

Understanding the Contemporary HR Function



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The History of HR....

HR first seen in 1913 – Welfare Workers in York formed 'Association of Employers'

HR seen as conscience of organisations, ensuring employees welfare is not overlooked
([Marchington M, et al](#))

Gradual increase in work areas covered by HR including; Administration, Negotiation, Legal Expertise, Organisational Development & Business Partnering

Personnel Departments first emerged in Manufacturing and Government depts

Move to personnel management, end of twentieth century - move to human resource management (HRM) & then strategic human resource management (SHRM)

HR is not a new subject and has been in existence from the early 20th century. Early signs of HR existing as a professional body can be seen as far back as 1913, where it is noted that Welfare workers in York formed an 'Association of Employers'. This was done in an effort to improve the working arrangements for their workers (Niven 1967, p36). HR is often also seen as the conscience of the an organisation, acting to ensure that employees are not overlooked in the pursuit of organisational performance and to ensure that organisational practice is conducted in an ethical manner (Marchington M, et al).

Whilst HR started as a 'Welfare' provision, this soon developed and increased the areas of work being covered under the umbrella of HR. These include:

- Administration
- Negotiation
- Legal Expertise
- Organisational Development
- Business Partnering

Manufacturing organisations and government departments were the first to grow large enough to require a dedicated personnel department, responsible for the administration of wages, welfare, training and recruitment. Towards the end of the twentieth century there was a swing towards non-monetary factors, with a greater emphasis on increasing

worker environment and with it worker commitment and loyalty. The end of the 20th century saw the field change again, now seeing employees as 'assets' and placing emphasis on the workforce and turned HR into a more strategic partner where it aligned individual and team objectives to organisational strategies. This turned HR from a simple administrative function into the strategic player that it is today.

The Purpose of HR...

CIPD state the purpose of HR to be to 'support the delivery of the organisation's strategy and objectives through the effective management of people and performance' ([Wilkinson K & Taylor S](#))

Greater requirement for HR Specialists and a collaborative approach with line managers

HR Key Objectives have remained consistent, with research showing these to be to; recruit and retain staff, develop employee competencies, improve the management of performance and maximise employee engagement ([Wilkinson K & Taylor S](#))

To ensure that these objectives are achievable, organisational HR strategies need to be clearly linked with organisational goals and objectives ([Wilkinson K & Taylor S](#))

The CIPD state the purpose of the HR function as to; '*support the delivery of the organisation's strategy and objectives through the effective management of people and performance*'. This is resulting in HR's requirement for specialist positions and a more collaborative approach with managers to deliver organisational strategies.

Over time HR's objectives have tended to remain fairly constant with four key objectives repeatedly being raised; these are a) to recruit and retain key staff b) to develop employee competencies, to improve the management of people performance and d) the maximise employee involvement and engagement. (Wilkinson K & Taylor S)

HR is a key player in ensuring that organisations are able to meet their objectives and goals and this requires a clear link between HR practices and strategies and organisational objectives. It also plays a key role in ensuring that any organisation is able to meet the needs of its stakeholders and to facilitate the organisation meeting future demands and changes. To do this there is a requirement for HR to play a strategic role.

The Purpose of HR...

CIPD Profession Map ([CIPD, 2018](#)) defines the purpose to be to;

Champion better work and working lives

Create roles, opportunities, organisations and working environments that help get the best out of people

Deliver great organisational outcomes, in turn driving our economies, and making good, fair and inclusive work and societal outcomes

CIPD Profession Map – Principles Led, Evidence Based and Outcomes Driven

Transactional Vs Transformational Leadership



The CIPD Profession Map which was revamped for 2018, shows the key purpose and values that any HR professional should display. It outlines the purpose of HR to

Champion better work and working lives

Create role, opportunities and working environments that help get the best out of people

Deliver great organisational outcomes, in turn driving our economies, and making good, fair and inclusive work and societal outcomes

The Profession map has three key areas which are values that should drive all HR professionals and their work. These are being; Principles-led, Evidence-based and Outcomes-driven. It also allows HR professionals to use the Map as a guide as the world of HR evolves, by using these core values to underpin all areas of HR work.

In order to be able to ensure that organisations are future-proofed and are as strategic as is needed, there is a greater pressure on managers, particularly HR managers to be more transformational. Transformational leaders display the key attributes demonstrated in the CIPD profession map, being future thinking, innovative, being good communicators, inspiring their teams to develop and innovate and the ability to build organisational culture where this can be both fostered and maintained. This compares against the transactional leader, whose attributes lend themselves to maintenance

activity and core business delivery.

The HR Evolution...

Since the industrial revolution HR has been continually evolving

Key activities involved wages and welfare of employees and adherence to policy

Shift to Human Resource Management, with a focus on employee productivity in late 20th century

Shift to Strategic Human Resource Management, where employees began to be seen as assets

HR's remit has continued to increase and now was seen as a strategic player in most organisations. This has assisted organisations in delivering on their objectives in an ever changing landscape

Since the industrial revolution HR has been continually evolving, starting with merely focusing on key activities such as wages and welfare of employees and , adherence to policies and legislation. This then saw a change to human resource management which then shifted the focus towards looking into worker productivity and staff motivation. This was followed by a shift to strategic human resource management.

HR's remit has continually grown and shifted and is now seen as a far more strategic player in any organisation, aiming to ensure that organisations are future proofed and able to deal with an ever changing landscape.

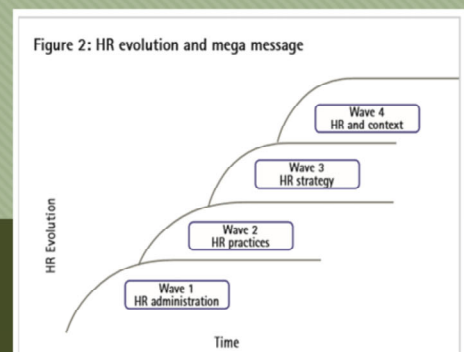
Dave Ulrich's 4 Wave Model

Dave Ulrich model shows the journey of HR ([Ulrich D & Dulebohn J](#))

Four Waves of HR include; HR Administration, HR Practices and Processes, HR Strategy and HR Business Context

This supports the theory of HR evolution from a purely administrative function to a more strategic player

Ulrich describes this as the need for organisations to work outside / inside



Dave Ulrich describes the need for the HR profession to not only become more strategic, but to change their perspective from an inside/outside to inside/outside. This refers to the need for organisations to identify what external factors are affecting their organisation and where their organisation sits in terms of the external business context. This includes the needs of external stakeholders. Ulrich's model suggests that, only by doing this will organisations be able to be fully strategic. In support of this, HR needs to follow suit and assist in the identification of these factors and supporting the organisation to ensure that processes and practices are aligned to the requirements. By doing so, this allows HR to support the organisation meet its objectives. The model is shown below, detailing the four waves and what Ulrich sees as the evolution of HR (see model)

He describes a process which mirrors the evolution of HR, with wave 1 being HR involved in the contractual matters of terms and conditions and legislation matters, wave 2 is then about building more innovative practices to include such matters as compensation and reward, amongst others. Wave 3 describes HR linking its practices to organisational objectives and demonstrating the link between HR and the organisations goals. Wave 4 then requires HR to understand the business context and how external factors affect their organisation. This is where Ulrich describes this as outside/inside thinking.

Ethical HR....



In theory it is very simple, however practising ethical HR is far more difficult

Ethics and ethical HR is vital to be successful in your HR role and to be seen as credible

HR are *"uniquely placed to embed principled decision-making into daily practice"* ([CIPD](#))

Key points are: transparency, fairness, openness, consistency

CIPD Research – Ethical Decision making and 8 Lenses ([Clark S](#))

Fairness, Merit, Markets, Democracy, Well-being, Rights and Duties, Character, Handing Down

Data Protection – GDPR May 2018 ([ICO](#))

Gender Pay Gap – reporting, 30 hours of free childcare, extended flexible working rights, shared parental leave

- ❖ HR manager's roles in the provision of ethical HR is to nurture an ethical culture, recruit staff with ethical values, resolve ethical conflict and deal with its aftermath ([HR magazine](#))

Ethics and being ethical in the world of HR is critical if HR professionals are to be taken seriously and to be seen as credible in their roles. HR professionals are integral in their workplace and have access, involvement and impact on how organisations operate and are *"uniquely placed to embed principled decision-making into daily practice"* (CIPD). Being ethically sound is an incredibly simple model to consider in theory, however the practice of ethical HR is a continual one, and one which is far more taxing in reality. HR professionals must demonstrate strong leadership practice, displaying clear morals and standards of integrity in whatever they do.

Key points to consider when aiming for ethical practice in your HR role are to ensure that you act with fairness to all employees, supervisors, colleagues and customers, ensuring that any decision making logic is transparent and consistent. What this doesn't mean is treating everyone the same and dealing with every situation identically. HR professionals will encounter moral and ethical dilemmas on a daily basis and there is no escape from dealing with these. The question to consider is how these are approached and what needs to be considered to ensure it is approached in a fair and consistent manner. Dealing with these problems in such a way will ensure that HR professionals gain the trust of their stakeholders to ultimately make their organisation a stronger one, whilst making the HR role easier. CIPD research, (Ethical decision-making: Eight perspectives on workplace dilemmas) conducted by Dr Sam Clark of Lancaster University, identifies an eight lens model which highlighted eight different principle to consider (known as

lenses) when approaching any ethical dilemma. These lenses are:

- Fairness
- Merit
- Markets
- Democracy
- Well-being
- Rights and Duties
- Character
- Handing Down

The principles in this approach lend themselves to the cover all aspects of work. This covers process and organisational design and how this impacts on individuals in the organisation, as well as promoting that those who work the hardest in an organisation and the most deserving. Whilst this model does not provide a right or wrong way to deal with ethical dilemmas or organisation issues, it does provide ethical perspectives to be considered dependent on what the particular issue is and acts as a means of consistent decision making.

In addition, Data Protection needs to be a key consideration for organisations and in particular HR professionals. The Information Commissioner's Office (ICO) states "*Data protection is about ensuring people can trust you to use their data fairly and responsibly*" and is required for employees to trust HR and the wider organisation.

Gender Pay Gap reporting is aiming to reduce the pay gap between men and women and is a huge step towards offering a greater degree of pay equality in organisations. This, coupled with the introduction of free child care and increased flexible working rights and shared parental leave, all aim to offer a greater degree of ethical working and along with it ethical HR policies and practices.

Fiona Harris, Senior Lecturer at Open University Business School, writes in HR Magazine that HR's roles in the provision of ethical HR is to nurture an ethical culture, recruit staff with ethical values, resolve ethical conflict and deal with its aftermath. She continues to say that working in an unethical way can have a detrimental impact on organisations of all sizes; affecting organisational reputation, particularly with growing social media presence in the market.

HR Delivery Models....

HR Models can differ dependent on the type of organisation

HR Generalist vs HR Specialists ([Personnel Today](#))

HR Specialists – fields of work; Recruitment, resourcing and talent, Learning and Development, Organisational Development, Employee Engagement and Performance and reward specialists

Strong bonds with line managers are essential

Shared Services, Outsourcing and Consultants



HR delivery models can vary dependent on the size and type of the organisation they sit within. It can often be the case that smaller organisations may only have one HR practitioner who will work with other members of the organisation, however will be responsible for delivering all HR functions on their own. As an organisation grows, as does the HR function (generally). Where larger HR functions exist there will often be a mix of HR roles, including HR generalists and HR specialists.

HR generalists will find themselves having responsibility for delivering all HR tasks for an organisation. Dependent on the size of the organisation, it may be feasible for their to be more than one HR generalist and in some cases a team of them. This can be the case where they serve different areas of the business but cover all aspects of HR. In contrast to this, HR specialists tend by their name to be a specialist in a particular field of HR. These are rarely found in smaller organisations as there is rarely a need for them, or the resources available to dedicate an individual to a specific HR field. HR specialists often cover areas such as:

- Recruitment, Resourcing and Talent
- Learning and Development
- Organisational Development
- Employee Engagement
- Performance and Reward

Whether HR generalists or HR specialists, there is a need for strong bonds to be formed with line managers in their organisation. Whilst HR serve the entire organisation, there is a requirement for line managers to be aware of how to deal with their teams and how to deliver hands on HR on a day to day basis. What line managers are expected to deliver can vary from organisation to organisation, however this can include recruitment, sickness management, training amongst other matters. For this to be achievable HR professionals must ensure that line managers are able to access policy and guidance documents readily, particularly for those organisations where employees may work outside of normal HR working hours.

Personnel Today magazine, discusses the difference between these two HR professionals, in their article '*HR specialist or HR generalist*'. They discuss the benefits of HR generalists for SME employers due to their general HR understanding of a range of differing matters. As the organisations grow and as the world changes, they foresee the need for HR specialists to become more prevalent, particularly those with enhanced skills in employee relations to deal with the inevitable change that comes with organisational restructures and austerity cuts.

For some organisations there has been a move away from an in-house HR service and a move to either a shared service centre, outsourcing or even using consultants to design and deliver HR practices. The first of these is aimed at providing both an efficiency saving as well as improving the HR service. This is done by providing a centralised service which can be provided either to one organisation, or something multiple. The aim here is to provide economies of scale by reducing the number of employees needed to deliver HR practice, whilst ensuring consistency with this being delivered by one central team.

The concept of outsourcing differs to shared services, as this is where HR is delivered by an external party rather than by the organisation itself. This has become more prevalent in business over recent years, with organisations again using this as a means of reducing costs. Providers also tend to offer other administrative functions such as IT, Payroll and Accounts – therefore reducing other resourcing costs.

Lastly, consultants and consultancy firms are used by organisations to provide advice on specific HR related matters or to offer guidance on policy or strategy matters. Where this differs from outsourcing is that consultants tend not to deliver the HR service, but are just there to provide guidance and advice. This model can offer some benefits given the breadth of organisations and clients that consultants engage with. This provide a broad knowledge base to work from.

Ulrich's 3 Legged Stool

Dave Ulrich's 3 legged stool model

Made up of Business Partners, Shared Service Centres, Centres of Excellence and Central HR

Made up of Business Partners, Shared Service Centres, Centres of Excellence and Central HR

Widely adopted by organisations over 20 years, however mostly in larger organisations (CIPD, 2010 HR Outlook Survey)

- Reported that model may have floors with issues with Business Partner model becoming to involved in 'business as usual' (Roper J)



THE CLASSIC ULRICH MODEL: WHO DOES WHAT?

Business partners	Shared services	Centres of expertise
Establish relationships with customers – line/business units	Deliver HR services	Create HR frameworks
Contribute to business unit plans	Manage routine processes effectively and efficiently	Develop and introduce strategic HR initiatives
Develop organisational capabilities	Often using a single HRIS, intranets to provide basic information and call centres for specific queries	Specialised areas such as compensation and benefits, employee relations, L&D, talent management, OD, staffing, diversity, and workforce planning
Implement HR practices	May be outsourced	Often depend on the business partners to roll out programs to the business
Represent central HR	Back office	
Log needs and coordinate HR services		
Front office		

Henley University of Reading: HR Models – Lessons from best practice, 2009

Dave Ulrich developed a model for what he sees as the ideal business model for how HR provisions should be delivered. This is predominantly seen in larger organisations. It is based on 3 different HR delivery models combined to offer the most efficient and effective HR service. It combines; Shared Service Centres, Centres of Excellence, HR Business Partners along with a central HR team who control the overall direction of HR. Ulrich's model has been adopted by large numbers of organisations since its creation, some 20 years ago.

The table shows the general responsibilities for the differing elements of the HR team. As can be seen the shared services would predominantly be seen as back office, offering HR services to the organisation with some of this being delivered via self-service or intranet sites. Supporting the more strategic element would be the business partners, working to establish relationships with customers and drive strategic vision on a local basis. Lastly, the centres of expertise act as a central strategic team delivering specialist services as well as being responsible for creating strategic HR initiatives.

Whilst this model has been adopted by many organisations, HR Magazine reported concerns with its concept in an article by Brett Walsh – Deloitte, who states that whilst he acknowledged the improvements felt in his own organisation by adopting this model, he offered a word of warning in terms of the role of Business Partners. Walsh states that there was a tendency for these roles to become too involved in the 'business as usual'

and failed to deliver the strategic delivery that was expected.

HR's Contribution....

HR's role has evolved and now needs to 'add value', separating Personnel Management and Human Resources ([Johns T & Perkins G](#))

HR practice can be divided into four categories; Maintenance, Crisis Prevention, Continuous Improvement and Change Management

Being Business Savvy ([Johns T & Perkins G](#))

Understand the business model

Provide data and use to effect change

Connect with curiosity

Lead with integrity and challenge

As described in the earlier slides, HR as a profession has evolved and HR professionals and the HR practice as a whole need to be deemed as effective. For this to be achieved there is a need for HR as a profession to 'add value'. The adding of value is what separates traditional personnel management from what is now seen as the contemporary HR function (Johns T & Perkin G). The CIPD suggest that all HR work falls into one of four areas and assist in identifying what 'adds value'. These are:

- Maintenance Activities
- Crisis Prevention Activities
- Continuous Improvement Activities
- Change Management Activities

Maintenance and crisis prevention activities are as they sound – activities which are required to maintain normal business being delivered and if and when things go wrong, being able to address and resolve these quickly. As these are necessary tasks to maintain business they rarely add value to an organisation. Where activities focus on Continuous Improvement and Change Management is where value can be seen to be added, when these are effectively managed.

The CIPD refer to this evolution of HR as being 'business savvy', a term used to signify HR professionals as being more in touch with their respective organisations and enabling

the organisation to achieve its objectives rather than impede this process (Johns T & Perkins G). For this to be achieved there is a requirement for HR to understand their business, provide evidence and data and use this to affect change. They must also demonstrate a curiosity in how the business works and to lead with integrity; challenging when required.

HR & Change Management

"Organisational change is a constant in many organisations, driven by a number of different forces including customers, markets and technology" (CIPD)

Change is a constant and fundamental part of all business and can result from many different factors. [CIPD HR Outlook 2016-17](#) – highest reason for change 'Economic Change - 43%'

CIPD Research shows that 60% of change programmes do not achieve their desired outcome, this is often due to the management of the change process

HR need to be involved and play a vital part in managing the expectations and views of employees. ([Wilkinson K & Taylor S](#))

- ❖ HR also need to be engaged from the outset of any change programme to understand and communicate the rationale for change to the organisation
- ❖ Organisational training and development can assist in creating a change ready organisation

"Organisational change is a constant in many organisations, driven by a number of different forces including customers, markets and technology" CIPD refer to change as being a constant and fundamental part of all business with the need to do so resulting from many different changes, both from an organisational level with a change in strategic objectives, to a change in customer requirements or demands, to a change in government or legislation. The CIPD HR Outlook 2016-17 report showed that economic change was the highest factor in organisational change in 43% of all organisations surveyed. This was similar when compared to either private or public sectors separately.

Whatever the change driver, the process of change management and how HR are involved in this process is vital to it being deemed a success. CIPD research shows that fewer than 60% of change management processes are successful and meet their objectives (CIPD). This can be due to a number of reasons, however change often fails due to the management of the people in this process, with individuals feeling resistant to change.

HR play a key role in assisting with change programmes and need to be involved at an early stage of any change programme. This will allow HR professionals to be fully involved and aware of the rationale for change to enable this to be communicated to employees. They also play a role of identifying and managing the expectations and views of interested stakeholders who may be affected ([Wilkinson K & Taylor S](#)). The CIPD

identify the change effects as being either controllable or uncontrollable. The difference here denotes the control that HR may have over the outcome of the change. An example of an uncontrollable effect would be due to the unpredictability of employee's reactions to change, as this can be emotive and unpredictable. Whilst this cannot be planned for, it can be defused with the assistance of HR by planning for the general reactions to such changes.

Training is also a way in which HR can assist in ensuring that employees are change ready and are aware of the external factors to an organisation which might impact on its requirement to change. This can include resilience training or training in any skills gaps which are identified during any change process.

What is important for success is how the process is managed from the initial planning of the change, how this is communicated to those affected, how leaders engage in the process and support line managers to support those who are affected, and how success is communicate to the organisation.

Lewin's Change Model



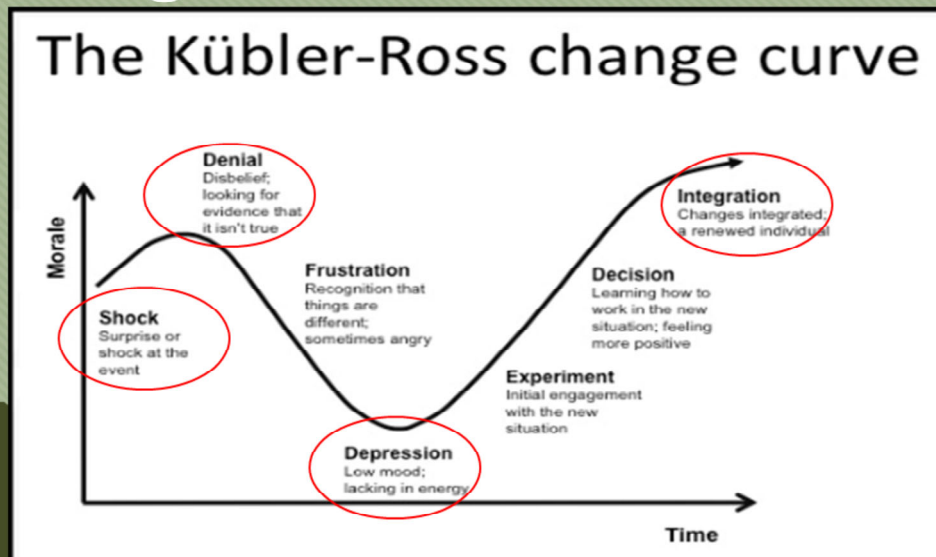
There are many differing models for change management available to enable organisations - more importantly their line managers – to guide themselves through the change management pathway. Lewin's Change Management Model focuses on the process of Unfreezing – Change – Refreezing, also known as Planning – Action – Result, and states that these are the necessary steps that any change management process must go through.

This process looks at the necessity for organisations to be prepared for change and to lay the foundations of why that change needs to occur. Organisations need to be clear on the reasons why change is needed and to ensure that this is communicated well. The status quos needs to be tested and challenged in order that those affected are able to question why they do certain things in a certain way. Lewin reports that this process is an uncomfortable one and is the element of the process which is the most stressful for all involved. HR's involvement here is key in assisting the organisation to build the vision of how the change will be positive and to assist in creating the change plan to be followed. There is also a need for HR to remain accessible for line managers and employees, to offer support to those affected in the early days of change.

The next stage of the cycle is to 'Change'. This is where organisations start to be altered and people start to buy into the new ways of working. HR needs to be heavily involved in this element of the process to ensure that the change process is communicated widely

and accurately to employees. By maintaining communication, this allows the change to be demystified. Additionally, line manager are also under pressure during this stage and HR need to ensure that they are available to support and offer guidance to managers. Once the above has been completed, the final stage of this model is to 'Refreeze', which is where the required change starts to become the norm and there is a general acceptance from those affected. At this stage it is vital for HR to be involved in ensuring that the positive messages from the change process are communicated to the organisation. This helps support the rationale for change and provides stability to the organisation.

The Change Curve



During the above process a further change model is evident; namely the DREC model or Change Curve. This (Kubler-Ross) model describes the process that individuals go through when they go through a change and stems from work conducted looking at the effects of grief.

The model describe the 4 stages that an individual goes through, starting with Shock and Denial, followed by a decline into Anger and Fear when the reality starts to set in and individuals start to become concerned with how the changes might affect them. Following on from this stage, there starts to become a greater acceptance of the change and individuals start to shift their focus towards the new ways of working and how they must need to work differently moving forward. They move from this into the fourth and final stage of the process, where they start to accept the changes and these start becoming the norm.

Similarly with Lewin's change model, Kubler-Ross' Change Curve requires HR to be engaged and involved with those affected at all stages. They are going through a range of emotions and it is vital that they are offered access to support, both from HR but more importantly their direct line managers. This then required HR being able to provide such support to the line managers of the organisation so as to assist them in supporting their staff.

Again, similar to the Unfreeze – Change – Refreeze model, this model needs organisations to ensure that the change rationale is communicated widely and clearly so that those affected are aware of the reasons behind the change. This assists in the process of accepting the change which accelerates the move into acceptance.

By individuals and organisations being aware of these models it not only allows them to understand the impact to their staff, but also helps them guide those affected through the processes as painlessly as possible.

HR's link with organisational outcome....

HR needs to evidence 'adding value' and show efficiency and effectiveness

CIPD definition – Efficiency as linking to cost effectiveness of its services, Effectiveness as the ability to meet organisational objectives ([Wilkinson K & Taylor S](#))

HR can do this by using KPIs, HR statistics and balanced scorecards – these offer benchmarking opportunities, both in and outside of the organisation

HR also plays a vital role in affecting the behaviours of employees and line managers and act as a conduit for information to be relayed both vertically and horizontally across the organisation

HR play an important role in the adding value to an organisation and being able to offer a link between HR practice and policy, and how this links to the efficiency and effectiveness of the organisation. CIPD refer to Efficiency as linking to the cost effectiveness of its services and Effectiveness as the ability to meet organisational objectives (Wilkinson K & Taylor S). The evaluation of performance can be achieved by using such things as KPIs, HR statistics and balanced scorecards. These can offer benchmarking opportunities either against other organisations or internally. HR also affects the way in which an organisation works and how its staff and line managers act and behave.

The 'Black Box'

Previous academic research has shown a link between the provision and effectiveness of HR and organisational performance

The link has been shown previously, however the evidence to support why and how has always been absent. CIPD commissioned a report to examine this, in a study looking into what they refer to as the 'Black Box' ([Purcell J et al](#))

Three requirements for employees to perform well; Ability, Motivation and Opportunity. This is referred to as AMO

Organisational Citizenship Behaviour (OCB) – which demonstrates individuals 'going the extra mile' for their employers

HR need to support this with policies and practices which provide the environment for individuals to have job satisfaction, motivation to work hard and to be committed to their job



HR and HR practices, also affect the way an organisation works and how its staff and line managers act and behave. There have been previously conducted studies to examine the link between the provision and effectiveness of HR and how this feeds into, and impacts upon an organisation's ability to achieve its goals and objectives. What appears to be evident in these studies is that this link is clear, however it has often been difficult to understand how this practical connection works. The CIPD refer to this area as the 'Black Box' and in order to understand this, they commissioned research to be conducted to examine this further (Understanding the People and Performance Link: Unlocking the Black Box).

The study found that there were three key requirements for employees in order for them to perform well, which is referred to as AMO:

Ability
Motivation
Opportunity

This refers to the requirement for employees to firstly have the ability to be able to carry out their roles and to be trained and skilled to do so. Secondly, they must have the motivation to do so and thirdly, they must have the opportunity to be able to use their skills in the workplace. For these three factors to be in place it is necessary for there to

be a range of policies in place which provide the perfect environment for individuals to work and to use a degree of autonomy as to the level of effort they put into their work.

This creates, what is referred to as 'discretionary behaviour'. Put simply, this is the ability for an individual to elect to put in more effort into their work than another individual. This behaviour is found in organisations where employees feel:

- A high level of job satisfaction;
- Motivated to work hard;
- Committed to their employer;

This phenomena is also referred to as 'Organisational Citizenship Behaviour' or OCB, which refers to individuals in an organisation going the extra mile for their employers. This is particularly apparent in organisations where individual employees feel valued by their employers and demonstrate this commitment by applying themselves.

This theory seems already to highlight the link between the HR – performance relationship, raising the theory that, if an individual is working in an organisation that sets out the correct HR practices and policies to allow and support them to work hard and feel valued in their roles, their organisations are likely to feel the positive effect of this.

The 'Black Box' cont...

Discretionary behaviour

"making the choices that define a job"

The Big idea *"a clear sense of mission underpinned by values and culture...and its relationship with its customers and employees"*

- Embedded
- Connected
- Enduring
- Collective
- Measured
- Managed



In most organisations there are roles which are given the flexibility of how the role is delivered. This is evident in most roles, in particular those roles where interaction with either customers or colleagues exist as an integral part of the role. Where this exists employees have the discretion as to how they deliver their role, however organisations clearly want individuals to act in a certain way. This creates, what is referred to as 'discretionary behaviour'. This behaviour is vital in the success of an organisation and required groups of individuals to show this behaviour and not the minority. This behaviour is found in organisations where employees feel:

A high level of job satisfaction;
Motivated to work hard;
Committed to their employer;

This theory seems already to highlight the link between the HR – performance relationship, raising the theory that, if an individual is working in an organisation that sets out the correct HR practices and policies to allow and support them to work hard and feel valued in their roles, their organisations are likely to feel the positive effect of this.

The other main factor identified within the CIPD commissioned report, was the presence of an organisationally known and support, common purpose. The CIPD refer to this as a

'Big Idea'. This is where there is a common purpose for the organisation, which is well known and supported by all employees and provides a common goal to work towards. For this idea to result in an increase in performance there is a requirement for 5 factors that need to be considered:

Embedded – this idea needs to exist as a culture in the organisation and exist in things like recruitment processes to recruit the right people with the right values

Connected – the idea needs to connect the employees values and the organisations customers

Enduring – the idea needs to link with organisational values and provides the basis for policies

Collective – the idea needs to foster strong organisational culture which binds the employees together in a common cause

Measured – the idea was required to be measured in a way which affected decisions across the entire organisation, and were underpinned by the 'big idea' and its values.

Organisations where all of the above exist are more likely to create the most fruitful environment for individuals to use discretionary behaviour, resulting in organisation benefits.

Case Studies

Nationwide Building Society ([Purcell J et al](#))

Mid 1990's committed to 'mutuality' to customers

This vision led to a new culture in the organisation

It led to structure, recruitment strategy and HR policies changes, required to support the vision

New KPIs were introduced which measures performance against three areas; Customer, Business and Employees

Business aims of being; First choice for customers (Customer), having the best available rates (Business) and being a great place to work (Employee)

Recruitment strategies favoured inexperienced people

Lack of Market stability



❖ Employee Commitment remained stable – the '**Big Idea**' effect

This positive effect can be seen in the case of Nationwide Building Society. In the mid 1990's Nationwide committed to offering their customers mutuality. This 'big idea' led to a change of structure, recruitment strategy and of course HR policies and practises required to support these changes. To ensure that Nationwide were able to monitor its ability to meet this new commitment, they implemented a new performance reporting structure which targeted KPIs which measured three areas:

The Customer

The Business

The Employees

This reflected the business aims as being the best choice for customers, having the best rates available and being a place individuals wanted to work. This ensured that the three areas above were being measures and improved upon and improvements would improve the service to customers, employees and the overall business. This would in turn improve the environment for discretionary behaviour to be utilised.

Their recruitment processes also favoured individuals with less experience, who were not driven by the normal financial incentives, but whose values were akin to the business ethos. This ensured that employees shared the view of 'putting the customer first'.

Over the course of the time that Nationwide were studied there was a huge amount of uncertainty in the market place and changes in the availability of their products and changes in competitor organisations. Whilst you might expect that such uncertainty would have a negative impact on employees and the organisations as a whole, for Nationwide this was not the case. Whilst there was a reduction in some areas of their organisation, overall commitment to their core values from employees remained stable. This is particularly interesting given the financial uncertainty in the market place. This shows a strong link with employees and the core values of an organisation and demonstrates how effective the 'big idea'.

Case Studies

Selfridges plc ([Purcell J et al](#))

Mid 1990's started a bid to change their business

A 'Store for the Next Century' – Vittoria Radice (Chief Executive)

This was resultant from a change in the expectations of customers (Market Influence)

Changes to; IT, Management, Structure, 7 Day Trading, Leadership,

Responsibilities, KPIs and Relationships

Culture Surveys and other staff engagement models

Mystery Shoppers, Team Talk Time

Stakeholder Values

Employee Surveys – 97% proud to work for Selfridges, 93% loyal to Selfridges

❖ Sales figures up 23%, Payroll costs down 5%, Sales against Payroll up 31.7%



The mid 1990's also saw Selfridges plc radically change their business and seek out economic growth. This was achieved through a change in the vision for the Selfridges stores; aiming to change these into the store for the next century. This was being implemented due to a recognition of a shift in the market and the increasing expectation of shoppers to receive a high quality service and experience and not just good value. To facilitate this Selfridges made dramatic changes to IT systems, management, change in structure, the introduction of 7 day trading, new leadership approaches, additional responsibility for managers, new performance measures and a closer working relationship with concessionaries.

Selfridges maximised staff engagement with the introduction of a new appraisal system, culture surveys, staff councils were created to gain the most from their employees. Individual's roles were aimed to be matched to their skill sets.

Mystery shopper exercises were also undertaken to evaluate customer/staff engagement and contact, with a new 'Team Talk Time' initiative created on a monthly basis, as well as briefing sessions at the commencement of shifts for employees to be updates on new organisation initiatives, all done with the view on increasing their ability to assist the customer. Selfridges also identified their key stakeholders and what they felt were their values and aimed to translate this into the way that Selfridges offered their services. They understood the value in delivering value to their stakeholders, both

internal and external.

Whilst it is not 100% possible to identify the link between the HR practices put into place by Selfridges and their improvement in sales figures, the report shows that this is highly likely to be the case. Given the complete change in people management processes and practices employed by Selfridges, this is highly likely to have been a contributory factor to the increase in sales and decrease in payroll costs. This goes some way to demonstrating the link between effective HR practices and the performance of their organisation.

Summary

Purpose of HR – *“Support delivery of strategy and objectives”*

CIPD Profession Map – Principles-led, Evidence-based & Outcomes driven

HR Move to Strategic HR – Outside / Inside perspective

Ethical HR – 8 Lens Model

HR Generalist vs HR Specialist in a changing world

HR Change Management Models – Support and Communication

Adding Value – Big Idea and Discretionary Behaviour

Practical business application – Nationwide Building Society and Selfridges Plc

Thank you & any questions



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