

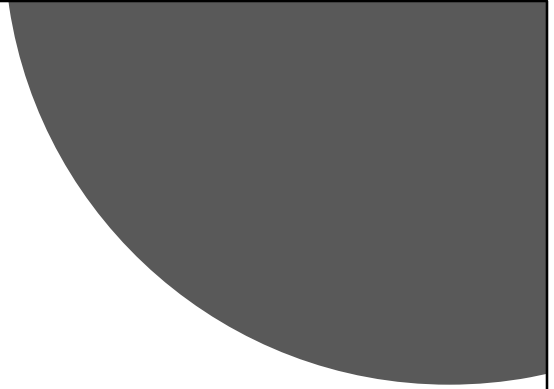
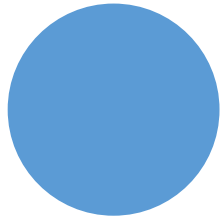
Understanding the Contemporary HR Function

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Date: 15 February 2020



Understanding the Contemporary HR Function

Aims and Objectives

The Key Objectives are:-

- To understand the role and key objectives of the Human Resources (HR) function in contemporary organisations
- To look at different models of delivering HR Services
- To understand the role of ethics in HR Management and Development
- To understand how HR's contribution to an organisation can be evaluated

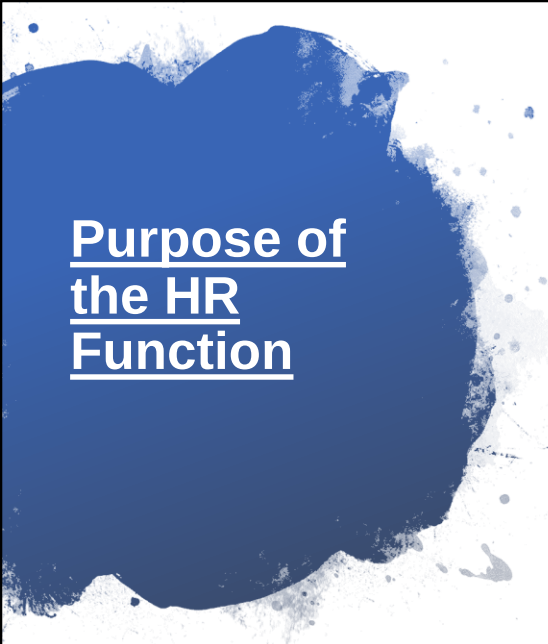
To provide an overview of 'The Function of HR' and how it works within an organisation.

CIPD New Profession Map (2018)



(CIPD, 2020)

The new Profession Map has been designed to ensure it is “future fit” and adapt in line with future changes. It provides more emphasis on the knowledge and behaviours required to make an impact at work.



Purpose of the HR Function

- To support the delivery of an organisation's strategy and objectives.
- This is achieved by recruiting, developing and retaining skilled, motivated people through effective people management and development.

“the HR function helps an organisation deliver its corporate strategy and objectives by effectively recruiting and developing people and managing their performance” (CIPD, 2020)

The development and maintenance of a comprehensive, cohesive HR Strategy is imperative and should be directly aligned to the strategy and activity of the business. The HR strategy requires participation of the entire workforce and should provide direction in all key areas of HR. This will improve employee experience and focus efforts to improve service delivery and the customer experience.

Objectives of the HR Function

- This evolves in response to development needs within the business environment.
- HR Management revolves around the employee lifecycle.
- Attracting and retaining people with required skills and experience and seek to develop them to maximise their performance and engage them with the work of the organisation.

In 2007, as part of the third phase of its major two-year research study, 'The Changing HR Function', CIPD carried out a survey of 787 HR professionals, who were asked to identify the five main objectives of their HR functions. The top five were as follows:

to recruit and retain key staff (70%)
the objectives of developing employee competencies (62%)
improving the management of people performance (61%)
maximising employee involvement and engagement (59%)
helping employees focus on key business goals (47%) (Development, 2007)

The Evolution of HR

HR has developed throughout the years and moved to strategic human resource management (SHRM): -



Human Resources has gained more involvement at the strategic level within an organisation; new job titles are emerging, HR representatives are included at Senior Management meetings, and most importantly the concept of competitive advantage through incorporating HR into the strategic plan.

Personnel Management: The primary focus was to oversee the wages and welfare of workers who were moving into the industrialised workplace. Key activities included recruitment, record-keeping, training and dealing with Trade Unions.

Human Resource Management: The Personnel and industrial relations department emerged to address issues raised by workers such as long hours, low wages and poor treatment. The Human Resource Management evolved as the focus shifted from increasing workers' productivity to increasing workers' efficiency through greater work satisfaction such as an employee reward package.

Strategic HR: HR was viewed as a competitive advantage, effective in aligning individual goals and objectives with corporate goals and objectives. The importance of people to company success was recognised; employees were viewed as 'assets' as opposed to resources.

Delivery of HR Objectives

- **Generalist Roles and Sole Practitioner:** Will have knowledge of and be involved with all aspects of HR. Tend to be the first point of contact for employees and managers for HR related issues.
- **Specialist Roles:** Develops expertise in a specific HR role and deals with issues in their field of work.
- **Line Managers:** Have responsibility for dealing with their own teams or individual employees.

Small to Medium Company: One HR sole practitioner who will work closely with managers to deliver set objectives.

Large Company: Likely to be a team, or teams of HR Professionals.

Generalist Roles and Sole Practitioner: Most organisations, a HR team will consist of “generalists” which can be beneficial as each team member is able to assist when there is a high demand in workload, for example, a recruitment drive.

Specialist Roles: For example, recruitment, resourcing and talent planning, employee engagement and performance and reward.

Line Managers: A line manager will be the first point of contact should any issues arise. Line managers will seek advice from HR to resolve the matter; it is imperative the HR department and line managers work closely together to form a positive working relationship as an issue can be dealt with and managed more effectively.

HR Structures

- **A Shared Service Centre model:** *a way of organising activities within a wider HR operating model. The term tends to refer to the concentration of administrative HR activities into a centralised, commonly shared, function". (2020, 2018)*
- **Outsourcing:** This involves a contractual agreement between an employer and an external third-party. The employer will transfer the responsibility for either all or certain HR functions to the external provider
- **Consultancy:** Organisations may choose to hire specialist HR consultants to provide specialist advice on certain issues or to develop new policies and procedures.

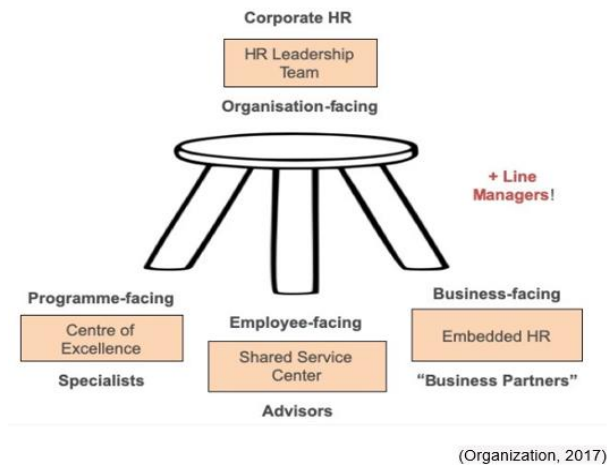
Shared Service Centre: can help an organisation reduce costs, avoid duplication of effort, and allow a greater focus on the HR strategy.

Outsourcing: This can reduce costs, increase efficiency and allow for those employed by the company to focus on strategic issues.

Consultancy: An organisation will value their input as they can bring an outsider's objective view into the company. HR consultants are highly effective, can assist with implementation of systems and offer training and coaching to employees.

HR Model

David Ulrich had the ability to influence the dynamics of HR and he delivered the 'three-legged stool model':



Ulrich acknowledged four important HR roles that are responsible for effective organisation; Change Agent, Administrative Expert, HR Business Partner and Employee Advocate. He proposed the concept of HR business partnering which specified there is collaborative work between the HR managers and the business leaders, which help to achieve the organisational objectives.

This model has faced criticism. The model is believed to have no contribution to the strategic thinking. Many critics perceive the model as an inaccurate way of people management.

Nonetheless, this model is still used today as it provides a good reference point for HR. This model defines a clear role of HR and creates a structure for the addition of value for an organisation.

Delivery of HR Services between Organisations

- HR departments share the same goals.
- The path they take to achieve their goals differ in terms of their size, responsibilities, resources and recruiting methods. For example: -
- **Large Private Sector Companies** - Predominately focused on revenue generation and for the function to prove it adds value.
- **Public Sector** - The key objectives will be linked to enhancing service provision to the public and looking at methods to maximise productivity to save public money.
- **Voluntary Sector** - Operate in a cost-effective way due to limited funding. HR activities will focus on attracting individuals and ensure they feel valued and appreciated within the company.

Large Private Sector Companies: The HR function is likely to consist of 'Generalists' or 'Specialists'.

Public Sector: Unlike the Large Private Sector companies, revenue generation will be less of an issue as the company is a public body. The function itself will be structured similarly to a large private sector; i.e. 'Generalists' or 'Specialists'.

Voluntary Sector: The size of the HR function will depend on the size of the organisation.

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- **Small and Medium-sized Companies (SMEs):** Resources of this company are likely to be limited due to the size of this company.
- **Networked Organisations** - Work collaboratively to develop products or to deliver a service.
- **Multinational Organisations (MNCs):** The majority are privately owned. Like that of the large private sector, a key objective will be revenue generation in addition to ensuring successful and effective operation of the company across national borders

Small and Medium-sized Companies (SMEs): The HR function is likely to consist of a sole practitioner who will work alongside Operational Management. A HR presence may be absent from the company and a HR consultant will be requested if there is a specific issue to deal with, or new policies or procedures to implement.

Networked Organisations: Either operated via a 'Shared Service Centre', or a dedicated HR team who will work collaboratively via the network

Evaluation of the HR Function

- Evaluation is “a set of planned, information-gathering, and analytical activities undertaken to provide those responsible for the management of change with a satisfactory assessment of the effects and/or progress of the change effort”.
- The HR function should be evaluated both internally and externally, to prove it adds value to an organisation.

For example, to improve HR processes, identify alignment of HR with the business strategies, stop doing what isn't effective and to lead the organisation in keeping employees motivated and productive.

Methods of Evaluation

- **Service Level Agreements:** Monitor the timescales set against the service standards.
- **HR Statistics:** An organisation can benchmark data against previous years both internally and externally.
- **Key Performance Indicators (KPIs):** A KPI is Specific, Measurable, Attainable, Relevant and Time-based (SMART). Can be used to see how HR is contributing to the rest of the organisation.
- **Balanced Scorecard:** An agreed list of performance measures in a series of tables together with a high-level strategy map showing how these measures relate to each other and the organisation's objectives.
- **Stakeholder Analysis:** To determine if the HR function is meeting the "customer" needs by identifying all parties who require a service from the HR department along with their specific requirements.

HR Statistics: Staff turnover to determine if the retention strategies are working.
Absence to identify how productive the existing workforce is and measure against new recruits over a set period of time

KPIs: Demonstrate how effective the HR function is at achieving key business objectives by measuring the success of reaching targets.

Balanced Scorecard: Developed by Robert Kaplan and David P. Norton, and contains four dimensions: financial, performance of an organisation, customer service, its internal business processes, and its capacity to learn and achieve growth.

Stakeholder Analysis: For example, is the HR department adhering to the Service Standards set in the Service Level Agreement or responding efficiently to any grievances raised.

Evaluating Emerging HR Goals

HR professionals should self-evaluate to determine how 'insight driven' they are in terms of:

- **Contextual:** being alert to the external factors and macros trends that affect the organisation now and, in the future;
- **Organisational savvy:** having a sophisticated understanding of the people and cultural aspects of the organisation – how to get things done with these unique individuals in a particular context;
- **Business savvy:** have a true understanding of how the organisation makes money and what most matters when looking at its current and future commercial health. (CIPD, 2016)

HR is continually growing and the shift in focus is evolving to future proofing an organisation and ensuring HR is 'insight driven'; i.e. contributing to the overall long-term organisational performance.

Change Management

“Organisational change is a constant in many organisations, driven by a number of different forces including customers, markets and technology. Yet research shows that most change initiatives fail to get their intended outcomes and may even limit an organisation’s potential and its people”.
(CIPD, 2019)

HR function plays a dual role in change management. It concerns the controllable (business processes) and the uncontrollable (involving people, and the meanings that people attach to such processes).

A HR professional can contribute to the ‘controllable’ element of a change programme by: -

Involvement at the initial stage in a project team,
Advising project leaders of skills available within the organisation, and
Assessing the impact of change within the organisation.

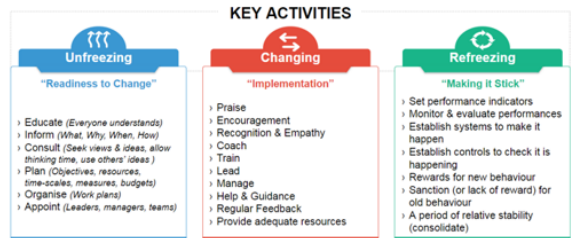
A HR professional can contribute to the ‘uncontrollable’ element of a change programme by: -

to have awareness of how change can affect people,
to carefully plan change that affects job security, change to reward or pay, communication
to promote an organisational culture that embraces change via appropriate communication and ensuring employees participate in discussions.

Kurt Lewin Change Model

One change model, known as the Lewin's change model, is frequently used in organisational change. Kurt Lewin believes that successful change in any organisation should follow three simple steps: unfreezing, changing, and refreezing:

Lewin's Three Stage Change Model



(Consulting, n.

To manage and implement change strategies, it is important an organisation identifies the reason for change and how it will benefit them. An organisation can use a change model to assist as it will act as a guideline and potentially be able to predict the results.

Change Ready Culture

- Any potential change within an organisation must be thoroughly prepared for simply by educating people from the very beginning.
- This will provide HR with a better understanding of the 'culture' within the organisation and make the staff / stakeholders feel valued.

This can be achieved by: -

- holding informal employee focus groups
- communicating the purpose of the change, set goals and what they would like to achieve
- responding immediately to issues raised
- celebrate an achievement

Communication

“Employee communication is an essential part of business and HR’s role. Effective internal communication is important for developing trust within an organisation and has a significant impact on employee engagement, organisational culture and, ultimately, productivity. To be successful, communication needs management support, a clear strategy and evaluation” (CIPD, 2020)

Methods to communicate change initiatives include: -

- Top-down channels
- Bottom-up channels
- Two-way discussion

The HR department tends to have the responsibility for communicating changes within an organisation. It is key an appropriate communication strategy is in place and operating effectively. If the vision of the organisation has been clearly communicated it is more likely to succeed than fail.

Top-down channels: information from the highest-rank within the company filter down to employees using the managerial structure. This can be achieved via bulletins or line managers in team meetings.

Bottom-up channels: allows employees to ‘voice’ their opinions in decisions that affect their work lives. This can be achieved through collective consultation or holding workshops.

Two-way discussion: one to one meeting with line managers and/or the HR department to discuss any concerns individuals have of a change initiative

Ethical Practice in Organisations

“Ethical practice is the application of ethical values in organisational behaviour” (CIPD, 2019)

According to Kew and Stredwick (2010) ethics has three core elements:

- Fairness
- deciding what is right and what is wrong
- and the practices and rules which underpin conduct between individuals and groups.

Ethics in HRM

“All CIPD Members must commit to upholding and maintaining the standards and behaviours (‘obligations’) set out in our Code of Professional Conduct document. The standards apply equally to all CIPD Members regardless of their level of membership” (CIPD, 2020)

- HR is the core function within an organisation. It is vital HR take an ethical approach and adhere to ethical standards.
- This will provide positive working relationships, add value to the organisation’s reputation and most of all HR needs to be seen to champion ethical behaviour.
- This process commences at the point of recruitment and throughout the duration of their employment.

Examples of Ethics

- Recruitment: A job must contain true information rather than unrealistic just to attract the required audience.
- Employee Training: This can be effective when dealing with unethical behaviour within organisations and can be used as a tool to educate employees on strategies to be used in dealing with ethical dilemmas.
- Reward Systems: Develop reward systems that promote ethical behaviour such as offering monetary value payments or recognition. This can assist with reinforcing their values as well as maintaining enthusiasm.

Recruitment: An organisation should not use job adverts as a “PR process” when they already know the candidate who will fill the post.

Employee Training: Include ethics as part of employee training. Organisations can set up a code of ethics and ensure all staff are involved with the development of this.

Reward Systems: This can cause disruption. For example, the organisation might advocate for teamwork, yet only seek to reward the outstanding employee within the team. Therefore, the employees may be tempted to compete against one another.

The link between HR and Positive Organisational Outcomes

- Extensive research has been carried out to determine if 'high performance working practices' leads to greater business performance.
- Jeffrey Pfeffer (1994,1998) conducted a study amongst larger private sectors in the USA and claims that a set of HR practices can increase company profits and is more noticeable when complemented with HR practices.
- Pfeffer's work has been complemented by other studies such as Huselid, 1995, Paauwe et al 2013 or Combs et al's (2006) and the results are more or less the same.

It is difficult to draw generalised conclusions from these studies due to the differences in HR practices, the parameters used for each and methods used to collect data; however, this has not prevented conclusions being drawn.

Link between HRM and Business Performance

- John Purcell et al, often referred to as the 'black box studies', carried out a study to analyse the link between HRM and business performance.
- The team identified twelve UK based organisations, from a mix of industrial sectors who had sophisticated HR policies and practices in place.
- Undertook extensive research via interviews with both employees and managers in specific areas of these businesses.
- This study found good, robust evidence across several organisations that demonstrated strong support for a casual link between HRM activity and business performance.

The three major findings were: -

Employees were seen to be more motivated or had job satisfaction which leads them to work harder and strive to improve their performance;

Strong sense of shared purpose between managers and employees;

Line Managers had to be seen by their members of staff to bring their HR policies and practices to life.

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- Gallup Organization (Harter et al 2002) conducted a similar study.
- Data was collected over several years, simply by response to a 12-question instrument.
- The results mirror the 'black box' studies; HR policies and practices help to generate business performance.
- The study also supports Jeffrey Pfeffer and Huselid's link to HRM

3 key findings were: -

Greater variation in terms of the level of employee engagement between different departments within the same organisation than different organisations.

Business units with the highest rates of employee engagement are doubly successful than those with the lowest when measured against indicators such as productivity, customer response, profitability.

Strong relationship between the levels of employee involvement and rates of staff turnover.

Criticisms of the Research

- Correlation does not prove causation.
- HPWS practices may mask the reality of work as experienced by the employee
- Steve Fleetwood and Anthony Hesketh (2010) note you cannot predict what impact new HR interventions will have on business performance in financial terms. Both studies predominantly focus on 'HR architecture' and not enough on people
- Paauwe et al (2013) have called for more longitudinal research to be conducted to address the concerns raised by critics.

An organisation may use its surplus profit to invest in the HR function to introduce high-tech policies and procedures. Google or Apple have used their success to create an outstanding employee value scheme, making them rewarding places to work.

HPWS practices: Longer hours, tight wage settlements or additional stress for staff.

Paauwe et al: This would involve measuring business performance before and after the introduction of HPWS and would clearly determine the claim that HPWS causes an increased level of business performance.

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