacy, discrimination, and bias [3]. Theoretical arguments suggest that legal and ethical considerations may be a significant challenge for organizations, leading to potential legal and reputational risks (Chauhan & Srivastava, 2016). Empirical evidence supports this argument, with a study by Deloitte finding that 45% of organizations surveyed had experienced a legal or regulatory challenge related to HR technology in the past two years (Deloitte, 2021). Both theoretical and empirical arguments suggest that there are costs associated with hybridization in HR functions for organizations. Implementation costs, maintenance and upgrade costs, cybersecurity risks, resistance to change, and legal and ethical considerations are some of the costs that organizations may face when adopting a hybrid

8. Implications of Cost-Benefits Analysis of Hybridization of HR Function for HR Personnels and Practitioners

The cost-benefit analysis of hybridization in HRM functions has significant implications for HR practitioners. Here are some implications that HR practitioners should consider

8.1. Understanding the Costs and Benefits

HR practitioners should conduct a comprehensive cost-benefit analysis to understand the potential costs and benefits of implementing hybrid HRM practices. They should consider both the direct and indirect costs associated with hybridization and weigh them against the potential benefits (Cascio, W. F. (2018), Kwon, H., & Cho, Y. J. (2021)

8.2. Financial Planning

HR practitioners should work closely with finance teams to ensure that the organization has the necessary financial resources to invest in hybrid HRM practices. They should develop a budget for implementation and ongoing maintenance costs and ensure that there is adequate funding to support these initiatives (Becker, B. E., & Huselid, M. A. (2018), Briscoe, J. P., & Claus, L. (2019), Renwick, D. W., Redman, T., & Maguire, S. (2013), Lawless, M. W., Anderson, D. M., & Allard, D. (2019)

9. Change Management

HR practitioners should develop a robust change management plan to address employee resistance to change. They should communicate the benefits of hybrid HRM practices to employees and provide adequate training and support to help employees adapt to new technologies and work processes (Beer, M., & Nohria, N. (2000), KPMG International. (2018), CIPD. (2019)

9.1. Data Privacy and Cybersecurity

HR practitioners should work closely with IT teams to ensure that data privacy and cybersecurity risks are adequately addressed. They should implement appropriate measures to protect employee data and ensure that the organization complies with relevant

regulations [14-16].

9.2. Legal and Ethical Considerations

HR practitioners should be aware of the legal and ethical considerations associated with hybrid HRM practices. They should ensure that the organization complies with relevant laws and regulations related to data privacy, discrimination, and bias (Kshetri, N. (2018), Mathew, S., & George, S. (2020), Rose, J. (2019)

10. Collaboration

HR practitioners should work closely with other departments, such as IT and finance, to ensure that there is a collaborative approach to implementing hybrid HRM practices. They should ensure that all departments are aligned in terms of the costs and benefits of these initiatives [17-19]. In conclusion, the cost-benefit analysis of hybridization in HRM functions has significant implications for HR practitioners. They should be aware of the potential costs and benefits of hybrid HRM practices and work closely with other departments to ensure that the organization can effectively implement these practices. By doing so, they can help to ensure that the organization is well-positioned to thrive in the future of work. The cost-benefit analysis of hybridization in HRM functions has significant implications for HR practitioners. They should be aware of the potential costs and benefits of hybrid HRM practices and work closely with other departments to ensure that the organization can effectively implement these practices. By doing so, they can help to ensure that the organization is well-positioned to thrive in the future of work.

11. Conclusion & Recommendations

In conclusion, this paper has examined the Cost-Benefit of Hybridization of HR Functions for Future work through review of relevant literatures and themes in the Body of Knowledge. It has been discovered that both from theoretical and empirical evidence that the hybridization of HRM functions has the potential to offer significant benefits for organizations in the future of work, including increased efficiency, productivity, and flexibility. However, there are also significant costs and challenges associated with hybridization, such as technology investments, data privacy concerns, and employee resistance to change.

Based on the literature reviewed, HR practitioners should conduct a comprehensive cost-benefit analysis to understand the potential costs and benefits of hybridization in HRM functions. They should work closely with other departments, such as finance and IT, to ensure that the organization has the necessary financial resources and technological infrastructure to support hybrid HRM practices.

In addition, HR practitioners should develop a robust change management plan to address employee resistance to change and ensure that employees have access to the necessary training and support to effectively work in a hybrid work environment. They should also be mindful of legal and ethical considerations, such as data privacy regulations and discrimination and bias.

Finally, HR practitioners should leverage hybrid HRM practices to improve recruitment and retention efforts, create a positive employee experience, improve performance management processes, support organizational agility, gain a competitive advantage, and ensure that the organization's brand reputation is maintained.

Overall, HR practitioners should be proactive in embracing the potential benefits of hybridization in HRM functions while also being mindful of the costs and challenges associated with these initiatives. By doing so, they can help to ensure that their organizations are well-positioned to succeed in the future of work.

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