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Understanding the Contemporary HR Function

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Understand the purpose and key objectives of the HR function in contemporary organisations

1.1

Views on the HR function and how this is evolving

- HR is evolving from an admin service to delivering strategic plans and assisting in the business direction.

Purpose and key objectives of HR

- Purpose and key objectives of HR are to effectively manage people and performance
- Support the business strategy and objectives
- There are different levels to the HR function

HR function and how this is evolving

The function and role of HR has always been evolving, as HR was known as 'Personnel' and initially transactional; an admin and clerical type service completing tasks such as recruitment, payroll admin and inductions for employees, evolving into incorporate more human and strategic elements, becoming transformational and more recently known as HRM (Human Resource Management). HR sits on the line between management and employees; there to assist both but remaining neutral, and are often perceived as being ambiguous and adding to the confusion of the HR function from clients and stakeholders. However, HR has developed to deal with the employees and stakeholders differences between wanting a high performing, productive business with low costs, and the employees having fairness and being well paid as a motivator to achieve the organisations goals. HR have become focused on attracting and retaining people with the right qualifications and experience and developing on that. If successful in doing so, you slowly but surely build a workforce who are competent, engaged high performers.

HR is responsible for organisations direction and development through the delivery of strategic HR management and the effective management of people and their performance.

Some people believe that HR have distinct roles within the HR function, meaning that HR staff are specialists in certain areas whilst others believe that HR is a progressive function where, as an HR professional, you start in one particular area and build upon that, increasing your knowledge on each separate area of HR as you go. It is often challenging to demonstrate how HR adds value and how to measure this in organisations with it's constant but ever changing progression and development.

Traditionally there are different levels to the HR function within organisations, each contributing to different aspects of an organisation. You have your *service provider* who deals with common issues and questions from managers, an *advisor* who strategically helps and supports managers, a *change agent* who uses their ability to persuade and influence the board to embrace new HR initiatives, creating a strong organisation culture, and finally the regulator/internal contractor who deals with functions either internally or externally. However, it is more common for organisations to outsource HR to specialist firms or shared service centres, thus the need to prove the value and worth of HR within organisations.

Understand the purpose and key objectives of the HR function in contemporary organisations

1.2

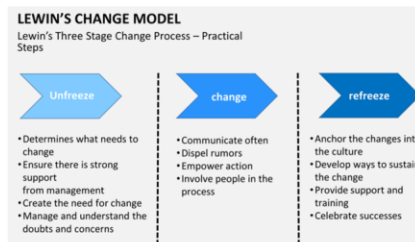
How HR can contribute to effective change management

Why do we need change?

Change is good for organisations but you need to be able to adapt quickly to change

What can HR do?

Using models of change is an effective way to manage change. An example is Lewin's change management model - Unfreeze, change, refreeze



How HR can contribute to effective change management

In business there is always need for change. Change is good and if managed well, businesses thrive. However, the people in the business; your staff, don't always like or understand change. This is why we need to effectively manage change and how we communicate it, as poor change management adds a high risk to the success of the organisation's objectives.

HR needs to ensure that employees are ready to undergo change firstly by employing the right people; people who are open minded and have a fresh perspective. If these people are mentored and encouraged they can act as change agents and motivate other employees to take part in the change. Employees who are involved and contribute to the change should be rewarded as an incentive for the to further the change. HR are less of a supporting function and are integral to the organisations change management strategy. One way for HR to manage change is to use a model for managing change. These allow for 'increased flexibility to respond to change' as stated in the (CIPD 2020). One example is Kurt Lewin's change management model; the version I found was on (Mindtools.com, 2020). This model works by using 'unfreeze, change, refreeze' often described like a block of ice as an analogy. By unfreezing you are making people aware of the change, who it will affect and why it is positive, dealing with doubts as they arise. Once the change has started to happen you are reassuring people as they start doing things the new way and allowing them to adjust and support the change. Finally you refreeze where the change has been set in place and becomes part of the norm and the people feel comfortable and confident in their new ways of working. By HR using these stages of change, you can plan how to apply the change you need.

Understand the purpose and key objectives of the HR function in contemporary organisations

1.3

Examples and references to models of change

DREC Model of change – Kübler-Ross

Other ways HR can contribute to effective change management

- HRD Interventions
- Employee participation and involvement
- Communication and management of expectations for employees
- Supporting Line Managers in conflict management



Other ways HR can contribute to change management

When change occurs in business there are generally five stages employees go through, according to a report on (Linkedin.com 2015) on the Kübler-Ross Model of change. Employees go through five stages which include, denial, anger, bargaining, depression and acceptance. It is important to recognise this in your employees and take measures to support them as the process takes place. The way you communicate change to your employees and support them will ultimately determine how long and or painful the process is. A strategic HR team would have had measures previously in place to assist with change when it occurs, however there are various ways HR can contribute. One way is through HRD (Human Resource Development) interventions. This is a systematic and planned practice to increase employee attitudes, abilities, knowledge and skills from the day they are employed throughout their employment. Through this strategic system, HR and line managers can shape employees attitudes and ability to accept change in the future. Another way is through employee participation and involvement by including employees in the interest of the business and taking part in particular activities. The aim is to create a common interest between the employer and the employee.

HR should also effectively communicate and manage the expectations of employees when it comes to change. If you have a clear process for change that is well communicated it will remove the element of surprise and result in employee productivity and engagement. It is also important for HR to support Line Managers when there is change as there is more likely to be a conflict as not all employees react well to change. HR can help by providing the manager with advice on how to initially deal with the conflict, using mediation to resolve the issue or more directly using disciplinary measures. Ideally the conflict will be dealt with sooner rather than later to stop it from escalating and getting out of hand.

Understand different models of delivering HR services

2.1

Compare and contrast different models of HR service delivery

- Centralised
- Decentralised
- Account management
- Shared services
- Outsourced
- Integrated
- Ulrich



Whilst each model has it's pros and cons, certain models will be more suited to certain types of organisation, depending on it's functions and whether it is large or small, financial situation etc... Other factors play a part but these are some to consider when choosing a HR model for your organisation.

Compare and contrast different models of HR service delivery

Shared HR service pros:

- Often found in large organisations - 'the concentration of administrative HR activities into a centralised, commonly shared function'
- More cost effective as it can be carried out offshore where wages are cheaper
- Consistent and effective as processes are more efficient

Cons:

- Not all processes are effective in every part of the business; can 'negatively impact one part of the business while helping another' (HR Exchange Network, 2019)

Centralised HR service pros:

- Takes responsibility for each department within an organisation whether at a high or low level from a main office
- Decision making and authority is made by the management
- HR can handle various company emergencies without extra effort as the company train employees according to needs of their business

Cons:

- The costs can be greater in small businesses as systems that help reduce operating costs are only feasible for large businesses

Decentralised HR service pros:

- Places authority on individual departments and allows them to make decisions
- Each department head can give their opinion on how issues can be resolved, and empowers them in decision making

Cons:

- Efficiency and consistency can lack as each department head can have varying opinions and skills in decision making

Account Management pros:

- Outsourced service where line managers can get quick and accurate advice from an HR professional
- Business are not paying for internal HR employees who may not have as much experience/knowledge

Cons:

- Difficult to influence line managers to do things as the business may want them to do it differently
- Difficult to influence, educate and change the business as an outsourced HR may lack understanding of the business and it's culture

Outsourced HR service pros:

- Reduces cost by spending less on salaries, benefits, hiring, training and noncompliance risks
- Improves compliance - HR professional is trained and competent

Cons:

- Recruitment can be challenging as outsourced HR don't understand the companies culture
- Organisation dependency. If business relies heavily on outsourced HR, they may be at risk of operating effectively if outsourcing HR is no longer an option

Integrated HR service pros:

- Tighter management of expenses and reporting efficiency
- Reduce levels of exposed liability
- Empowers all levels of management to maximise return on HR department

Cons:

- Higher cost as the business are paying for salaried HR staff
- More likely to have competency issues within the HR due to experience/knowledge lack

Ulrich HR service pros:

- Quicker response to needs of managers
- Quicker response to changes in organisation
- Better HR methodology for HR measures

Cons:

- Not all functions can be separated into four segments easily
- HR has become more strategic and so this model isn't always applicable

It's safe to say that whilst all of these models have their pros and cons and are effective in their own ways, the HR service you choose will depend on what kinds of service you need and the type of business you have.

How HR can work with Line Managers to provide HR services

2.2

Examples are:

- Business Partnering
- Building Line Manager capability
- Advise and direct support



These are some examples of ways HR can support Line Managers to make the right decisions based on different styles but deciding which is best can be tricky.

How HR can work with Line Manager to provide HR services

It is essential for an organisation to have competent, high performing line managers as they are the people that lead the employees, so they need to have effective people skills and a good knowledge of HR. The issue is that they don't always have good HR knowledge or political skills which is why it is essential that they are properly supported, and the relationship between the line manager and HR is strong. They will also need to have an ability to socially influence employees utilising their political skills. A line manager will have strong positive or negative consequences that are directly experienced by the employees, affecting their perceptions, attitudes and behaviours about work.

One way HR can assist line managers is by business partnering with them. A typical version of this is Ulrich's view, (Ulrich, 1998) where he uses a three legged stool to describe the different tasks and roles within the HR function such as, shared service, business partner and HR expertise. HR can assist by helping shape people strategies and the way line managers respond to challenges by merging them with high performance; creating the solutions that help deliver positive outcomes. For this method to be effective, HR need to have a good understanding of how the business operates, be able to use evidence to support decision making, know when and how to ask the right questions, and have the courage to challenge.

Another way HR can assist line managers is to build on their capabilities. When line managers are supported and are working efficiently, employees are more likely to stay within that business as they feel valued and that their talents are recognised. HR can help managers by providing training for them to be able to give effective feedback and coaching, including learning and development opportunities, recognition and reward, and a sense that their organisation values them. Line managers with the right training will be able to recognise their employees strengths and development needs and build upon them.

HR can also be there to provide line managers with advise and direct support when tackling issues and challenges. By assisting them, HR are also teaching and coaching them, as they will be able to use this information if something similar arises again. Having a strong relationship between HR & line managers is essential for the communication to be clearly understood and for the manager to deliver it.

Why HR should be managed in an ethical manner

3.1

- An example of ethical practice within HR and why HR must act ethically to perform effectively.

- How does this affect business and why?

- Examples of non ethical practice within HR and the consequences of non ethical practice on the organisation.

- How something small can make a major impact on how your organisation is perceived.



Justification of why HR should be managed in an ethical manner with examples of ethical practice contrasted with examples of non ethical practice

Ethical practice is the implementation of certain behaviours within an organisation including sales techniques, stakeholder and employee relations, payroll practices, dealing with issues of product, corporate responsibility and corporate governance. Where as law is very black and white in what is right and wrong; behaving ethically is not so much and is about trying to do to right thing that reflects positively your organisations beliefs and culture. HR need to act ethically as they are there to assist employees as well as managers and can't have an agenda or take sides. HR's role is to be objective when facing difficult decisions and to be ethical in their approach. An example of acting ethically is for the business to ensure they are recycling any waste effectively as it is becoming an increasing worry about global warming. A company may have someone dedicated to corporate responsibility who is an extension of the HR function and oversees these tasks, understanding the impact of them. If they are being carried out as the company says they do the business is more likely to have loyal customers and employees. Organisations should be able to demonstrate to its ethical approach to employees and customers, that they are recycling waste efficiently and have much less contribution to global warming.

If a customer spent money on the services of that business but upon requesting water from their cafe, are presented with plastic bottles of water and plastic cups to pour the bottled water into this would be an example of non ethical practice. Despite this being a relatively small issue, the impact on the perception of the customer is huge, and that customer will no longer have faith that the company is acting environmentally friendly or ethical. This could have a massive knock on effect if that customer uses social media to voice their dissatisfaction and could escalate onto the front page of a newspaper, causing a huge drop in revenue as this is important to people.

How HR's contribution to the organisation can be evaluated

4.1

Different ways to measure HR's contribution and how they are effective:

- Service level agreements
- KPI's
- Objective setting
- Benchmarking
- Balanced scorecards
- Staff satisfaction surveys



Each are beneficial depending on what information you need to measure for your HR department and your current resources.

An explanation of how HR's contribution to the organisation can be evaluated

There are a few ways in which HR's contribution can be evaluated; one is through KPI's (Key Performance Indicators). KPI's measure business objectives and evaluate their success at reaching goals. HR's KPI's will be based on the HR strategy which ties into the business strategy. There are many types of KPI's to use depending on what works for your organisation; HR would decide which type of KPI's to use to measure the cost of recruitment (cost per hire etc..), employee turnover, overtime, absenteeism, length of service and job satisfaction rate for example.

Another example is balanced scorecards; they provide managers with a quick overview of the business and include financial measures that detail the results of actions already taken. This makes it easy for managers to keep track of the business activities and consequences arising from them. There are four perspectives which include; financial perspective, internal business perspective, customer perspective and innovation and learning perspective; so that managers don't get an overload of information and different perspectives, causing confusion. HR contribute mostly to innovation and learning through their L&D department.

Another example is SLA's (Service Level Agreements) which are a commitment between a service provider (HR) and a client. HR are responsible for putting processes and procedures in place to assist the cost effective provisions of HR services. These services need to meet the expectations and needs of the client; some SLA's include tracking HR cases, ensuring they are completed on time.

Benchmarking is another method which involves reviewing current HR policies, practices and systems and comparing and contrasting them with another similar organisation. This is useful for gaining useful information around strategically placed goals for your organisation.

Another example is through HR objective setting. These can be found in HR areas such as, corporate culture, L&D, sustainable business and employee engagement. SMART (Specific, Measurable, Attainable, Relevant, Time bound) is a criteria often used to guide the setting of objectives.

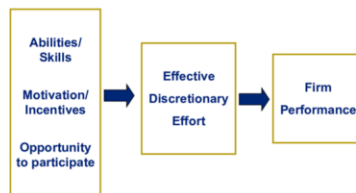
Staff satisfaction surveys are another way to evaluate HR's contribution. HR can gain an honest understanding of the level of satisfaction from employees in the current organisation. The results can show a pattern of satisfaction/dissatisfaction in a current area for HR to strategically improve.

Evaluation of two examples of published research

4.2

Reviewing two published articles that support the link between HR and positive organisational outcomes

- Is AMO (Ability, Motivation & Opportunity) the most effective model for HR or is there another more effective model to use?
- How can HR prove their links to positive organisational outcomes?
- Does current research back up this theory and is it strong enough?



An evaluation of two examples of published research that demonstrates the link between HR and positive organisational outcomes

One piece of research I looked at was *Deconstructing AMO framework: a systematic review* (Marin-Garcia and Martinez Tomas, 2016). This research reviewed a wide variety of investigations on the (A) Ability, (M) Motivation and, (O) Opportunity model which was adapted by Appelbaum, (2000) from a framework proposed initially by Bailey, (1993). This research looked directly and indirectly at articles as it didn't always directly review AMO but some parts of it. Generally there was a link between strong HR systems (HPWS), and positive employee engagement, resulting in positive organisational outcomes. Some research argued that AMO needed to be present equally for an employee to operate well whilst others argued that only two needed to be present. There were a lot of other external and internal factors which could have an effect on the AMO of an employee making it difficult to determine which model worked best. However, the research often couldn't directly link these due to the research not being longitudinal and not directly researching AMO. Generally this research proves that there is a link between HR and positive organisational outcomes, although there is proof that more research needs to be carried out to solidify this theory. The other piece of research I looked at was, *Human Resource Management at Work: Examining the links between HR Practices and Processes and Organisation Performance* by Marchington et al. Whilst this article acknowledged the AMO model for HR practice it also acknowledged many other models. Throughout the article various models are discussed for their strengths and weaknesses and most result in the climate of the organisation and its culture. One HR practice may work well for one organisation and not another due to differences; some differences are also cultural and dependant on where the organisation is in the world. Despite this being a theme throughout; the pattern is that strong HRM is positive in organisations, it just depends on what model these organisations use to be most effective.

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