



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Business Context of Human Resources (Activity 1)

Word Count: 2200

Student Name: Nia Williams

Student Number: 1806523

CIPD Membership Number: 53274221

By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed: *N. Williams*

Date: 20th January 2019

Understanding the Business Context of Human Resources (Activity 1)

This report will compare two types of organisations and their operational/business purpose. It will assess how business type and purpose affects the HR function and how different organisational structures and management roles can impact on the HR function. It will explain the role of the HR function in formulating organisational strategy and how organisational strategy is translated into HR strategy.

The first organisation that will be examined is **Coleg Sir Gar (CSG)**. CSG is a third sector organisation and a not for profit college. CSG's purpose is to "inspire learners and provide them with an enjoyable and life enriching experience by providing an inclusive curriculum". They do this by ensuring learners are at the heart of the college, and by focusing on their mission statement "*to be excellent -the college of choice*" (Coleg Sir Gar, 2019).

The Royal Mail is the second organisation that will be examined. This is a public sector organisation which is largely funded by the taxpayer. The purpose of the organisation is to "provide mail collection and delivery services throughout the UK." They focus heavily on their mission statement "*to be recognised as the best delivery company in the UK and across Europe*" (The Royal Mail, 2019).

Organisation design is defined as "decisions that are made on how to organise the work and people in a company in order to best achieve its purpose" (Kew and Stredwick, 2016 p. 166). Business type and purpose can affect the HR function. CSG has a small HR team, which consist of seven generalists; an executive director of HR and wellbeing, two HR advisors, one HR officer, one assistant HR officer, one staff development officer and one pensions officer. The number of employees employed is approximately 1000. The main HR functions carried out are, recruitment, absence management, training and development, employee relations, payroll, contracts, pensions and policies. Work within the department can be divided into transactional where day to day administrative duties such as data entry and job applications are taken care of, and transformational which is through work such as change management and continuous improvement. Transformational work tends to be undertaken by the HR advisors and HR director who are at a more senior level (Marchington et al, 2016 p.142-5). Typical HR objectives for CSG is for all functions to operate in a cost effective way, but to attract individuals with a certain value stance and make them feel valued and appreciated. CSG have a limited budget and have to emphasise their terms and conditions other than pay to attract and motivate staff for instance through work place benefits such as local Government/teacher pension schemes and an increase in annual leave after a five year service (Taylor and Wilkinson, 2016, p.28).

In comparison, The Royal Mail has a large HR function which oversees 160,000 employees. The team consist of a group HR director, director of reward, director of organisational effectiveness, director ER/IR, HR director in parcels, head of pension strategy, director of HR shared services, group director in safety health and wellbeing and director in HR letters and network (The Royal Mail, 2019). HR directors and influential members of executive boards are prominent, enabling them to insist that good HR practice is followed. HR divisions carry

out a wide range of transactional and transformational tasks, specialists often being employed to work alongside generalists (Taylor and Wilkinson, 2016, p. 46).

Typical HR objectives for the Royal Mail are linked to enhancing the service provision to the public. A key objective is to maximise efficiency to save public money. HR have more pressure on how they design and deliver activities due to Government expectations for equality of opportunity and diversity (Taylor and Wilkinson, 2016, p.28).

Both organisations have a high standard of management practice and people are treated with respect and fairness. Both take a disciplined and grievance focused approach as they are large organisations. They both have formal rules and policies which they follow strictly. Any rules that are broken are dealt with immediately (Taylor and Wilkinson, 2016, p. 46).

There are six organisational structures identified by Kew and Stredwick (2016, p. 17-23) that impact on both the HR function and the organisation.

<i>Bureaucratic</i>	A bureaucratic organisation has a hierarchical structure. Those higher up give instructions to those at a lower level. Decisions are made at the higher levels and power belongs to the office where decisions are based on rules. This can have an affect on HR and the organisation as decision making can be slower. This type of structure allows for smooth communication. HR's role is to provide support for core activities. CSG and The Royal Mail both have bureaucratic structures.
<i>Divisionalisation</i>	This is where decision making is decentralised. The organisation sets up a number of separate divisions, each responsible for operational decisions which will usually include some elements of HR. The divisional manager can take any decision regarding the division independently meaning that decisions are made quickly. Strategic decisions are taken at headquarters. This structure is common among multinational corporations.
<i>Matrix</i>	This is when organisations run short projects. Each project will require the services of a number of functional specialists, drawn from functional departments. Communication within the organisation is improved and as a result decisions are made quicker. Use of human/capital resources become flexible and the use of project teams increase motivation and job satisfaction. Each individual reports to at least two bosses meaning that there can be problems of loyalty and decisions may be more difficult to make.
<i>Network</i>	Network organisations are a less formal version of the matrix organisation. This structure can have an affect on the HR function and the organisation as the aim is to build up networks and connections between different parts of the organisation to ensure faster communication. It allows connections and relationships to be built which will boost morale.
<i>Virtual</i>	A virtual organisation is a flexible network of independent entities linked by telecommunication and computing technologies to share skills/knowledge. This can have an affect as it can lead to lower overhead costs and more satisfied employees as they can work from home. It can also lead to pitfalls such as lack of social interaction and employees feeling alienated.
<i>Strategic alliances</i>	This is any medium to long term co-operative relationship between firms which involve joint working. So many fail due to communication problem, culture clashes and differences in strategic direction. There are benefits such as knowledge and expertise transfer, shared experiences and opportunities for growth.

Different management roles can also affect the HR function. The relationship between the HR function and line managers has led to a number of changes and tensions. The delivery of HR has shifted responsibility for many core activities to line managers for instance interviewing. This can have a positive effect on HR as it frees up their time and allows them to concentrate on policy work and payroll duties. Line managers carrying out more HR duties can also lead to a negative effect as without HR being present in interviews, they don't know whether the correct measures and guidelines are followed. This shouldn't be an issue as HR's role is to ensure that line managers are supported to perform their role well and provide regular training (CIPD, 2018).

There are other internal factors that can affect the HR function and the organisation such as **Office layout**. An open plan office allows for communication and relationships to be formed. This will lead to a boost in morale and productivity. A private room within HR will also result in employees being willing and confident to come to HR with a problem.

Having an organisation that is scattered **geographically** may also have an impact. This can be hard for relationships to be built, and also makes it hard to communicate with other staff that are at a different location.

With an aging workforce, and the **increase in technology** it can be difficult for those older to understand how to access certain information online. It is important that digital skill training is undertaken by the organisation which is organised by HR. HR also need to advise line managers about looking after the wellbeing of employees for instance, not sending instructional emails out after a certain time so employees don't feel pressured in answering.

Financial health of the company whether it's expanding or contracting will also have an impact on HR with regards to recruitment strategies, reemployment, redundancies, retraining and culture changes.

HR have to adjust to the **culture** of the organisation. Understanding the type of culture is important to formulate HR policies and strategies. According to Harrison, (1972), there are four culture types. *Power orientated* (decision making at the top). *People orientated* (Make decisions at a lower level). *Task orientated* (focus on competency, dynamic). *Role orientated* (about the role rather than the people who occupy them).

The cultural web is used to look at the organisational culture as it is now and where the organisation wants it to be, to identify the differences between the two to achieve the high performance culture (Mind Tools, 2019).

According to Quinn (1980), strategy is "the pattern or plan that integrates an organisation's major goals, policies and actions into a coherent whole".

There are three approaches to formulating business strategy. **Rational/Classical** is where senior managers undertake a continual appraisal of the external/internal environments to formulate goals, aims and objectives. **Emergent strategy** is when rational strategy influences the actual strategic direction an organisation takes. Strategy emerges over time where it is influenced by external factors. **Symbolic/radical** is when organisations, evolve tactics as they go and stick with things that work well. They formulate a strategy in response (Quinn, 1980).

Mintzberg (1994) formulated a contingency model which sets out the circumstances when the types of strategy formation process are appropriate. The key variables are the complexity of the organisation and its environment and the rate of change. It is important that businesses adapt their strategy regularly and quickly to changes in the environment in order to survive.

David, (2013) came up with three stages in strategic management process (formulation, implementation and evaluation). These take place at corporate, divisional or strategic business unit and functional level in large organisations.

HR's role in **formulating** organisational strategy occurs at senior level. The idea is that HR should be more involved in strategic making as they can bring information to help the company become more successful. HR can bring information regarding the workforce profile for instance, age, skills and abilities that are available. They can bring survey results for instance, a feel for how employees will react towards certain issues, what will work, morale levels, feelings and opinions. HR can advise on budget allocation, bring hard statistics such as turnover, absence levels and how long it takes to recruit. They can also bring outside hard statistics by keeping up to date with what's going on externally such as legislation that may affect the industry. This is important as HR will have to adapt to changes to legislation and implement new training and policies for the organisation. Other hard statistics may consist of salaries that competitors are offering. The organisation might want to think about benchmarking their salary to competitors and then think of other benefits that they can offer employees for instance, flexibility and work life balance so that the organisation can retain and retract employees. HR can also encourage participation at different levels such as board members, act as a facilitator and an advisor. They can identify any obstacles and risks that may occur and bring ideas on how to overcome them. They can prepare position and policy papers as well as communicating with senior, middle managers and staff (David, 2013).

When **implementing** strategy there are similar ways in managing change for instance, engagement of change/communication, getting people on board, using change champions and using focus groups to find out employee's feelings. If it is a new strategy it needs to be communicated to current staff and also through induction and recruitment (David, 2013).

Strategy can be **evaluated** to see if it was successful through surveys to see what the situation before and after the change was like and through focus groups and hard data such as how the strategy has affected people through sickness absence and by asking employee their opinions/feelings (David, 2013).

HR need to support the strategy and decisions made and be role models. They also need to make sure that managers know the effects that decisions have on stakeholders.

Organisations approach strategy formulation differently depending on the type of market they operate in, their culture and management style. **Top down approach** (senior management deciding how strategy is formulated and telling people what's happening). **Bottom up approach**(managers lower down get involved and feed it back up), **interactive approach** (both senior and lower level managers decide on approach) and **semi-autonomous approach** (divisions do their own strategies and formulate separately) (CIPD, 2017).

Once managers decide what the strategy should be they decide whether it is the right thing to do through evaluation of choice. They ask themselves, is it suitable? (by conducting a SWOT analysis), is it acceptable to internal and external stakeholders? (will it go down well with stakeholders?) and is it feasible? (can it be achieved based on the resources had?).

Organisations also need to look at the constraints of strategy. These are, corporate governance (corporate rules), stakeholders (organisation must have their best interest at heart), business ethics (general policy/how it interprets its CSR, behaviour of employees) and culture (values, beliefs and assumptions) (Kew and Stredwick, 2016, p.431).

HR strategy can be defined as “a set of ideas, policies and practices which management adopt in order to achieve a people management objective” (Tyson and Witcher 1994). There are three approaches to formulating HR strategy.

Best fit/contingency –HR strategies need to have external fit with business strategies and be vertically integrated with them. There needs to be a horizontal integration with all aspect of HR strategy. The greater the degree of horizontal and vertical integration, the more effective the strategy will be.

Managers have used contingency thinking and models to help them align HR strategies with business strategies. Porter (1985) identifies three core alternative strategies that firms follow.

Cost leadership is about value for money. This tends to be associated with bureaucracy, low levels of involvement and a lack of sophisticated HR practices.

Differentiation is about making your product different/innovative. For instance, recruiting people with specialist skills. There tends to be higher pay, genuine involvement, good training and development, consultative management style to enable employees to meet highest customer expectations.

Focus – is about using cost leadership or differentiation in a niche market.

Best practice/high commitment –the strategy the organisation adopts, the same HR practices need to be adopted to achieve success. Some consist of flexibility, employee involvement and voice and performance related reward (Kew and Stredwick, 2010, p. 413-16).

Resource based thinking – this is ‘inside out’ thinking whereas contingency is ‘outside-in’. It starts with audit of existing resources in terms of their key competitive strengths for example, certain individuals, culture and knowledge. It is about creating a strategy to protect, enhance and reinforce strengths (Barney, 1991 pp. 99-120).

To conclude, both CSG and The Royal Mail, both have differences in the way they operate due to the differences in type and purpose. Depending on what organisational structure is adopted and management role this will also impact on HR and the organisation as a whole. HR have a role to play in formulating the organisational strategy due to benefits such as participation at different levels, provision of organisational insights and hard information. HR strategies need to have external fit with business strategies and be vertically integrated with them. HR and business strategy need to support each other.

Bibliography

- Barney, J, (1991). *Firm resources and sustained competitive advantage*. Journal of Management. Vol 17, No 1. P 99-120.
- CIPD, (2018). *Role of Line Managers in HR and L&D*. [Online]. Available at: <https://www.cipd.co.uk/knowledge/fundamentals/people/hr/line-managers-factsheet> [Accessed 18 January 2019].
- CIPD, (2017). *Employee Communication Factsheet*. [Online] Available at: <https://www.cipd.co.uk/knowledge/fundamentals/relations/communication/factsheet> [Accessed 15 January 2019].
- Coleg Sir Gar (2019). *About Us*. [Online]. Available at <http://www.colegsirgar.ac.uk/en> [Accessed 19 January 2019].
- David, F.(2013). *Strategic Management*. [Online] Available at: <http://irresearchers.ir/upload/docs/StrategicManagementDavid.pdf> [Accessed 10 January 2019].
- Harrison, R. (1972). *Understanding your organization's character*. [Online]. Available at: <http://uulead.org/docs/orgcharacter.pdf> [Accessed 18 January 2019].
- Kew, J & Stredwick, J. (2010) *Human resource management in a business context*. 2 ed. London: Chartered Institute of Personnel and Development.
- Marchington, M, Wilkinson, A, Donnelly, R & Kynighou, A. (2016). *The role of the HR function in changing times*. In: Human Resource Management at work. 6 ed. London: Chartered Institute of Personnel and Development.
- Mind Tools, (2019). *The Cultural Web*. [Online] Available at: https://www.mindtools.com/pages/article/newSTR_90.htm [Accessed 17 January 2019].
- Mintzberg, H. (1994). *The rise and fall of strategic planning*. New York: Prentice Hall.
- Porter, M.E. (1985). *Competitive advantage*. New York: Free Press.
- Quinn, B (1980). *Strategies for change: logical incrementalism*. Homewood, IL: Irwin.
- Taylor, S, & Wilkinson, K., (2016). Business Issues and the Contexts of Human Resources. In: S.Taylor & C.Woodhams, eds. *Studying Human Resource Management*. London: Chartered Institute of Personnel Development.
- The Royal Mail, (2019). *About Us*. [Online] Available at: <https://www.royalmail.com/cy/node/46149957> [Accessed 19 January 2019].
- Tyson, S and Witcher, M (1994) Human resource strategy emerging from the recession, *Personnel Management*, August, pp 20–23.



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Business Context of Human Resources (Activity 2)

Word Count: 550

Student Name: Nia Williams

Student Number: 1806523

CIPD Membership Number: 53274221

By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed: *N. Williams*

Date: 20th January 2019

Understanding the Business Context of Human Resources (Activity 2)

For this activity I will use a SWOT and PESTLE analysis to identify the current external factors impacting on Coleg Sir Gar. I will further consider how the specific forces impacting on the organisation might affect the organisation's HR function.

SWOT Analysis

According to CIPD (2015) a **SWOT** analysis is a planning tool used to understand the strengths, weaknesses, opportunities, and threats involved in a project or in a business. It involves stating the objective of the business or project and identifying the internal and external factors that are either supportive or unfavourable to achieving that objective. SWOT is used as part of a strategic or business planning process, in understanding an organisation or situation and useful in decision-making.

The internal **strengths** of CSG is that it is a large third sector organisation with approximately 1000 employees spread across seven campus. CSG is a well established college which was created in 1985. In 2013 it became Coleg Sir Gar Ltd, a company within the University of Wales, Trinity Saint David Group. The College has approximately 9,000 learners of which 3,000 are full time and 6,000 are part time. CSG offers a range of subjects from farming, engineering, health and beauty, care and sport (Coleg Sir Gar, 2019). Being a large organisation, HR are responsible to look after the needs and the wellbeing of their staff and act ethically throughout all processes.

The **weaknesses** of CSG is that most campuses are based in South Wales which makes it difficult for HR and the organisation to communicate and get to know staff in Aberystwyth and Cardigan. Another weakness is that Aberystwyth and Cardigan have recently merged with CSG, meaning that not all processes are harmonised for instance, pay scales. This is an issue as it leads to complaints from staff comparing salary for the same job title.

The **opportunity** for CSG would be to offer shorter courses over a longer period for people to study in order to make the college more appealing. This would have a direct impact on HR as it would involve recruiting for lecturers to deliver extra sessions. Another opportunity would be to benchmark to competitors to see what they are offering for instance what benefits they are offering employees. This would impact HR, as they will need to carry out this research and report to the executive board. Another opportunity would be to offer online courses for students. This would also impact on HR as staff may need to be trained on how to offer online video workshops.

A **threat** for CSG would be the risk of losing staff/students to competitors. This would affect the HR function as they will need find out the reason for them leaving through exit interviews and replace through recruitment. This will allow HR to understand what needs to be changed in order to retain staff. If students are leaving, there would be less demand in academic staff potentially leading to redundancies. Another threat is the increase in Artificial Intelligence (AI). The rise in AI would lead to the decrease in need for staff who carry out transactional work. This would have an impact on HR as it will also lead to redundancies. With the increase in technology, and an aging workforce this would mean that more training will need organised by HR (Reilly, 2018) .

PESTLE Analysis

According to CIPD (2018) a **PESTLE** analysis (Political, Economic, Sociological, Technological, Legal, Environmental) is an audit of an organisation's environmental influences, with the purpose of using this information to guide strategic decision-making. A PESTLE analysis is a tool for understanding the 'big picture' of the environment in which an organisation is operating. It is a useful tool for understanding risks associated with market growth or decline, and as such the position, potential and direction for an individual business or organisation (Oxford College of Marketing, 2019).

Political changes such as a change in policies and legislation i.e. retirement age will have a direct impact on HR, as HR are expected to implement the new policies/amend current policies accordingly. They are also expected to communicate these changes to everyone in the organisation including line managers. They may also be expected to arrange training for staff on certain changes in politics.

Economic factors such as reduction in budgets will have an impact on HR and what services they can offer to their employees such as external counselling, and occupational health needs such as ordering certain equipment for employees. Reduction in budgets will also have an effect on recruitment costs and training. Changes in living wage will also impact on HR, as they will need to implement any changes in the organisation and change pay scales accordingly.

Social changes such as an aging population will also have an impact on HR as staff will require more training around technology as booking annual leave and accessing pay slips is now done online. Increase in social media might also have an effect on HR, as problems may arise with staff misusing social media which will then lead to a disciplinary and dismissals as it may lead to the college having a bad reputation. The increase in work life balance such as flexible working and staff going part time will also impact on HR as changes in contracts will have to be made and potentially the need for Full Time staff.

Technological changes such as new computer viruses will have an impact on HR and the organisation as it may affect college operations and confidential data being stolen or lost. The move from paper to technology is also having an affect on all aspect of the organisation and HR along with every department will have to eventually transfer from keeping hard personnel files to storing everything on the computer. The rise in AI would lead to the decrease in need for staff who carry out transactional work. This would have an impact on HR as it will also lead to redundancies. With the increase in technology, and an aging workforce this would mean that more training would need to be provided and organised by HR.

Legal changes in the environment such as constant amendments in wage rates and employment law will have an impact on HR as they will need to legally implement changes to the organisation in order to stay ethical and fair to employees and not come under scrutiny.

Environmental issues such as changes in waste disposal and what's deemed as ethical can also have an affect on HR. HR are responsible for doing "the right thing because it's the right thing to do", and being fair throughout all processes at CSG. Being ethical will lead to a positive social opinion of the organisation. CSG also need to make sure they are recycling correctly throughout all departments to avoid any fines and bad reputation. With CSG having seven campuses, it is important that the college takes into account carbon emissions from travelling to each campus. Instead, HR need to encourage staff to use video conferencing.

To conclude, CSG can use SWOT and PESTLE analysis to identify the current external factors impacting on the organisation. By identifying these, the organisation can consider how the specific forces impacting on the organisation might affect the organisation and its HR function. Performing an analysis of the environment will help to inform the organisations strategy, remain competitive and ensure sustainable organisational performance.

Bibliography

CIPD , (2015). *SWOT Anlaysia Factsheet*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/strategy/organisational-development/swot-analysis-factsheet>

[Accessed 5 January 2019].

CIPD , (2018). *PESTLE Analysis factsheet*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/strategy/organisational-development/pestle-analysis-factsheet>

[Accessed 5 January 2019].

Coleg Sir Gar, (2019). *About Us*. [Online]

Available at: <http://www.colegsirgar.ac.uk/en>

[Accessed 5 January 2019].

Oxford College of Marketing, (2019). *What is a Pestle Analysis*. [Online]

Available at: <https://blog.oxfordcollegeofmarketing.com/2016/06/30/pestle-analysis/>

[Accessed 7 January 2019].

Reilly, P., (2018). *The impact of artificial intelligence on the HR function*. [Online]

Available at:

https://moodle.uwtsd.ac.uk/pluginfile.php/217311/mod_resource/content/1/mp142_The_impact_of_Artificial_Intelligence_on_the_HR_function-Peter_Reilly.pdf

[Accessed 5 January 2019].