

Understanding the Contemporary Human Resources Function

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Welcome / Introduce Topic

Aims of Presentation

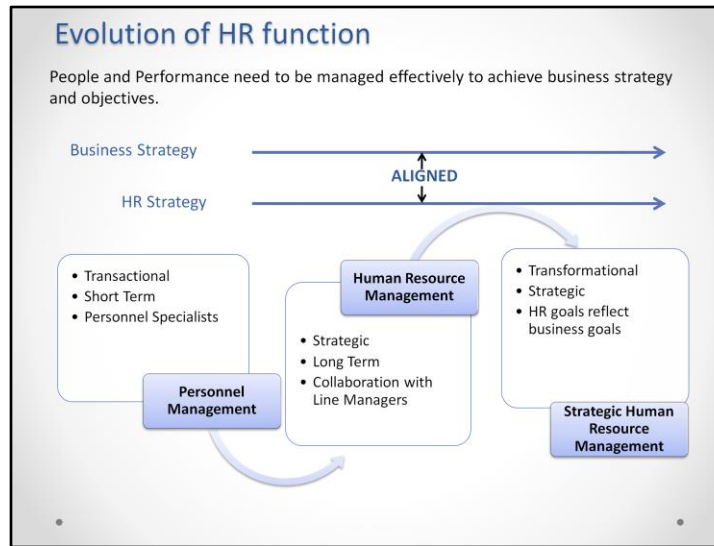
- To increase understanding of the contemporary HRM function
- To provide an overview of the different ways in which HRM is delivered
- To raise awareness of the importance of the function
- To discuss key values held by the profession
- To debate how HRM can evidence its impact on Organisational Performance

Discuss aims

Content to be Covered

- Evolution of HR Function
- HR and Effective Change Management
- Delivery of HR Services
- Role of Line Managers and HR
- HR and Ethics
- Evaluating HR's contribution
- Link between HR and Positive Organisational Performance

Discuss what will be covered



To support the business to achieve its strategy and objectives, the HR function needs to effectively manage performance and its workforce. The HR strategy and Business Strategy need to be aligned (Wilkinson & Taylor, 2016).

HR was traditionally termed 'Personnel'. This originated during the industrial revolution when large organisations created a department to process transactional activities such as Payroll and Record Keeping. By the end of the twentieth century, 'Human Resource Management' (HRM) was established. People were seen as a valuable resource and non-monetary factors were considered to motivate staff and increase productivity (Wilkinson & Taylor, 2016).

'Personnel management' is fundamentally administrative with a short term focus of managing people delivered by Personnel Specialists. 'HRM' is more strategic, focused on long term goals. HR Professionals work with Line Managers to manage people individually (Farnham, 2015). HRM is a set of activities managing the relationship between an organisation and its workforce (Taylor & Woodhams, 2016).

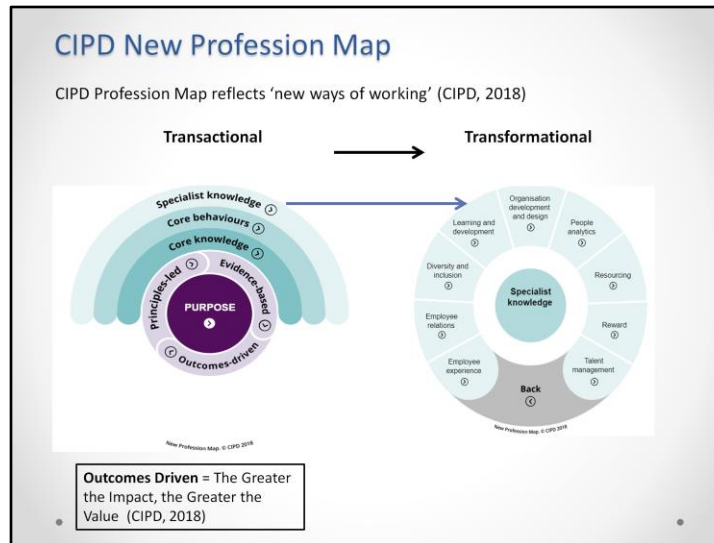
At the end of the twentieth century, Strategic HRM was established; seeing employees as 'assets' in a competitive economy (Wilkinson & Taylor, 2016).

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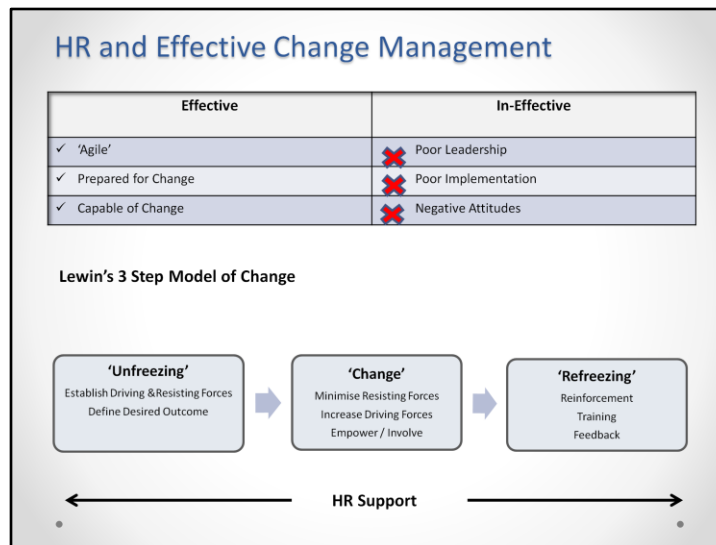


The CIPD HR profession Map has evolved to reflect new way ways of working. HR Professionals still have involvement in day to day people management but have become increasingly more focussed on delivering business outcomes. Being 'Outcomes-driven' is one of the professional values and the more impact made, the greater the value of the Profession (CIPD, 2018).

Detailed on the Map are the key specialist areas that emphasise the diversity and transformation of the profession. It is clear how the function has shifted from a traditional 'Transactional' function to a 'Transformational' function supporting organisational strategy and objectives.

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To be 'Agile' it is essential an Organisation is prepared for change, capable of change and ensures performance isn't impacted during change (Carter & Varney, 2018). Resilient organisations respond well to change (Lucy & Shepherd, 2018). Organisation's that manage change well will flourish (MindTools, 2006). Poor leadership, poor implementation and negative attitudes are reasons for failure to implement change (Carter & Varney, 2018).

How well people understand the 'Change Process' is important (MindTools, 2006). There are a number of different models of change; we will discuss Lewin's Three Step Model. The model is still frequently used today. During any change process there will always be 'Driving' and 'Resisting' forces; both need to be established before the change can be implemented with the 'Driving Forces' being greater than the 'Resisting forces' (Lewin, 1951 cited in Cameron & Green, 2012).

'Unfreezing' is when the organisation must understand the *need* for change. It is crucial to get 'buy in'. A persuasive message needs to be communicated. It is expected that attitudes will need to be challenged to achieve motivation and participation (MindTools, 2006). HR Professionals support Managers to achieve this through clear communication; managing expectations and potentially conflict management.

'Change' is the second stage. Time is essential to understand the change and reduce any uncertainty. Individuals need to be encouraged and involved (MindTools, 2006). Communication is fundamental to minimise barriers and increase the desire (Cameron & Green, 2012).

Reinforcement is essential at the 'Refreezing' stage. The change will be ineffective if not embedded and individuals will revert back to old ways of working. It will also become difficult to tackle the next change the organisation wants to introduce (MindTools, 2006).

HR professionals must support Leaders. A 'Reward' system could be created. The HR function may need to facilitate adaptation of the organisational structure. HR must ensure there are channels to communicate feedback and support with any necessary training (MindTools, 2006). The HR function need to work with Leaders to promote an Organisational Culture; encourage teams to be open and allow time for reflection (Carter & Varney, 2018).

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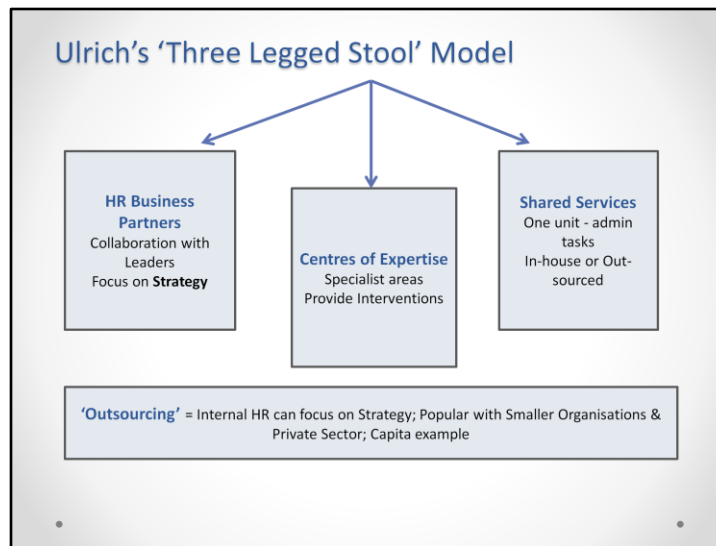
How HR Services are delivered

- Most Common are:
 - 'Traditional'
 - Ulrich's 'Three Legged Stool' Model
- Traditional Structure:
 - Small/Medium Organisations
 - Private Sector
 - Administration, Specialists, Generalists

The HR function must be structured to reflect the business and its customers (CIPD, 2006 cited in Swift, 2016). The 'Traditional' approach along with the 'Three Legged Stool' model is the most common. The traditional approach is most prominent in small to medium sized organisations and the private sector with Administration, HR Specialists and Generalists in one team (Swift, 2016). HR Generalists operate in all areas whereas Specialists generally operate in specific areas such as Recruitment (Wilkinson & Taylor, 2016). Time is shared between administrative tasks and Business Partnering. Attempts are made to delegate responsibilities to Line Managers which isn't always welcomed (Swift, 2016).

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The 'Three Legged Stool Model' was introduced by Ulrich in the late 1990s. Ulrich argues that the HRM function in larger organisations is most effective when divided into separate areas of activity; Shared HR Services; HR Centres of Expertise and HR Business Partners (Swift, 2016).

Leaders and 'HR Business Partners' work in collaboration, focussed on strategy and achieving organisational objectives. It is more likely larger organisations and Public Sector will utilise the Ulrich Model. With HR Professionals fixed in the business they can use their knowledge and skills to influence change (Swift, 2016). Business Partners who have transitioned from the role of Generalist also understand the transactional side and can provide additional support to Line Managers, helping to build trust (Swift, 2016).

'Centres of Expertise' operate in specialist areas such as Reward or Engagement (CIPD, 2015 cited in Swift, 2016). They act like business in themselves and can internally recharge for their services, providing interventions to steer strategy (Ulrich et al, 2008 cited in Swift, 2016). There is a risk that these centres sit separately so don't tailor interventions to individual needs. There can also be excessive demands placed on these centres (Swift, 2016).

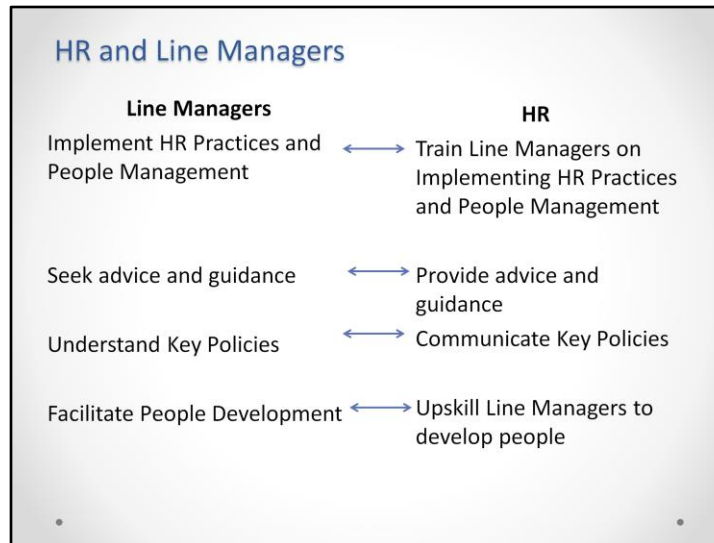
'Shared Services' is one unit handling administrative tasks at low cost (CIPD, 2015 cited in Swift, 2016). Generally it's managed in-house but can be outsourced. People Management Services are increasingly decentralised from HR to Line Managers or self-service technologies. New technology is often an integrated HR system holding HR data (CIPD, 2018). This can impact some employees negatively if they lack computer skills and creates increased pressure on Line Manager's workload (Swift, 2016). 'Outsourcing' may be a centre solely used for one Employer; organisations may have combined their HR functions; or it may be used to deliver HR advice to multiple businesses (Cooke et al, 2004 cited in Farnham, 2015). It allows organisations to tap in to expert knowledge and skills and saves costs long term (Swift, 2016). Capita is an example of this who won a 10 year contract to manage HR for BBC (People Management, 2006 cited in Swift, 2016).

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There is an increased likelihood of an Organisation's 'High Performance Work Practices' being implemented by Leaders who have high HR competency levels (Sikora, Ferris & Van Iddekinge, 2015).

People Management practices should be facilitated by Line Managers (CIPD, 2019). Responsibilities are shared such as recruitment, mentoring and managing performance (Fu, Flood, Rousseau & Morris, 2018). They are the connection between employees' experience of HRM and their outlook on their work and Employer (Swift, 2016). Organisations should support line managers to understand how their application of HR can impact employees and the important role they play in individual performance. Implementation should be monitored and interventions such as Line Manager training may need to be introduced to ensure effectiveness and consistency (Sikora, Ferris & Van Iddekinge, 2015). HR should communicate key policies and procedures and provide regular training on how to implement them. Line Managers should seek HR advice with difficult issues (Wilkinson & Taylor, 2016).

People Development responsibilities are facilitated by Line Managers. The role of L&D is to upskill Line Managers to facilitate this effectively. Line Managers need training in People Management skills and a strong structure needs to be in place to support them (CIPD, 2019).

Business Partners are responsible for HR strategy and work collaboratively with Line Managers to develop strategy solutions. With this pro-active, collaborative approach, Line Managers are better equipped to deal with people management issues ahead of them arising. Senior Leaders should drive these initiatives forward for Line managers to invest in them (CIPD, 2019).

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HR and Ethics

- Enhances Employer Brand and Reputation
- Organisational Competitive advantage
- Advance in Corporate Social Responsibility (CSR)

Unethical Practice:

- Enron/Volkswagen examples
- Theft, Bullying & Harassment, Absenteeism
- Price Fixing, Accounting Fraud

Ethical Practice:

- Treating everyone with respect
- Fully investigating claims of Bullying and Harassment
- Training for managers on how to monitor staff wellbeing
- Corporate code of Ethics

In order to be trusted, members of a profession must hold strong ethical morals and values (CIPD, 2017). This enhances the brand and reputation, resulting in a competitive advantage. Ethical companies will be more successful than others in the long term. Ethical practice minimises risk (CIPD, 2019).

HR must behave ethically as they expect this from others. It develops trust and positive relationships with its workforce (Wilkinson and Taylor, 2016). If leaders say one thing and do the opposite, the workforce is demotivated and it damages credibility (CIPD, 2019).

Generally, Employers are increasingly focusing their efforts to be more transparent and build trust. The advance in Corporate Social Responsibility is also a factor. Business should promote ethical values, monitor ethical behaviours and reward as an incentive if appropriate (CIPD, 2019).

Well-known unethical practice examples are Enron's misreporting of profit and loss and Volkswagen's manipulation of emissions. Public trust in businesses has also been scrutinised recently over dispute of executive pay (CIPD, 2019)

'Counter-Productive Work Behaviour' is immoral workplace behaviour. This describes behaviour that is detrimental to the organisation and its people i.e. theft, fraud, misleading customers, bullying and harassment. It could be something more subtle such as lateness or absenteeism. 'Unethical Pro-Organisational behaviour' is an unethical act to improve a business, i.e. Price fixing or withholding information from customers or the public. Ethical values are ignored for financial gain (CIPD, 2019).

Organisations that apply Organisational Ethical Practice ensure their suppliers are paid on time and treat their customers *and* colleagues with dignity and respect (CIPD 2019). More often HR managers refer to all internal colleagues as 'Customers' as it reminds individuals to treat colleagues with the same level of respect (Johns and Perkins, 2016).

Examples of ethical practice are making Promotional decisions in relation to the requirements of the job; fully investigating workplace bullying; Training Managers on the importance of achieving a personal work-life balance and how to look after the wellbeing of the team. This supports duty of care responsibilities. A proactive, internally driven approach with the aim of treating everyone fairly and encouraging a diverse workforce is important for an Ethical business (Wilkinson and Taylor, 2016).

HR should encourage Ethical Practice by circulating a 'Corporate Code of Ethics' promoting good ethical workplace behaviours (Wilkinson and Taylor, 2016).

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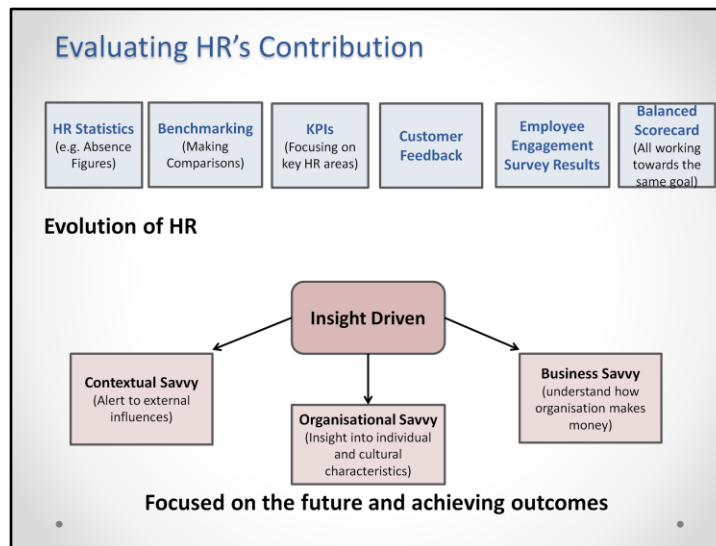
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HR activities are often evaluated in terms of how much time and money is saved and how effective the activity has been. Measures that can be used for evaluation are 'HR statistics' such as 'Absence Numbers' or 'Spend on Learning and Development'. This can be useful for 'Benchmarking'. Benchmarking is used for comparing current performance to that of previous years; or comparing figures in different departments to identify problems. External Benchmarking allows for comparison of figures to that of other organisations (Wilkinson & Taylor, 2016).

Key Performance Indicators (KPIs) are used to evaluate the achievement of objectives focusing on the most important areas of HR Performance (Wilkinson & Taylor, 2016). Other methods may include 'Customer and Stakeholder feedback' and 'Employee Engagement Survey' results (Swift, 2016). How the function meets its customer needs is important (Wilkinson & Taylor, 2016).

'Balanced scorecard' is another method. This is a series of performance measures for internal departments that are connected to each other with the same goal of achieving the organisation's overall strategy; collected in the following categories; 'Learning and Growth', 'Internal Business Processes', 'Financial' and 'Customer' (Wilkinson & Taylor, 2016).

More recently, HR requires professionals to be 'insight-driven', focused on the future and achieving business outcomes. An HR Professional needs to assess themselves against 3 factors; 'Contextual Savvy' alert to influences externally that impact the organisation; 'Business Savvy' absolute clarity as to how the organisation makes money now and in the future and 'Organisational Savvy' evidencing insight into the individual and cultural characteristics of the business (Wilkinson & Taylor, 2016). With HR Professionals having a strong business context understanding they can change conversations with business leaders about how it can support the organisation to achieve its objectives (Ulrich & Dulebohn, 2015)

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HR and Positive Organisational Outcomes

- HRM Professionals are keen to evidence that HRM supports the Organisation to achieve performance
- **Black Box Problem**
- **Alfes, Truss, Soane, Rees & Gatenby (2013)**
 - Self-reports increase likelihood of common method bias
 - Large, Consistent Sample
 - Cross-Sectional - allows for breadth of data
 - Longitudinal Study may have been more appropriate to establish direct cause
- **Guest and Conway (2011)**
 - Consistent, balanced sample
 - Interviews – capture qualitative data
 - Longitudinal study would make findings more robust

HRM Professionals are keen to evidence that HRM supports the Organisation to achieve performance; but studies of such are open to scrutiny. The 'Black Box' problem describes the lack of certainty in establishing that HRM is the direct cause of positive performance. It can also be the case that studies of this kind lack consistency in terms of the HR activities that they analyse which then makes them difficult to compare (Marchington, Wilkinson, Donnelly & Kynighou, 2016).

Alfes, Truss, Soane, Rees & Gatenby (2013) explored whether there was a connection concerning 'Perceived HRM Practices' and 'Perceived Line Manager Behaviour' and that of 'Engagement of Employees' within the organisation and 'Individual Performance'. It was a cross-sectional study of two separate but similar businesses with 1,796 employees all in similar roles to ensure consistency of the sample. The research found that the participant's perceptions of HRM practices and line manager behaviour are positively connected with engagement levels (Alfes, Truss, Soane, Rees & Gatenby, 2013).

The Cross-sectional study meant that data wasn't gathered over a period of time which limits how robust the findings are in terms of the connecting order of relationships. One way in which it may be easier to detect the direct cause of improved performance would be through a longitudinal research study. This can be difficult to arrange as employers are very unlikely to accommodate this (Marchington, Wilkinson, Donnelly & Kynighou, 2016).

The study used questionnaires which increases the lack of control over how individuals interpret the questions (Perkins & Woodhams, 2016). Self-reports also increase the likelihood of common method bias. The researchers felt this wasn't a limitation as the results gathered were stable in both organisations and were easily generalizable across a number of particular sections of the workforce. Self-reports were arguably the most appropriate method as the study was about individuals' perceptions (Alfes, Truss, Soane, Rees & Gatenby, 2013).

Guest and Conway (2011) carried out research of a sample of 237 participants that were matched together comprising of HR Managers and Senior Line Managers. The study set out to test the stakeholder perspective that Senior Line Managers' effectiveness in HR is more closely linked to positive organisational performance than that of Managers of HR. It also tested Bowen and Ostroff's (2004) view that a robust 'HR System' is likely linked to high performance. Telephone interviews were used to collect data (Guest and Conway, 2011). Interviews are normally categorised as a qualitative data collection method (Horn, 2012 cited in Perkins and Woodhams, 2016) and generally require listening which allows researchers to gather a range of data (Perkins and Woodhams, 2016). The sample used for the study was relatively large and balanced. The study found that success of HR is connected to organisational performance and is potentially more significant than the existence of HR practices. The strong 'HR system' concept didn't have any link to outcomes. It was argued that this study didn't fully test Bowen and Ostroff's model and that Qualitative case studies would have been more appropriate. This is also a cross-sectional study with the same issue around the uncertainty of the order of connecting relationships and a longitudinal study would have made the findings more robust (Guest and Conway, 2011). Cross-sectional research can achieve a wide coverage and can produce a large amount of data.; however more qualitative conclusions can be missed because of the vast amount of the information (Perkins & Woodhams, 2016).

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Summary

- HR function has transformed
- HRM is more focused on Strategy and achieving Business Objectives
- HR functions vary in structure
- HRM has a key role in Change Management and supporting Line Managers to effectively manage
- Ethics is fundamental
- It's important for HRM to evidence a positive impact on performance – Whether or not HRM is the *direct* cause for positive outcomes is continuously debated.

Summarise & Invite Questions