

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Business Context of
Human Resources

Activity 1

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By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed: Leanne Aitken

Date: 30 January 2019

Introduction

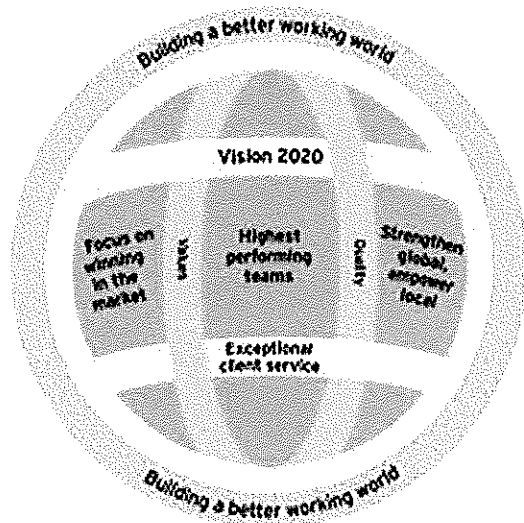
This report seeks to highlight how the HR function aligns to the purpose and organisational strategy of two contrasting organisations and how this impacts on how HR is organised and structured in order to support the delivery of key organisational goals.

Ernst & Young LLP

EY LLP is a global professional services organisation operating in the private sector, comprising 700 offices in over 150 countries and is amongst the top 4 accounting firms worldwide. This report considers the operating environment and perspective of the South African operation which forms part of the Europe, Middle East, India and Africa ("EMEIA") geographic area.

Mission statement: *Committed to building a better working world — with increased trust and confidence in business, sustainable growth, development of talent in all its forms, and greater collaboration.*

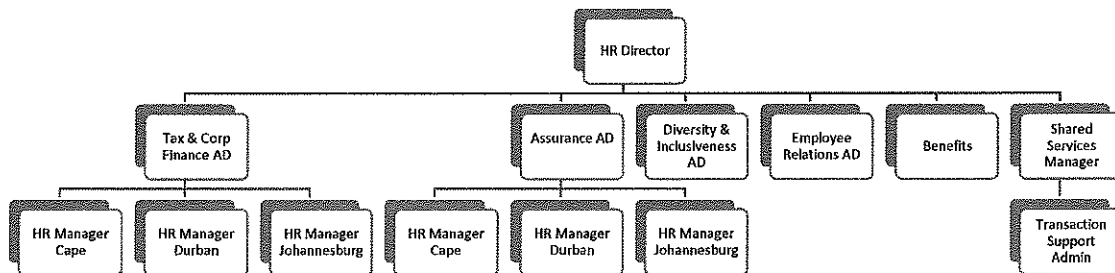
This purpose is supplemented by a global plan entitled "Vision 2020" (Ernst & Young LLP, 2019) and indicates the pillars that will enable the realisation of the ambition to become a \$50 billion distinctive professional services organisation by 2020, whilst ensuring that values and quality are intrinsic to all business interactions. This strategy was formulated using a classic approach by the global leadership team utilising environmental scanning to formulate the goals, aims and objectives of the organisation (Taylor & Woodhams, 2016).



South Africa, much like the rest of the continent, has an inherently Communitarianism culture and trade unions dominate across many sectors. In terms of the organisational culture, however, EY global favours an individualistic approach where employees are praised and recognised for their individual achievements. It should be noted that pay-for-performance has, in many cases, being a failure on the African continent (Trompenaars & Hampden-Turner, 2012) and as such, this requires careful management and intervention (eg: diversity and inclusiveness training for line managers).

In order to achieve this vision, the HR function subscribes to the “best practice school of thought” which espouses the view that same bundle of basic practices should be followed in order to enhance success, selecting the best staff, rewarding them appropriately, engaging them in decision making and offering them developmental opportunities (Purcell, 2003).

The HR function is structured along geographical lines as per the below:



The HR director represents the function at a Southern African board level and relies on the regional HR business partners to inform the strategy by providing regular updates on the key business metrics for their province, reporting on succession planning and the talent pipeline, whilst providing insights on current trends in talent attraction and retention.

HR professionals play an instrumental role in attracting and retaining top talent and facilitating a differential experience for employees which requires that they sustain high levels of engagement. A fundamental key to success is, therefore, understanding the business in which they operate (Ulrich, et al., 2012).

Packaging the employee value proposition and translating that into values based recruitment and on-boarding initiatives is a key component in managing the expectation of Gen Y individuals, who make up 90% of the annual cohort. Specific focus is placed on bespoke interventions to develop their social skills and broaden their organisational understanding which has been identified as focus areas when employing millennials (Phillips & Phillips, 2014).

The HR culture tends to be more caring and compassionate in nature because for the most part, employees are driven and self-motivated, prepared to invest

the discretionary effort required to succeed within an organisation that offers international prospects and is a great endorsement on any CV.

Performance management largely falls to the line managers and given that the organisation strives for a high performance culture, having HR policies and processes “brought to life” by line managers is integral to this process (Purcell, 2003) and forms part of their balanced scorecard objectives. All frontline managers are assigned counselees and provided with the training and support (facilitated by HR) to coach and mentor them through the ranks and are responsible for motivating a performance rating for them on an annual basis. HR managers then oversee the moderation process for consistency and fairness.

EY regularly features in the Top Employer awards as a result of its “people first” reputation and the policies that underpin this. In country HR teams have responsibility for devising said policies and are located with their business units to ensure that people related issues are identified and addressed swiftly, whilst monitoring engagement levels using peer group meetings, pulse surveys and informal interactions.

Furthermore, regional HR managers are responsible for reporting the KPI’s for their area and ensuring that they have the right people, in the right place, at the right time (Taylor & Woodhams, 2016) in order to deliver against this mandate by, for example, pre-empting potential capacity constraints twelve months in advance. The fact that the organisation is largely automated with integrated systems, facilitates ease of reporting. EY have consequently devised a strong data analytics reporting function which according to a recent global survey, 65% of 3,852 respondents working within an organisation with data analytics at the forefront, reported that their business performance was strong in comparison to their competitors (CIPDb, 2018).

EY has an extensive corporate social responsibility programme and have aligned their workforce training programmes, specifically in the areas of education and entrepreneurship. This aligns to the value set of the organisation who shares the view put forward in a recent report issued by (Deloitte, 2018) wherein a need was identified for the global business community to get behind initiatives that develop and grow the workforce of the future.

Based on the above, it is apparent that EY demonstrates a high level of both vertical and horizontal integration (Taylor & Woodhams, 2016) and benefits from a robust infrastructure and a significant level of investment in the resources required to ensure that the organisational objectives are cascaded across the business and that the HR agenda is aligned to deliver the greatest impact.

The National Autistic Society (“NAS”)

The NAS is classified as a 3rd sector organisation and is the largest autism charity in the UK, with operations in Scotland, Wales, Northern Ireland and England, employing approximately 2,500 people. The NAS comprises Adult Services, Schools and Support Services.

The NAS aspires to educate and inform society in order that it works for autistic people. (The National Autistic Society, 2018).

Mission Statement: *To transform lives by providing support, information and practical advice for the 700,000 autistic adults and children in the UK, as well as their three million family members and carers. To change attitudes by improving public understanding of autism and helping businesses, local authorities and government to provide more autism-friendly spaces, deliver better services and improve laws.*

The NAS exists to serve the autistic community and related stakeholders. Although it is a registered charity and donations fund much of its lobbying and online support activities, schools and adult services are required to tender for contracts with local authorities and as such, face mounting issues with aligning quality support packages to the fees being offered. Consequently, adult services face a future of increased restructures in order to entice local authority placements with a focus on moving towards supported living options as opposed to residential accommodation.

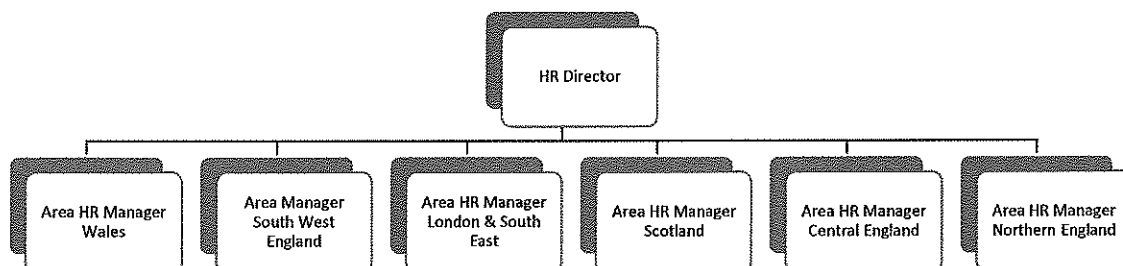
Given that the organisation is engaged in supporting the most vulnerable people, safeguarding both the supported individuals and employees is of paramount importance, as is protecting the brand from potential reputational damage that may arise from any number of scenarios given the volatility of the environments in which this work occurs.

The NAS has, historically utilised the Porter contingency model (Porter, 1985) and pursued a cost leadership strategy with the majority of staff being support workers, requiring limited experience and no formal qualifications to acquire a position, for which they are paid minimum wage. This emphasis on cost containment, has resulted in the HR function managing low morale combined with high levels of turnover and absence, adopting a culture that is discipline and grievance focused.

It is against this backdrop, that HR have a key role to play in delivering against the organisational objectives, primarily,

- Striving for excellence –through the development of leading practice;
- Partnering for life – providing strategies for navigating key stages in life;
- Supporting professionals – facilitating best practice support;
- Embedding societal change in society - understanding autism.

The HR structure is organised along geographical lines as illustrated below:



The Area HR Managers play a strategic role in formulating strategy as each is represented on the senior manager team for their area and has direct input into the policies / procedures implemented across the UK. KPI data (vacancies, disciplinary cases, time to hire and absence levels stats) are consolidated and submitted to the board on a monthly basis. Each manager is tasked with leading on a different work stream for the UK (eg: Reward & Recognition) and is accountable for evaluating the success of any related initiatives in a quarterly report to the board.

The HR people agenda seeks to align to organisational objectives through commitment to the following,

- Recruiting, rewarding and retaining talented staff;
- Prioritising, staff well-being (including attendance management);
- Embedding positive and strong performance management and employee relations culture;
- Implementing simplified structures, policy and procedures reflective of inclusiveness, equality and fairness.

It is, however, apparent that to succeed in delivering a positive outcome against these objectives, the HR strategy would require a shift from one that retains a

cost leadership focus to an alternative strategy within Porter's contingency model by utilising a strategy that puts differentiation (quality enhancement) at its centre, which would necessitate pay uplifts, enabling genuine employee involvement, learning and development opportunities and a consultative management style (Taylor & Woodhams, 2016). A further consideration could be the adoption of a hybrid strategy which Johnson et al (2010) argue, that in order to succeed in a modern business environment, the strategy has to simultaneously achieve high quality service, low cost and innovation.

An added challenge for the HR function is the lack of integrated systems and manual paper based processes. In a recent survey, it was identified that a quarter of UK companies are still using paper in their payroll process (Heric, 2018) and the NAS is one such organisation. With digitisation of systems being at the forefront of the organisational agenda, streamlining and digitising systems would fall within the remit of the HR function, as annual leave, absence management, payroll and HR data likely to be impacted by any impending change. This would require the HR function to upskill staff whilst navigating the organisation through the digitisation process, simultaneously managing GDPR compliance and data integrity.

The NAS are following a growing trend amongst the innovative private sector organisations who are abandoning formal performance management /annual appraisals (Kolko, 2015) and the HR function is engaged in ensuring that regular supervisions and reflective practices are being undertaken across the organisation whilst upskilling managers in proactively managing performance (including conducting difficult conversations) in order to support them in tailoring their response to teams whilst engaging with the organisation's policy in this regard (CIPDc, 2015).

Whilst the NAS evidences a high level of vertical integration in terms of its strategic HR objectives, embedding horizontal integration is a challenge as the organisation is in a transitional phase in terms of simplifying its processes and is lacking the financial resources to overhaul its benefits packages and differentiate performance through financial reward.

Conclusion

Despite operating in differing sectors and consequently diverse business contexts, a number of similarities have emerged.

- Both organisational structures subscribe to the divisionalisation model (Kew & Stredwick, 2016) with some decision making being decentralised to different geographical areas – strategic decision making is, however, primarily retained by the centre.
- In their early research, (Mintzberg & Waters, 1985) made the point that in order for business to succeed in a world which is increasingly volatile, uncertain, complex and ambiguous, (“VUCA”) organisations should move towards an emergent strategy (wherein organisations adapt an organic approach to growth and develop new strategies as they grow and evolve). Both EY and the NAS retain more of a deliberate approach to strategy with senior leaders developing the strategy and formulating the associated goals and plans that will support delivery. EY has, however, moved towards an interim or umbrella strategy wherein the guidelines for achieving the strategy are set, but different business units are given the autonomy to devise the route to achieving the strategic outcomes within the parameters laid down by leadership.

Both organisations are striving to create an impactful HR function that delivers an efficient and effective service which according to (Deloitte, 2018) is now expected as enterprise demands new outcomes and HR has a critical role to play in delivering outcomes based solutions.

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Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Business Context of
Human Resources

Activity 2

Word Count: 543

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Student Number: 53274276

CIPD Membership Number: 1810266

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Signed: Leanne Aitken

Date: 31 January 2019

Introduction

EY's Vision 2020 strategy and impact on the HR function necessitated an understanding of the broader environment and related challenges. A gap analysis was, therefore, undertaken in order to gauge current and future state (CIPDc, 2018).

Methodology

A PESTLE analysis was utilised as it provides a framework that facilitates the identification of the external elements impacting EY, specifically within the contexts of Political, Economic, Sociological, Technological, Legal and Environmental contexts (CIPDa, 2018).

Following completion of the above, a SWOT analysis was then conducted in order to determine how the organisation is positioned to align to the markets in which it operates. This planning tool combines a number of elements which form a framework for analysis (CIPDb, 2015).

It is apparent that EY is facing similar challenges to those being experienced amongst global professional services organisations. Critical success factors are identified as being, increasing the profitability of work, improving operational processes and continuing expansion into new markets (Consultancy UK, 2018).

Conclusion

There are a number of current market and competitive factors that EY has to navigate going forward, including political uncertainty in both the UK and abroad and resulting economic implications, regulatory / legislative changes and competition for top talent.

EY has a relatively young demographic. In order to respond to the generational difference in expectation and career attitude and in their quest to secure high performing individuals, EY should embrace flexible working models, performance related incentives and mobility programmes that afford employees an opportunity for global secondments.

Championing diversity and inclusivity is integral to EY's people agenda and specialist in country teams should continue to evaluate the effectiveness of the policies, selection processes and learning / development interventions underpinning this objective, whilst profiling these initiatives in talent attraction campaigns as a differentiator (eg: online forum for LGBT employees).

Advances in technology have enabled increased efficiency and effectiveness in terms of how services are delivered across geographies. Going forward, these changes will require that individuals acquire different skillsets as their own role evolves in line with digital innovation as well as servicing a client base that would include organisations at the cutting edge of innovative technology.

EY London mandates policies and procedures across EMEIA and compliance with UK and EU legislation forms part of the standard operating procedure. With the low cost centres being established in India and specialists fulfilling fixed term cross border contracts, it is an imperative that HR professionals are managing risk through consistent compliance with the relevant legislation (eg: the UK working time directive and anti-discriminatory practices).

The UK financial services sector remains pre-eminent in Europe (Taylor & Woodhams, 2016) and the organisation has been able to compete competitively in the global markets by leveraging the knowledge and expertise of its London headquarters across the EMEIA region through the consistent application of

leading practice and innovation, providing effective solutions to their clients' changing agendas whilst expanding its footprint across the globe.

Against this landscape, HR functional priorities are aligned to delivering the organisation aims through:

- Building capacity through innovative talent attraction and management.
- Leveraging the expertise of their workforce through flexible working propositions and alternative models (eg: outsourcing – increased use of contractors and independents).
- Innovating the HR value proposition utilising digitisation to provide integrated reporting solutions across all areas.

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PESTLE / SWOT Analysis : Ernst & Young LLP

Ernst & Young LLP is a global professional services organisation that has 700 offices in over 150 countries and is amongst the top 4 accounting firms worldwide. This analysis has been conducted to identify the external factors impacting the UK operations, headquartered in London which in terms of the organisational structure, form part of the Europe, Middle East, India and Africa ("EMEIA") geographic area.

PESTLE Analysis			
	External factors to consider	Factors affecting my industry	Importance to organisation
Political	Brexit	The implications are many but two significant challenges would be that any legislative changes to laws governing trade could have a detrimental impact on the profit margins of incumbent clients within the retail sector (resulting in increased pressure on EY fees), as well as potentially curtailing the freedom of movement for employees servicing cross-border contracts on a longer fixed term basis.	Medium, pending outcome
	Political uncertainty in Middle East / Africa resulting in market volatility	Safety & security concerns for employees in politically unstable countries has resulted in challenges attracting UK subject matter experts to fulfil key roles in those areas.	High (given current Reuters reporting on events in Africa (terrorism attack in Kenya)
	Regulatory and legislative changes	Core services at EY include auditing, advisory and tax services, all of which are subject to stringent regulatory controls and falling foul of these laws, translates into significant fines and damage to the brand.	High
Economic	The impact of recessions and hyper-inflation in some countries have significantly impacted profit margins	This has stunted growth and halted expansion plans, with the client base diminishing as clients switch to smaller firms	High

PESTLE Analysis			
	External factors to consider	Factors affecting my industry	Importance to organisation
	Labour costs in in the UK	offering more competitive rates. Offshoring work to low cost centres like India is underway.	Medium, ongoing
	Economic growth / decline	The BREXIT debate continues to manifest in market uncertainty.	Medium, awaiting outcome
Social	Work / life balance	The highly competitive nature of financial services and the long hours associated with the profession requires that strategies are implemented to address work / life integration, thereby, accommodating greater flexibility for employees.	Medium
	Cultural diversity in the workplace	In the larger centres, there is a significant amount of cultural diversity and with teams frequently working away from home for extensive periods in stressful, time-pressured environments, inclusivity must be promoted at all levels of the organisation.	Medium
	Career attitudes	Generational differences in approaches to work – preference of Gen Y for greater autonomy, flexibility and how to meet this expectation within the confines of work.	Medium
Technology	Advances in software development	The ongoing evolution of auditing programmes requires that trainees are upskilled in coding and programming at a university level and EY is engaging with tertiary institutions to develop the curriculum around this.	Low

PESTLE Analysis			
	External factors to consider	Factors affecting my industry	Importance to organisation
	Cyber security	Given the level of highly sensitive data that employees are exposed to during the course of their work, it is an organisational imperative to ensure that robust systems are deployed to guard against cyber attacks.	High
	Technology and communications infrastructure	Given the global nature of the organisation and the reliance on accessing specialist input from the UK, further investment required in the emerging market countries to build their IT capability.	Medium
Legal	Employment Law	With the rise of globalisation and employees being mobilised across geographies under different contracts and with HR shared service centres being outsourced offshore, ensuring compliance with employment law both UK and abroad is critical.	High
	GDPR	Ongoing compliance tracking and monitoring required.	Medium
Environmental	Environment	EY are required to minimise their own carbon footprint across all their sites.	Medium
	Climate change and sustainability	Continue to invest and grow this portfolio of clients and become the leaders for changes in the advisory services provided to corporates in this area.	Medium

PESTLE Analysis			
	External factors to consider	Factors affecting my industry	Importance to organisation
	Corporate social responsibility	Invest in community initiatives with SME's both locally and in developing countries ensuring alignment with the company ethos, "building a better working world" – specifically, in the areas of entrepreneurship and education programmes.	Medium

SWOT Analysis

STRENGTHS

- Champions diversity and inclusivity at all levels of the organisation
- Highly skilled workforce
- Client portfolio of renowned internationally recognised brands
- Industry leaders in financial services innovation
- Regularly features in Top 10 best companies to work for
- Sponsorship of high profile events promotes reach of the brand
- Ability to collaborate on a global scale

WEAKNESSES

- Operates within a highly regulated and complex industry
- Increased risk of reputational damage given high profile
- Maintaining service delivery standards across the globe
- Keeping pace with technological advances
- Bulk of revenue generated by fees from select multi-national clients
- Data protection challenges given volume of highly sensitive information

OPPORTUNITIES

- EY can build on it's growth in emerging markets by developing its infrastructure
- Increase market share by acquiring smaller accounting firms
- Growing demand for consulting services
- EY is well positioned to provide insights and guidance to clients on latest accounting developments and regulatory changes

THREATS

- Fluctuating currency conditions
- Fallout and uncertainty surrounding Brexit
- Cyber attacks
- Risks associated with high profile lawsuits
- Competition for top talent

In summary:

As stated in Taylor & Woodhams (2016), large private sector organisations operating in the knowledge economy have been the leaders for change in developing pioneering approaches to the leadership of people and given the levels of competition for graduates within the top 5% of students worldwide, developing an employee value proposition that serves to attract top talent and then retain them through devising strategies that support high levels of engagement and discretionary effort, through employee empowerment, is key to the sustainability of EY and its 150,000 strong global workforce.

How is HR organised to respond:

Promoting cultural diversity – HR are instrumental in embedding tolerance and inclusion at EY and in a multi-national corporation of this size, a specialist in country team (Centre of Expertise) is tasked with ensuring that policies, learning and development programmes, secondment programmes and talent attraction and selection processes are designed to reflect this.

Technological advances – the pace that technology has developed at has enabled greater flexibility and remote working. This has also translated into the move towards automation and self-service offerings which employees can access 24 hours a day from mobile phones, tablets and laptops. A HR shared service centre is located in London and delivers the transactional aspects of the function for the UK, with specialist teams managing reward & recognition, benefits and employee relations.

Employment law – given the diversity countries operating within EMEIA, HR is required to consider how local laws and regulations and UK/European law is upheld within each of these jurisdictions and a dedicated in country HR team, oversees all policies, contracts and service level agreements to ensure consistency and compliance.

Competition for top talent – the regional HR talent and attraction teams need to differentiate EY from other accounting firms and would be required to devise work experience programmes, assessment centres and on-campus activities that evidence a point of difference. Additionally, policies, benefits packages and work environments should evidence good practice, eg: performance linked remuneration and enhanced benefit schemes.