

CIPD Diploma in Applied Human Resources

Understanding the Contemporary HR Function (5CMHR)

Assessment Activity

Word Count: 3,017
(Excluding Title Page and References)

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Signed: 

Date: 17/02/2020.



The Role of the Human Resources (HR) Function

1707444

Hello everyone and welcome. My name is Vikki Evans and I am a HR Advisor here at Marelli Automotive Systems, based within the Human Resources Team.

As part of your new starter induction, we wish to equip you with some knowledge of the different business functions around site which will support you as you settle into the business. Today we will be looking specifically at the role of HR. We will have time for questions at the end of the session, however, please feel free to raise any queries as we go along should you need to.

Presentation Objectives

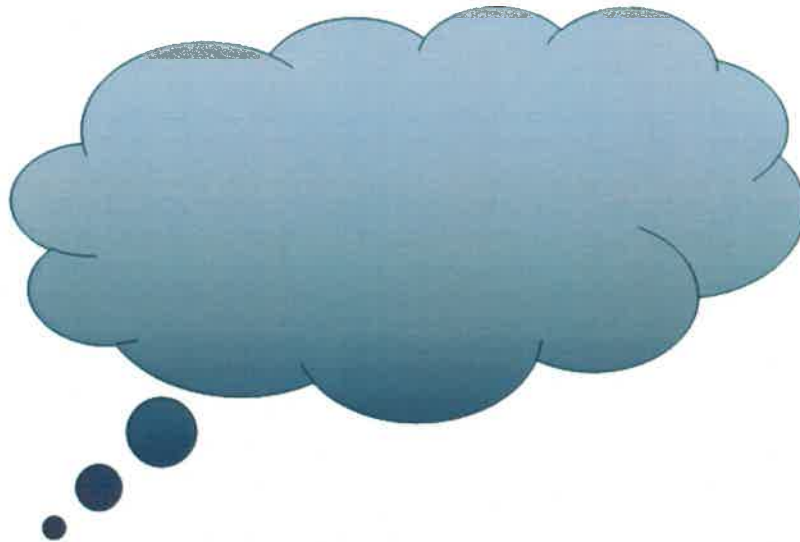


- Define and explain the HR Functions' role
- Identify how HR supports line managers and the wider business
- Explain how HR has evolved and how it will look in the future
- Identify ethical and non-ethical practices within HR
- Look at how HR can deliver positive organisational outcomes and support the organisation to succeed

The main objective of today's presentation is to give you a better understanding of Human Resources and what the functions role is within the organisation.

The presentation will also cover how HR supports the organisation and its objectives, and how HR has developed. We will also look at what may or is expected to happen within the function of HR in the future. HR is also unique as a function in the sense that ethics are very much at the core of everything we do, therefore we will explore ethics in HR in more detail. Finally, we will look at how HR can deliver positive organisational outcomes and support the success of a business.

Human Resources (HR) – What is it?



I would like to begin today with a quick exercise/icebreaker to get you involved in the session.

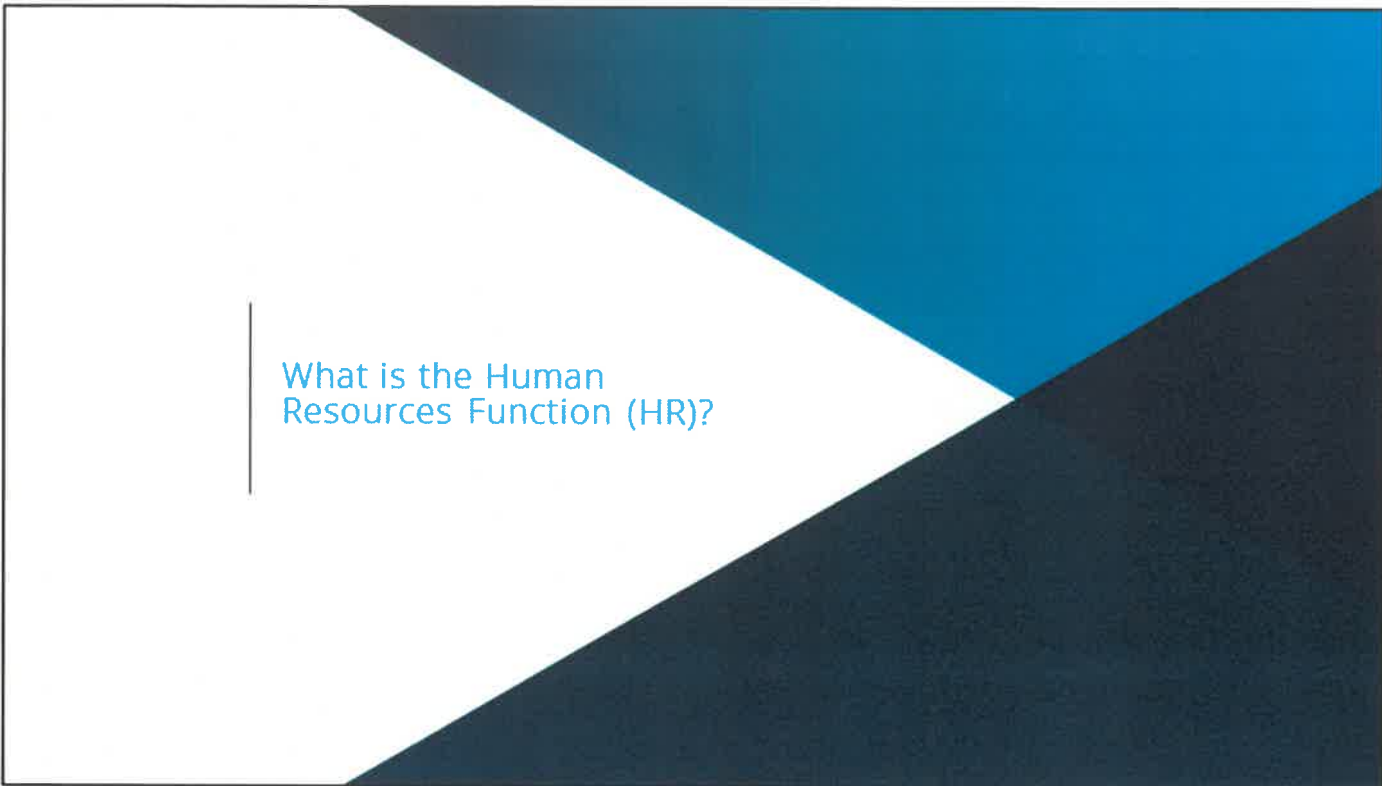
I would like you to think about Human Resources and what you think it is. I will give you a few minutes and we will then ask a few volunteers to give their answers. We will then continue.

“People are Our Greatest Asset.”

Dave Ulrich, 2016

It can be said that people are the most important asset within a business. This was famously noted by Dave Ulrich, a professor and author. This has been a central thought in Ulrich's work over the last 20 years. This thought is shared by organisations around the world, who are aware that people (employees) in a business are crucial to its success.

However, there would be no success in an organisation without people who feel supported, empowered and have managers who motivate and lead them. This is why HR is important within a business as the function will promote and support performance by “developing a performance driven culture, understand and drive business objectives and link every employees' goals to the wider business aims.” (Forbes, 2019)



What is the Human
Resources Function (HR)?

Human Resources (HR) – What is it?



- Traditionally, more of an administrative function
- Manages employee lifecycle – recruitment, pay, operational tasks
- Modern HR – more of a business discipline
- Supports organisational performance, partnering with management to deliver results
- HR delivers results by supporting organisational objectives and goals

The purpose of the HR function is primarily to support an organisation to deliver a business' objectives through managing people and their performance effectively.

The CIPD, which is the Chartered Institute for Personnel and Development and is the professional body for HR professionals, describes HR as “at the centre of business performance.” (CIPD, 2016) and that HR has a very important role in driving business decisions (both short and long term).

HR used to be a largely administrative function, managing the employee lifecycle such as pay and other related benefits, recruitment and day-to-day admin tasks. Modern HR has developed from this to become a business discipline, delivering positive results by linking the function with business objectives. This means the function is now far more strategic, and viewed as being able to shape strategy. Changes such as measuring value added by HR and motivating the workforce has allowed HR to become more measurable, too, from a business perspective.



Human Resources' central role is to support organisational objectives, support line managers, attract and retain people and maximise their performance through development, engagement and involvement in the organisation. HR is a busy and generalist department, with many objectives to meet and deliver on for the organisation's overall success. It can be said that an organisations HR strategy and all activities should be clearly aligned with the strategy and objectives of the business. (Wilkinson and Taylor, 2016). HR should be treated as any other business function, with a top-down mentality, meaning that departments do not work alone or as 'silos'.

The Evolution of HR



As briefly mentioned, the HR function has developed from personnel management into a more strategic business function.

People management can be traced back as far as the 1800's, when industry started to become more established (Wilkinson and Taylor, 2016). It was at this point when companies had enough resource to have departments to look after things such as pay and welfare. This is where personnel management was born. Tasks were mainly administrative, and included record keeping, payroll, trade union management and some policy adoption (i.e. disciplinary, training etc).

It was at the end of the 1900's when a bigger shift became more apparent in HR, and this change was needed to match how quickly the working world was changing. It was at this point where HR developed from personnel into a more strategic function, with an alignment of the organisation and individuals within it. Staff were now being seen as an important asset, as noted in Ulrich's work earlier in the motivation within the business). Human Resources is more commonly referred to in modern practice as HRM or SHRM (Strategic Human Resource Management) due to this shift to being more presentation. Also, monetary factors as reward being seen as less important (a total reward package becoming key for employees including culture and of a key strategic business partner.



What can HR do to support and
change an organisation?

HR Support – Line Management



Line Managers act as a link between HR and the workforce

They support:

- Day to Day Management of employees
- Performance Management of Teams
- Engagement
- Ensuring Employee voice
- Learning and Development

A lot of change in Line Manager role; devolvement of HR activities, particularly operational activities (data management, booking leave etc) as HR has become more SHRM

It is important to say that Human Resources should partner with line managers to ensure they are supported in delivering services to internal stakeholders (employees, namely).

Line Managers are a crucial 'link' between HR and the wider workforce as line managers can help to support HR initiatives and HR can also support line management with training, development and championing HR as a function. Research carried out for the CIPD by a team at Bath University found that front-line managers play a pivotal role in terms of implementing and enacting HR policies and practices which demonstrates why it is important that HR build strong relationships with line management at all levels. (CIPD, 2020). This is becoming more and more important as many HR activities have been devolved to line managers in recent years to ensure Human Resources can focus on more strategic activities linked to organisational objectives.

It is also important that Line Managers promote the significance of HR practices, as it can be said that employees' responses can be directly linked to how they perceive practices or systems, both negatively and positively. Therefore "for HR practices to gain employee attention and to demonstrate intended effects on employee attitudes and behaviours, an organisation's line managers need to make HR practices noticeable to employees." (Bowen and Ostroff, 2004) This essentially means that the strength and understanding of a HR function is heavily reliant on line management.

HR as Change Agents....



Change management is a huge challenge for HR as a function. Change needs to be effectively managed to work, as it can very easily fail and damage the culture of an organisation. HR can be seen as “change agents” and this will be explored in the following slides.

HR as Change Agents....



HR is at the centre of change management within an organisation

Change can come from internal or external factors

HR understands that it isn't just about processes, it is also about **PEOPLE**

Effective in managing change in a controlled and sensitive way

Important in times of uncertainty (i.e. redundancies)



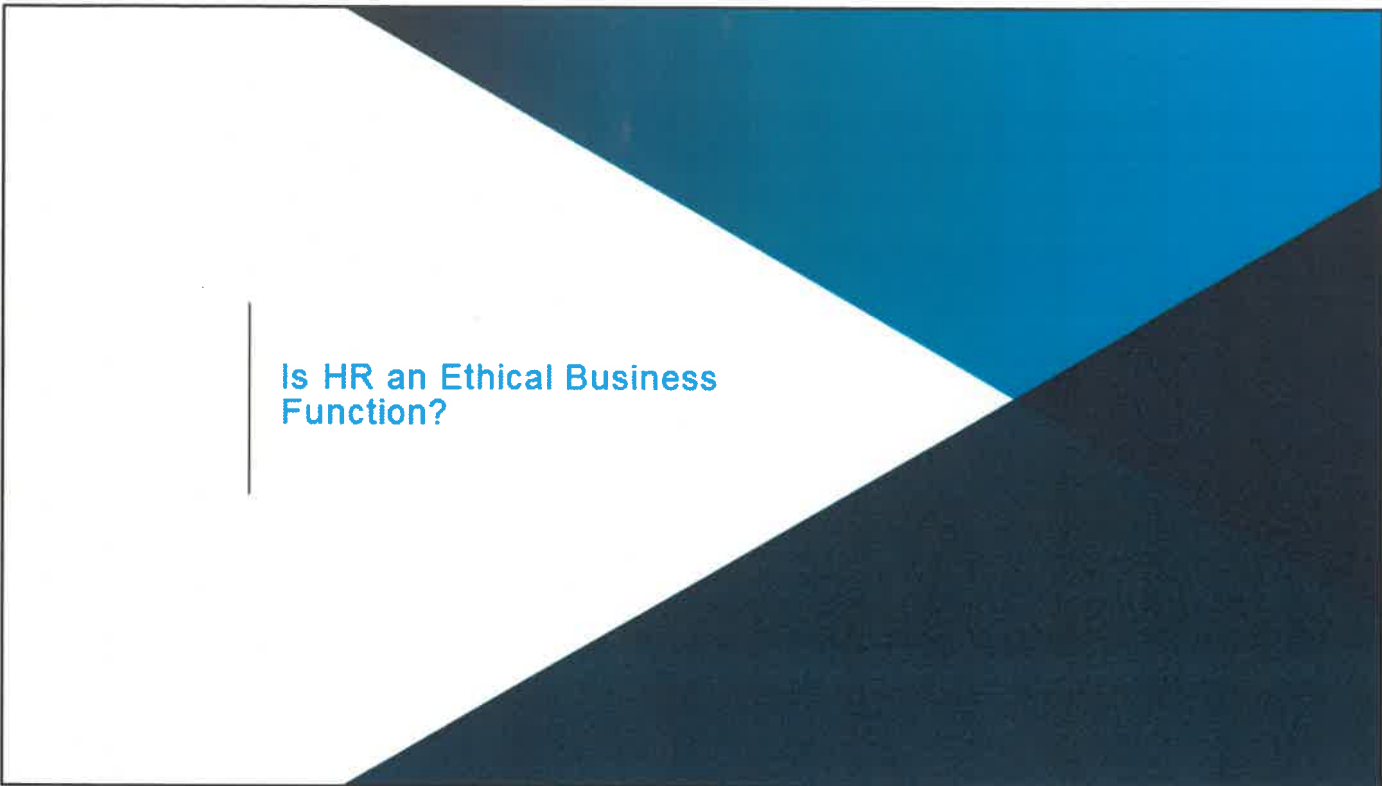
Human Resources can be seen as two very different types of function. It can be seen as transactional, in the sense of carrying out mainly administrative tasks or, can be seen as transformational, where HR can be seen as change agents, managing change in line with organisational objectives.

Organisations typically go through a period of change every few years, but is constantly developing and changing. External factors also impact businesses, for example political and economical changes. HR has a substantial role to play in change management as change will always involve more than processes; it will also include cultural change. HR will have an awareness of how change will impact employees in a business and what involvement people will (and should) have in change. HR will also be able to plan how to manage change and reduce uncertainty by communicating effectively, particularly in unnerving periods such as restructuring or redundancy procedures. Cohen (2016) noted that HR should therefore be prepared to ensure change is identified, developed and carried out in a respectful way. HR professionals, through their experience of relationship management and consultation are in the best position to engage employees in the change needed in a business.

HR as Change Agents....



We can use many change models to demonstrate HR's involvement in Change Management, for example, Beer et Al's Six Steps to Effective Change which was developed in 1993. This model shows how change develops from a starting point, where who needs to 'buy -in' to change needs to be identified. A vision is then created relating to how the change needs to be managed in the best way for the business. Once this has happened, agreement is then needed from those involved in the change (stakeholders, for instance) and those involved then need to spread change across the business. Change doesn't necessarily have to be 'top-down' (solely from senior management); it is very effective when change is promoted by line-managers and the workforce itself. Once changes are made, time is then needed to reflect on the 'new culture' and adapt to this. This is where issues may be identified and resolution to problems will be required to ensure any issues are resolved. The organisation may choose to adjust their strategy to respond to problems, too.



Is HR an Ethical Business
Function?

Ethical Practices



Ethical Practice is very important for an organisations success and also, its corporate/public image

Three core values of ethics

CIPD code of conduct guides HR Professionals on how to practice in a fair and just manner

Ethics can be said to improve an organisations overall success. Kew and Stredwick (2010) wrote that “values underpin ethics, and the values of an organisation underpin its business ethics” which can be explained as the overall culture and values within an organisation will be reflected in how the business is perceived from an ethical perspective. Business ethics have three core elements; fairness, deciding what is right or wrong and practices that underpin conduct between individuals and groups.

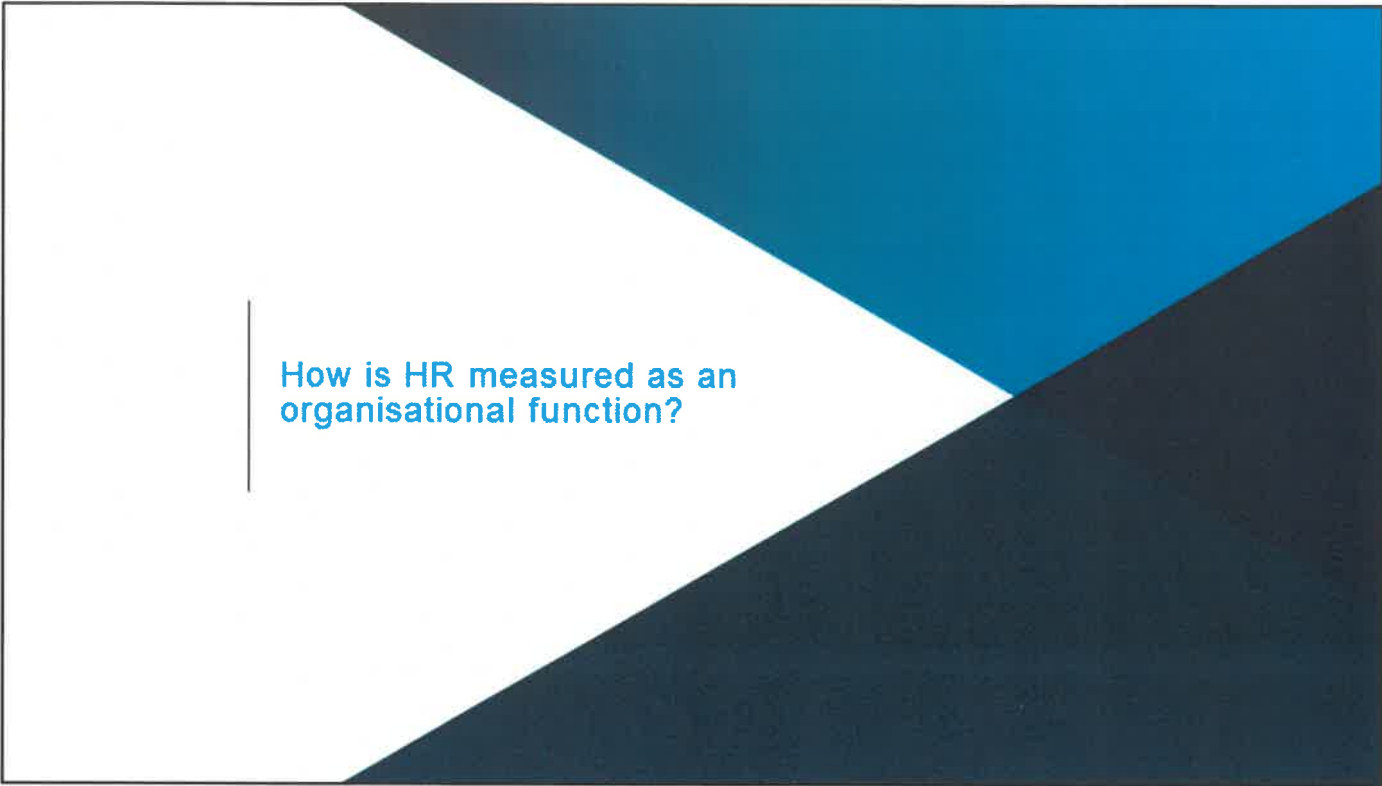
HR is responsible for highly sensitive and critical business practices and also, responsible for practicing consistently and fairly in relation to people management. Therefore, it is very important that HR is managed in an ethical way to build trust from the organisation, but it is also prudent that the wider organisation adopts an ethical approach to ensure its corporate image is positive.

The CIPD has a code of conduct that all HR professionals should adhere to should they choose to be members of the professional body. It states that HR professionals should maintain “Ethical Standards and Integrity” and should:

- Form trusted business relationships
- Be a role model
- Be mindful and sensitive when it comes to others’ beliefs
- Encourage business practices that promote equality and diversity
- Safeguard confidential, commercially sensitive and personal data

It also states that HR professionals should commit to these standards regardless of their level of membership and career stage. (CIPD, 2020)

The business case for operating ethically is that the organisation will be more sustainable, as ethical practices build trust and brand enhancement in the wider business market. Ethical practices also help to retain and attract employees, who see working for an ethical organisation as a positive and will look to work for and remain in businesses that operate ethically.



How is HR measured as an
organisational function?

How we 'measure' Human Resources



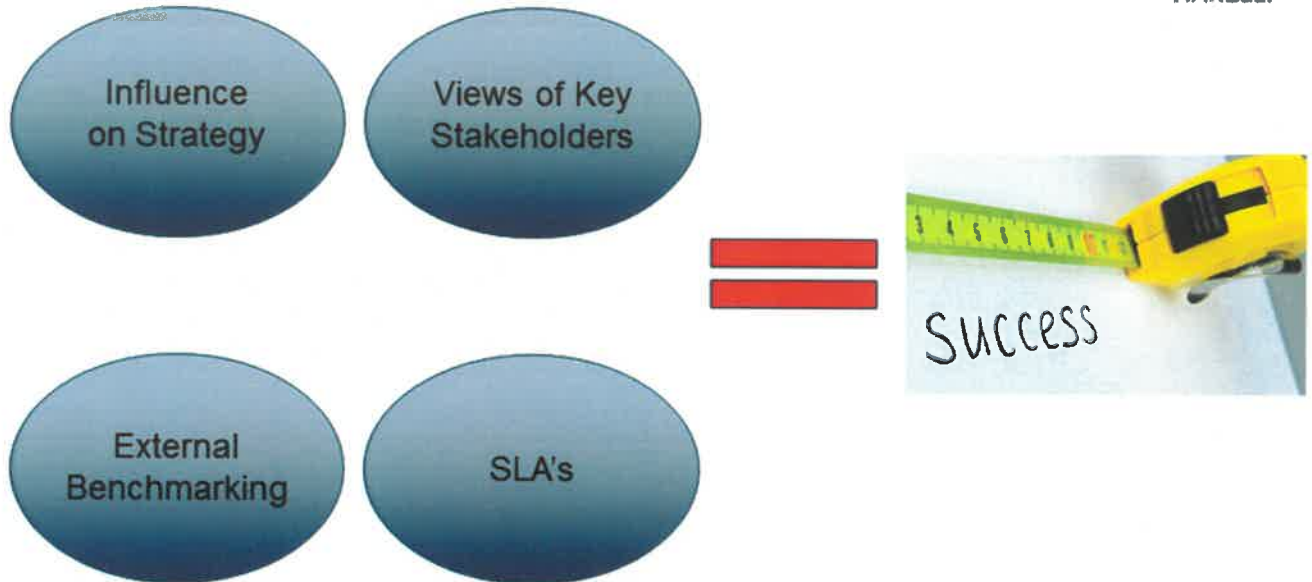
- Measuring Human Resources as a function can be tricky
- Generally measured from a numerical perspective; modern HR moving towards being measured by adding value
- Understanding of HR needs to be tackled before recognition will fully be given to the function
- HR needs to be managed as a 'strategic asset'
- Movement away from minimising costs
- around people



How we measure HR as a function has developed and changed, just as the function itself has over the past few decades. It can also be seen as difficult, as a lot of HR activities which add value cannot be easily measured tangibly, or take a long time to measure (i.e. employee engagement, turnover and retention of staff). HR used to be generally measured quantitatively (in numerical terms) on data such as absence and timekeeping; however, this doesn't reflect what the function can provide and achieve overall. Due to this more traditional viewpoint, organisations can find it difficult to measure HR's strategic business performance.

Becker et Al (2001) noted that the solution to measuring HR more appropriately is to manage the function as a strategic asset and, then measure the performance of the function in terms of its "strategic impact" (i.e. how HR initiatives and activities support the wider organisation and objectives). To do this, HR needs to be understood fully, specifically how it creates value within the business. Line managers and HR professionals collectively need to think of HR as an "architecture" that must be managed and structured properly, rather than HR being seen as just principles led or as an administrative function. This is how HR will create and add value to an organisation. There also needs to be a shift away from seeing people as a cost to be minimised within an organisation, and treat people as an asset (as previously noted in the presentation). Organisations have relied heavily on seeing people as cost as in relation to HR, as this can be easily measured and value adding activities are not easy to measure.

How we 'measure' Human Resources



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In comparison to how HR has been measured traditionally as noted previously (where the focus was on cost and time efficiencies), today HR is measured against the following four factors:

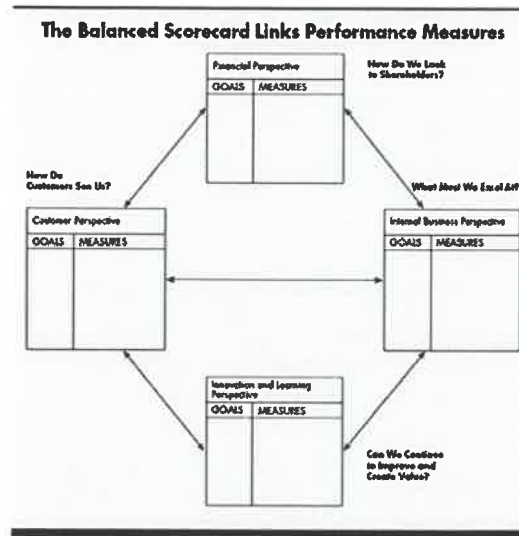
1. Influence on organisational strategy – how the function adds value within the organisation and objectives
2. Views of Key Stakeholders – how HR is perceived by employees, owners, Trade Unions, etc.
3. External Benchmarking – how the function compares against others in the HR sector
4. Internal Service Level Agreements (SLA's) – key services that HR provide, i.e. the standard to which the function wishes to operate, response times and how the function resolves issues.

Methods such as employee surveys, focus groups, feedback from prospective employees, exit interviews, well-being initiatives and training evaluations are all examples of where HR can be measured as a function and is tangible data that can be used by an organisation to evidence HR's value adding activities.

Tools to Measure Human Resources



"The Balanced Scorecard"



There are a number of tools that we can use to measure HR as a function. One example, is the balanced scorecard developed in 1992. The tool asks and provides answers to four questions:

- How do customers see us?
- What must we excel at?
- Can we continue to improve and create value?
- How do we look to shareholders?

This gives information from four different, but important, perspectives and allows managers to narrow down and focus on the most important measures. This can help to improve quality of service and also shorten response times, amongst other things, which is a key HR service level agreement and measure of the function.

HR's link to Positive Organisational Outcomes



Baron and Kreps (1999): "When HRM within an organisation is well aligned, the employees know what is expected of them, many act similarly and have uniform expectations about work and behaviour."

Jiang et Al (2012): "Good HR Management positively influences organisational outcomes."



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HR can be linked extensively to positive organisational outcomes. Jiang et Al (2012) wrote that "good HR management positively influences organisational outcomes, both operationally and financially." They noted that a solid HR function lowers turnover in a business and will lead to the organisation having more of a competitive advantage by developing people to be valuable and something that cannot be lost. This therefore results in having an inimitable talent pool and advantage over other businesses.

Similarly, in their studies of how HR supports management, Baron and Kreps (1999) wrote that a well aligned or structured HR function will allow employees to understand how they need to operate within an organisation, and also what is expected of them. This will result in employees shaping their behaviour to suit business expectations and also, have more balanced views on their work. This will lead to a more harmonised workforce, increased productivity and more success within an organisation. This again demonstrates a clear link between HR and positive organisational outcomes.



HR – The Future of the Function

The Future of HR



Strategic Business Partner

Devolvement of Tasks to Line Managers

Outsourcing

Automation/Artificial Intelligence



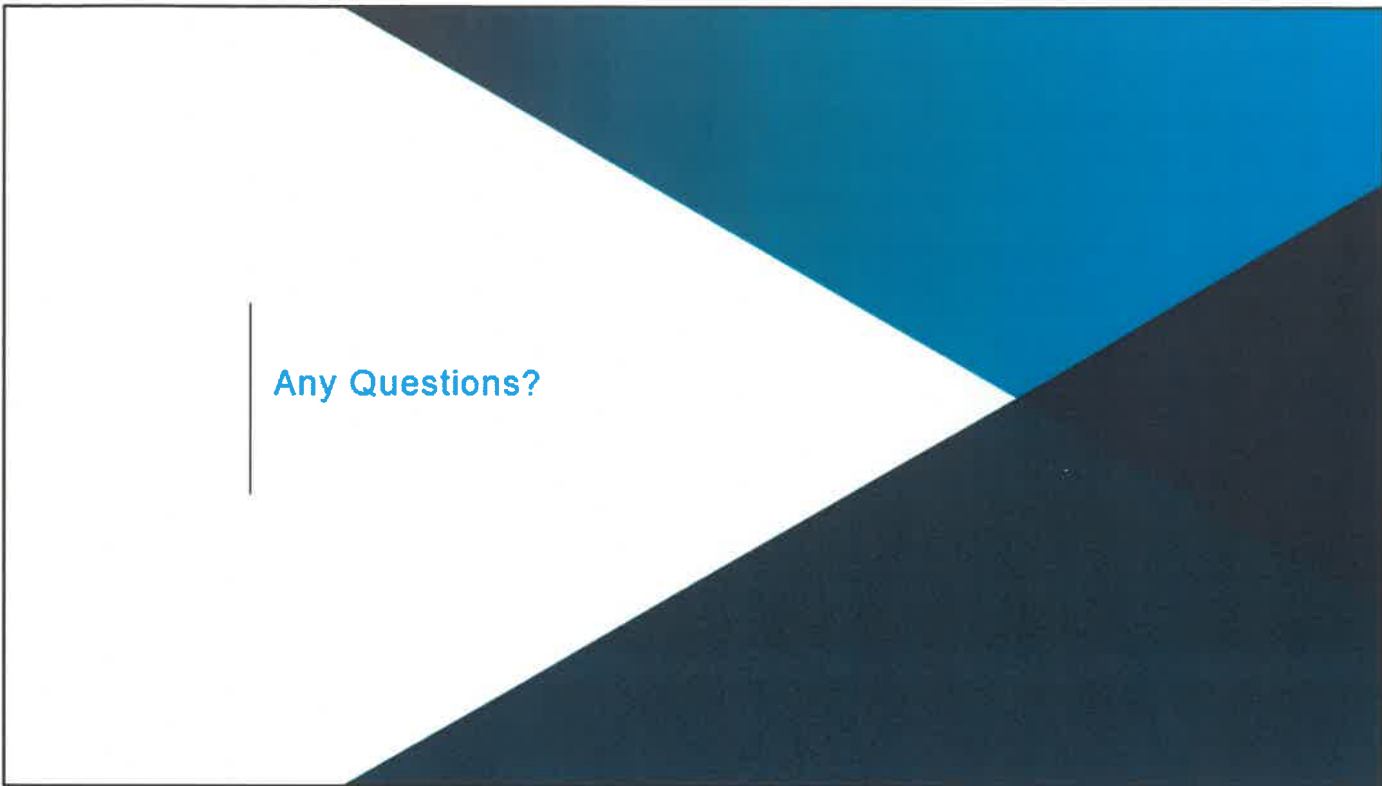
Where does HR go from here?

As it has transformed over the last few decades, HR has become more of a central function within the business and could be described as a strategic business partner (Ulrich Journal reference here)

There are many theories and questions around how HR can develop for the future, and how far the development will go.

Change will continue within HR as it has done since the formation of the discipline. As written in SHRM's Business and Human Capital Challenges report in 2015, it is expected that there will be a variety of changes in the HR over the next 10 years from developing HR business practices, outsourcing HR and devolving more responsibilities to line management. They noted that these changes will require "finesse, collaboration, expert communication and a focus on measuring the success of change initiatives." This confirms that the function will be required to adapt, upskill and measure activities in different ways to before.

The rapid growth of technology such as artificial intelligence will change the landscape of HR, too. A lot of emphasis is now being put on HR having more analytical and strategic insight, so roles and responsibilities are undoubtedly going to develop and change in the function leading to a broadening of skills or a need to upskill those within the profession. (HR Magazine, 2016)



Any Questions?



Thank you.

That concludes today's presentation; thank you for listening and I hope it has been useful for you as new starters within Marelli.

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