

Qualification: CIPD Diploma in Applied Human Resources

Module Name:

Understanding Contemporary Human Resources (HR) Function

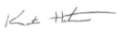
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Signed: 

Date: 7th January 2019

Understanding the Contemporary Human Resources (HR) Function

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Purpose

The fundamental purpose of the people profession is to champion better work and working lives. Creating roles, opportunities, organisations and working environments that help get the best out of people, delivering great organisational outcomes, in turn driving our economies, and making good, fair and inclusive work a societal outcome (CIPD, No Date)

Objective

Human Resource Management's (HRM) objective is its approach to the development of people. Underpinned by a number of theories relating to the behaviour of people and their employment and how they are managed in organisations. HRM should consider ethical dimension of how people are treated in accordance to a set of moral values. (Armstrong, 2014).

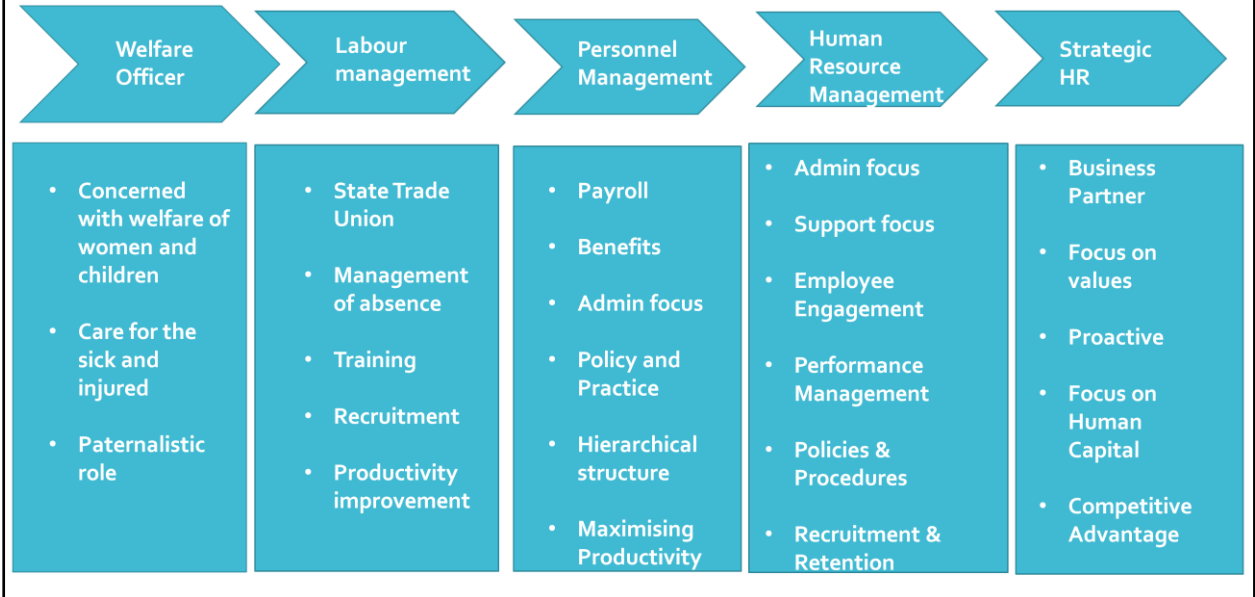
CIPD (no date), credits the HR function aids organisations' to deliver objectives and align corporate strategy. This is achieved by effectively managing people from recruitment, through development to their performance.

Evolution of HRM



Marchington et al. (2016) reflect on a common phrase 'people are our most valued asset'. In the past competitive strategies have not considered employees capabilities rather labour. In the future a major differentiating factor to achieve competitive advantage will be the consideration of technology and finance.

History of HRM



HRM originated in the USA following the human relations movement (Kaufman, 2014) and the term 'personnel' or 'human resources' appeared in literature from 1960's.

Marchington et al. (2016) refer to Quakerism as the earliest emergence of HR; it championed the welfare of their workers who were motivated to improve working conditions assisting those facing hard times.

Early roles established were 'personnel management' referring to a set of functions or activities performed by line-managers and supervisors not necessarily aligned to the organisational objective (Rotich, 2015).

With the collapse of national industries in the UK it provided opportunities to develop distinct approaches to specific organisational needs and HR strategies as business environments became more competitive and unstable.

A wider HR function was adopted increasing welfare services like flexible working practices; introduced to maximise competitiveness and implementation of performance management systems, more organisations employed specialists removing line-managers involvement. The demise of key industries the labour

markets tightened experiencing skill shortages therefore HR focussed on talent management and developing brand awareness rather than recruiting and retaining people.

HRM was introduced in the 1990's and relates to HR practices concerning management of organisation's relationships with people. HR strategies were developed focussing on the organisation's effectiveness (Rotich, 2015).

Strategic management emergence in HRM ensures delivery of long-term objectives with active involvement in the management of structural and cultural change alongside financial, technical and legal requirements. HR managers are centrally involved in the implementation and evaluation in change management supporting line-managers by communicating HR strategies and their development. Therefore remuneration packages are designed considering rewarding behaviours in order to increase organisation's objectives.

Strategic activity includes reputation building therefore HR Managers undertake the management of the organisation's branding, segmentation, employee values, and ethics are linked to recruiting and retaining effective high performers in the open market adding value in opposition to their competitors. Organisation development promotes employee well-being which actively promotes the organisation's human capital through engagement. HR Managers are required to be future focussed ensuring their organisation is better placed against their competitors.



TRANSACTIONAL

— VS —

TRANSFORMATIONAL HR

In essence the HR function originally related to transactional work concerning payroll and administration with globalisation and technology advancement it focused on transformational work such as strategic initiatives like mergers, talent management, succession planning and ethical issues (Rotich, 2015).

Souter (2017) noted moving towards automation in HR makes sense without it HR Professionals (HRP) are unable to free up resources to deliver strategically.



Faragher (2014) compared roles and responsibilities and noted the private sector regardless of the economic downturn was concerned with reflecting market competitive reward packages with Chief Executives continuing to be committed to recruiting, training and retaining staff whereas the public sector focus remained on redundancies and restructuring. HR team's size is influenced by workload in the private sector whereas the growth or the reduction of the team's size related to organisation size and restructures.

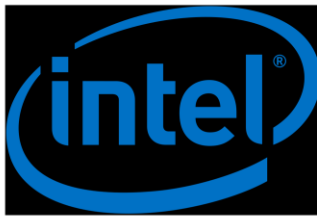
Effective Change Management



Before an organisation can implement change management it has to establish why it needs to change and how the change will benefit the organisation. It then can adopt the best change management model to proceed (Anastasia, 2015).

Change management is concerned with people and their capacity to adapt to change, the HR department can facilitate change by motivating and supporting through change. The HR function is fundamental as it recruits, provides training and monitors employees' performance. The HR role is key to recruiting the right people who can bring a fresh approach to an organisation and who can motivate others to be involved in change management (Management Study Guide, no date). Open communication is vital in order to deflect resistance and appropriate methods should be considered by HRPs such as bottom-up, top-down and two-way discussion channels. HRD activities can support change initiatives by enhancing employee responsiveness and adaptation to change through development opportunities and identifying skill gaps plus mentoring and coaching for support (Wilkinson and Taylor, 2016).

Successful Change Management



Companies such as Yahoo and Intel have successfully incorporated change management strategies and recruit people who can think non-linearly and in an unconventional way. Companies such as TATA Group and Infosys have employee friendly policies and procedure which are aligned to achieve the best out of its employees. (Management Study Guide, no date).

Lewin's Change Management Model



Anastasia (2015) claim Lewin's Change Management Model (LCMM) is the most popular and effective and is believed to still hold value today refers to three stages:-

Unfreeze preparing the organisation to break the status quo delivering the message that things need to change like attitudes, behaviours, values and beliefs.

Change when uncertainty disperses; the transition relies on good leadership, communication and time for successful change to take place embracing new developments.

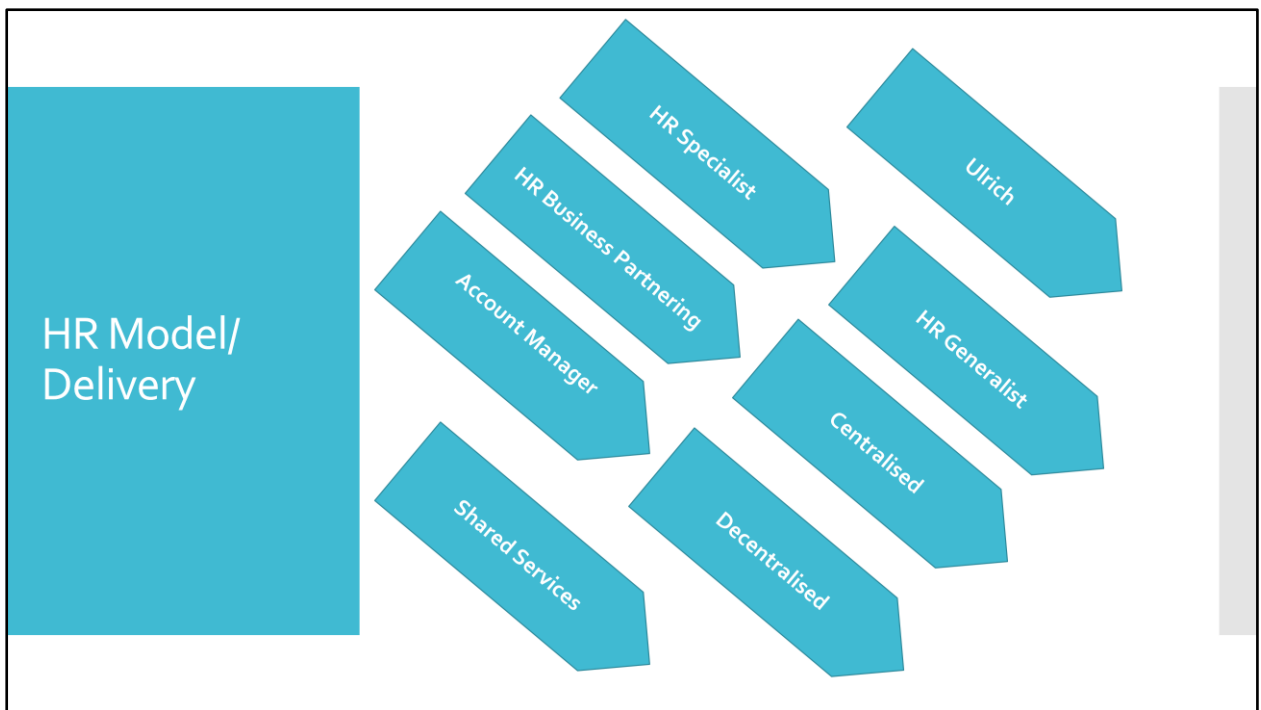
Refreezing when people have embraced the new developments the organisation is stable and people feel comfortable and confident (Mindtools, no date).

Advantages to this model are the three steps compared to Kotter's model meaning it is easier to understand. Disadvantages are that people are resistant to change furthermore (Connelly, 2016) commented that the refreeze stage is not adaptable to the continuous flexibility needed by organisations and believe the final stage should be flexible to the next change.

Kotter's 8 Step Change Management Model



Similar to LCMM is Kotter's eight step process; a sense of urgency, build a guiding coalition, form a strategic vision and initiatives and initiatives, enlist a volunteer army, enable action by removing barriers, generate short-term wins, sustain acceleration and institute change (Kotter, no date). Advantages to this model are it is easy to follow the main idea is to accept change and preparing for it rather than reacting to it. Disadvantage is that no step can be skipped therefore the processes in this model are time consuming (Anastasia, 2015) compared to LCMM.



Every organisation operates differently, the HR function evolves in response to how it develops and its environment (CIPD, No Date).

HR generalists have a broad knowledge of HR functions.

HR specialist focuses on one area such as L&D.

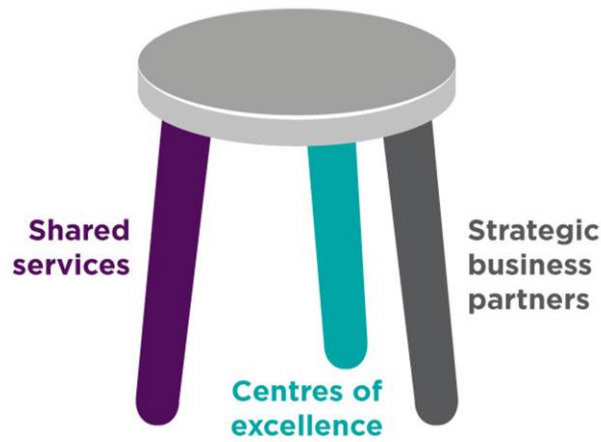
Centralised is a traditional approach similar to a generalist with a HR Director responsible for the HR staff. Some aspects of HR work such as payroll or recruitment is dealt by specialists on behalf of the organisation (Taylor and Woodhams, 2016). Decentralised will see HR staff managed by department managers ensuring effective management of their teams (Taylor and Woodhams, 2016), usually in multiple locations allowing autonomy to different locations allowing them to adapt to the specific site. Often the results are failed unified standards and ineffective application of those standards, whereas centralisation improves communication ensuring everyone works towards the same organisation goals and standards (McGrew, 2017).

Account Management – HRP work with departments and are responsible to departmental directors; a small HR team deal with strategic direction ensuring consistency and quality.

HR business partnering (HRBP) - Working closely with organisational leaders and line-managers to build capabilities, plan and manage talent to develop approaches in order to achieve organisational objectives. HRBP are required to be adaptable, proactive, credible and trusted shaping positive change through meaningful stakeholder relationships to create short and long term benefits (CIPD, 2017).

Shared services – driven by cost, quality and organisational change such as technology. The service saves on manpower as organisations strive for line-manager involvement or a culture of employee self-service increasing efficiency of administration activities thus re-positioning of HR to become more strategic (Reilly, 2000). CIPD (2018) believe HR needs to operate strategically hence to outsource or move to shared services to add value. Its benefit is increased efficiency and access to expert knowledge allowing greater levels of transactional efficiency in the HR function however it's important to develop a team mentality by building a unified relationship between HR shared services and other areas of HR. Primarily, organisations will outsource payroll and complex advice using consultant services.

Ulrich's three-legged model



Organising the HR function in large organisations was developed by David Ulrich referred to as the three-legged model indeed, (Swift, 2016) refer to it as best practice. Taylor and Woodhams (2016) refer to the blended centralisation and decentralisation approach maximising efficiency and effectiveness it is divided into three segments; *shared service* to provide administration and support functions, *business partners* small teams or individuals working closely with managers through change management and *centres of excellence* who have key knowledge on resourcing, reward and employment relations.

CIPD (2017) conducted a report on current HR structures; 40% of large organisations described their HR function structure reflected Ulrich's model. Small to medium organisations surveyed favoured a single HR team with generalists, specialists and administration.

Drivers for Ulrich's model are rising expectations of HR in terms of strategy and delivering tangible benefits, accelerating competition thus the value of skilled, creative, motivated employees hence the growth of centres of excellence and specialisation in key HR functions. With shared services the cost efficiency in achieving savings (CIPD, 2014).

Line-managers



Line-managers implement and support traditional HR and L&D responsibilities dealing with day-to-day activities of people management and operations allowing HRPs to act strategically. It is essential line-managers have good people management behaviours and these must be supported by strong organisational values therefore they must be kept updated on policies and know what is expected of them to implement such values (CIPD, 2018). Swift (2016) recognises that there is a direct link between an employees' willingness to 'go the extra mile' and work beyond terms of contract.



HRPs have a responsibility to act as ethical decision makers and role models and demonstrate ethical behaviour to all its stakeholders both internal and external. They have to demonstrate good communication in respect of change management by championing and promoting this through the workplace (Wilkinson and Taylor, 2016).

HRPs are required to demonstrate equality of opportunity, diversity, dignity at work, work-life balance promoting health and well-being (Wilkinson and Taylor, 2016).

Kew and Strewick, 2010, (as cited in Wilkinson and Taylor, 2016, p.36) define ethics using three core elements; fairness, deciding what is right and wrong and practices and rules. Wilkinson and Taylor (2016) state ethical behaviour is to ensure the HR function and workforce acts fairly creating a positive relationship that ethical standards relating to employer brand and reputation is essential as employees will be unwilling to associate themselves with organisations that do not advocate ethical standards finally, HRPs and the workforce become role models to ethical behaviours.

HRPs work closely with Senior Management Team (SMT) in order to comply with employment legislation and overall exercise legal integrity however, organisation requirements and the wishes of SMT can put the HRP in a difficult situation. HRPs

are required to meet the minimum standard of ethical behaviour relating to legal compliance. In such circumstances a HRP may have to argue the business case for compliance for such decision making and potential output in costs verses lawful practices (Wilkinson and Taylor, 2016).

Coventry (2016) highlighted how ethics in company literature for VW Group were compromised identifying that HRP cannot merely follow orders top down instead consider strategies and decisions that may have a negative human resource or reputation for the organisation.

Carter (2015) refer to other high profile organisations and their management like criminality at the News of the World, failure of governance at the UK's Mid-Staffordshire Hospital or initial failure of BP in understanding public concerns. Carter recognises that faced with competitive pressures, organisational change or a change in leadership that responsibilities and organisation's culture can end in reputation failure.

Ethical good practices have been identified in relation to remuneration, promotion and developing employee incentives systems rewarding employees who demonstrate ethical behaviours. HRPs are the main point of contact and have unique access to staff therefore encouraging a company-wide ethical culture by doing the right thing (Foley, no date).

Evaluating HR



There are many ways to evaluate HR's contribution to an organisation McLean (2005) recognise an easy to understand model is Kirkpatrick's four levels. Due to the longevity of the model and its levels it's recommended as a proven method:-

Reactions – short survey using focus groups.

Learning - demonstrated by performance or written tests.

Behaviour – observations by a supervisor or third party or self-report.

Organisation impact - bottom-line measures.

Benchmarking evaluates set objectives from staff retention, sickness levels, employee engagement and more to compare with their peers to adopt best practice irrespective of the sector involved understanding root causes of performance and adapt this learning to your organisation. Informal benchmarking is often utilised to provide a quick exercise approach but adopting a formal approach is robust whilst ensuring benefits are quantified (Wilkinson, 2012).

Key Performance Indicators (KPI) are commonly used in HR for retention of talent, duration in a position, absenteeism, average time for recruitment and alike it is a metric measuring performance of an activity or process (Factorial, 2017).

Outsourcing of HR services is a partnership with a third party via Service Level Agreements (SLA). Benefits to SLA are cost reduction, enhanced service and providing competitive advantage therefore value for money or further added value can be achieved (Personnel Today, 2004).

McLean (2005) refer to balanced scorecards using four perspectives; financial, customer, internal business and innovation and learning which focuses on human capital and the organisation's value. The scorecard assists managers in aligning the organisation to portray a balanced picture of current performance together with triggers for future performance.

Control group experiments are effective when evaluating a HR intervention when feasible is deemed the best approach to feedback. However, the approach is time consuming and costly therefore is seldom adopted (McLean, 2005).

Evaluating HR's contribution to an organisation

Case study 1	Case Study 2
Large sample size	Large sample size
Indirectly applies to the AMO framework	50+ employees
Systematic review be explored directly applying to AMO	Randomly collected
Social science /humanities sector only	Not same sector or equal proportions
Easily replicated using databases	Quantitative data be gathered on stakeholders perspectives
Language of English and Spanish – variances could apply	
No single methodology	

There has been much debate regarding the link between HR practices and overall performance of an organisation (Wilkinson and Taylor, 2016). In order to demonstrate the link between HR and positive organisational outcomes two published research studies will be explored.

Ability, Motivation and Opportunity (AMO) framework is widely recognised in HRM as the linkage between HR practices and performance. Garcia and Tomas (2016) published a study on deconstructing AMO framework as a systematic scientific literature review using published journals over a 23 year span which indirectly apply to the AMO model in their analysis in the field of social sciences and humanities.

This study could be easily replicated in the future however, articles were researched in both English and Spanish therefore variance could incur if only conducted in English for the same year span and variance could occur if using alternative databases. Little research was conducted verifying the AMO directly therefore to ensure a thorough understanding of the AMO model an additional systematic perspective be explored. Articles researched identified 33 provided a statistical analysis and 15 were via literature review or case studies although all could extract measures of operational performance relating AMO enhancing practices.

In conclusion; key points were an employee will perform well if they are well trained and skilled and if motivated will “go the extra mile”. If the environment does not lend itself to opportunities both ability and motivations will be hindered. Furthermore, employee’s beliefs, personal circumstances and preferences can also impact therefore developing a HRM model perfectly aligned to an organisation may not be possible.

Bainbridge (2015), Ozcelik and Uyargil, (2015) focus on line-manager’s capacities to (A) implement HR practices, (M) their motivation to implement and (O) organisational support to undertake changes. These approaches consider the role of line managers at the implementation stage together with cultural differences by employees or the organisation’s resources.

It is difficult to determine the context of how perfect the model is as it remains ambiguous that few researchers have validated the model by using a single methodological performance approach, few investigations objectives were to verify the AMO framework and a large variety of methodologies were utilised. Most research was using cross sectional data therefore harder to determine the influence of HR practices at a single point in time, the data was collected from different industries and few used a longitudinal approach proving difficult to establish relationships.

Guest and Conway (2011) published a study on the hypothesis of HR practices and the link between HRM and performance, a stakeholder’s perspective of HR effectiveness of senior managers and associated with the outcomes of HR managers.

The sample size was considerable at 237 matched pairs of senior line managers and HR managers from UK companies with 50 or more employees, collected randomly. Furthermore, 610 HR managers or equivalent, 462 Chief Executive Officers were interviewed again this was a large sample. A variable was the sector with only 36% from the service sector, 15% from multinationals with 23% of employees belonging to a union. It would have been beneficial to have matched equal service sector to multinationals.

Future research should reflect how local HR is implemented as HR effectiveness and practices showed distinctive data. Cross-sectional data was utilised therefore the performance outcome may affect effectiveness perceptions therefore future studies should reflect longitudinal studies together with independent performance measures.

In conclusion HR effectiveness are connected to outcomes therefore effectiveness is deemed more important than HR practices although this must be present they are required to be implemented effectively. Senior managers are strongly connected to the organisation’s performance than that of HR managers therefore both should agree effectiveness and practices in order to communicate a strong message to stakeholders rather than limited agreement. As a result qualitative research should

be explored of stakeholders and their judgements of HR effectiveness as this will have an impact on productivity and quality of goods and services thus reflecting on the financial performance of the organisation.

Summary

- Not one HR model
- More specialists fewer generalists
- Automation introduce self-service cloud technology
- Build 'networks of expertise'
- Build strong analytic teams

To summarise there is not one conclusive HR model to fit every organisation it depends on the size and maturity of the organisation however, Ulrich model is a good starting point.

HR in the future will have more specialists and fewer generalists relying on self-service cloud technologies thus managing their own HR transactions and automating traditional HR. Building 'networks of expertise' not 'centres of expertise' is required providing more specialists skills within HR teams. Building strong analytic teams focusing on effectiveness and outcomes not just efficient aiding the organisation's talent needs and plan for the future (CIPD, 2015).

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