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Understanding the Contemporary HR Function

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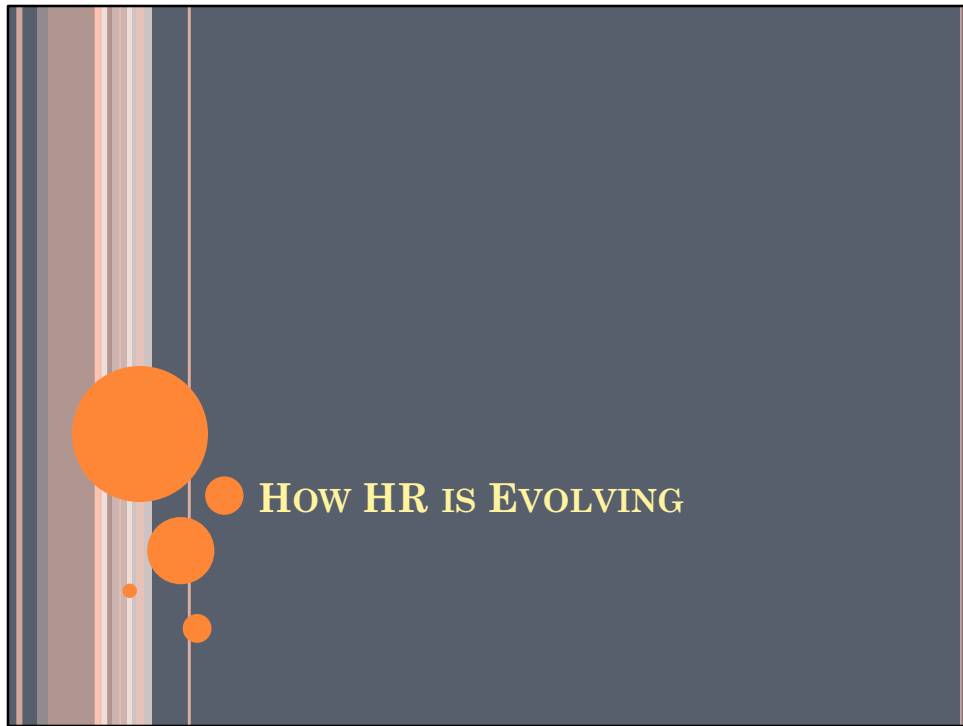
THE FUNCTION OF HR

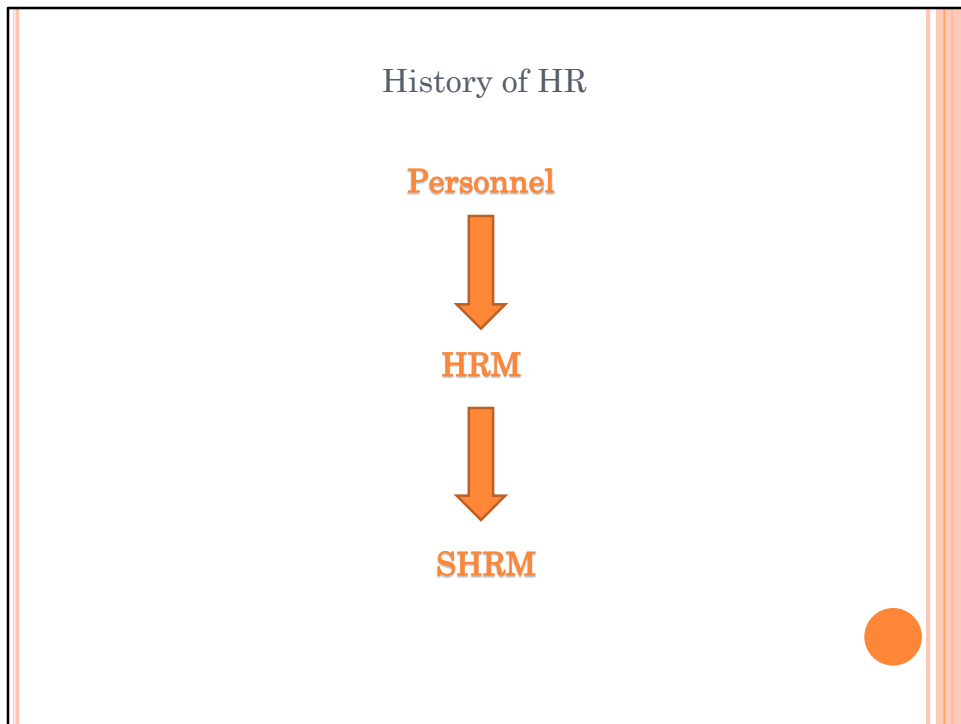
AIMS AND OBJECTIVES

By the end of this presentation you should be able to:

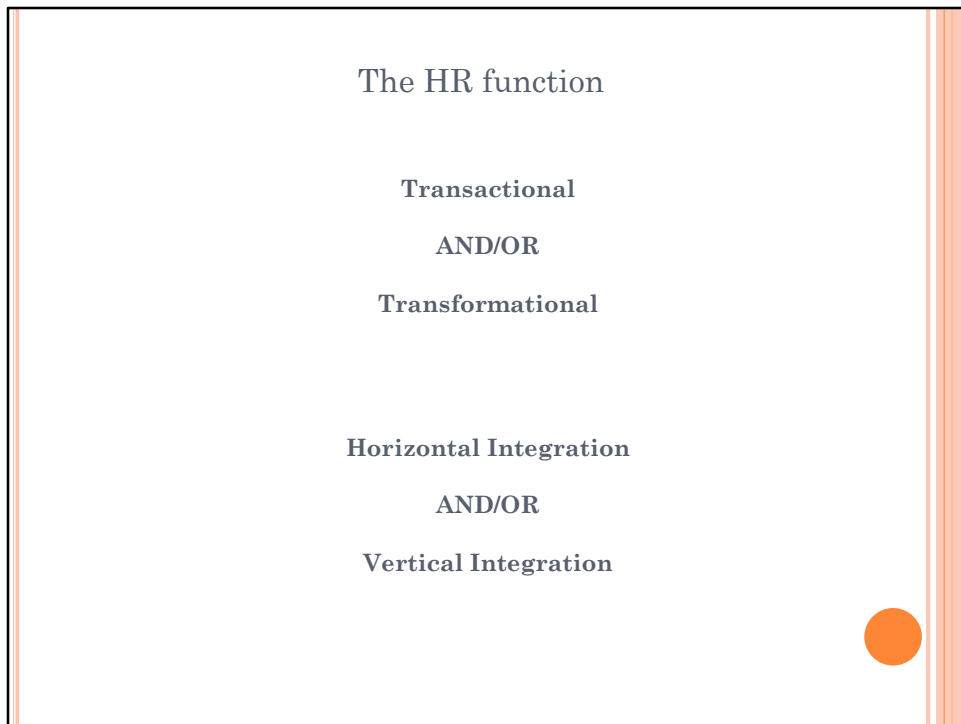
- Understand how HR is evolving
- Acknowledge how HR contributes to change management
- Have an awareness of the different ways HR services can be delivered
- Understand how HR can work with line managers to provide HR services
- Justify why HR should be managed in an ethical manner
- Understand how HR's contribution to the organisation can be evaluated
- Have knowledge of the link between HR and positive organisational outcome







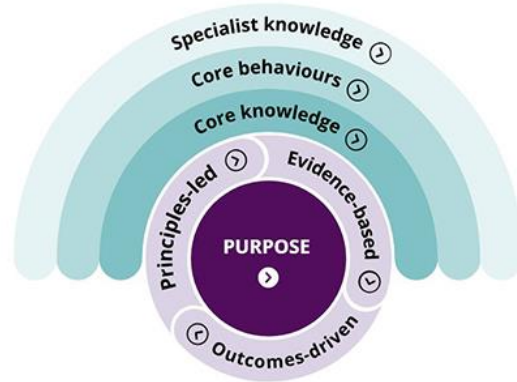
HR has evolved during the past century and is now considered to be vital to business success. Wilkinson and Taylor (2016) state that HR was previously known as 'Personnel' and emerged during the Industrial revolution. The main role of 'personnel' was to oversee the payroll and welfare of employees, including filing documents and sending contracts. As business grew, personnel became 'Human Resource Management'. Although the 'HR' department would still deal with administration, their focus included valuing employees so that they could perform at their best, whilst keeping them engaged. The function evolved further to become Strategic Human Resource Management where employees are seen to be assets and key to the business.



This links to transactional vs transformational work within the Human Resources function. Wong (2016) noted that transactional work is the standard administrative duties, whereas transformational work is about being strategic and forward-thinking. HR come up with strategies to plan for events, rather than reacting to arising issues. Wong (2016) also notes that HR should embrace technology, leading to less transactional work to be carried out by HR employees, which could lead to a reduction in HR staff. Ulrich (1998) stated that HR should encourage continuous transformation by shaping processes and culture to best fit with the organisation's needs and goals.

The way in which a HR department operates also needs to have both horizontal and vertical integration. Horizontal integration is making sure that all aspects of the HR strategy align with each other. E.g. the recruitment strategy must align with the L&D strategy. Vertical integration is when the HR strategy aligns with the overall business strategy. This is vital in terms of recruiting the right people and making sure employees fit within the values and culture of the business.

Functions of HR



Source: CIPD (2018)

The HR profession map, CIPD (2018a) shows the different areas CIPD identified as functions of HR, which evolved from the 2013 map in line with the growth of the HR function. The specialist knowledge areas are more strategic and include functions such as People Analytics and Diversity and Inclusion. They focus on areas that will develop employees to produce high performance and commitment.



It is imperative for the HR department to contribute to change within organisations. HR professionals must be aware of how change can affect people and can prevent resistance to change by recruiting people who are accepting of change, as well as equipping employees with the skills to be resilient.

Lewin (1951)

1. Unfreezing

This is the first stage when change is imminent and employees have high emotions.

2. Change

The second stage is when the change is implemented. HR must manage this effectively.

3. Refreezing

The third stage is solidifying the change and making sure employees don't fall back into the old ways.

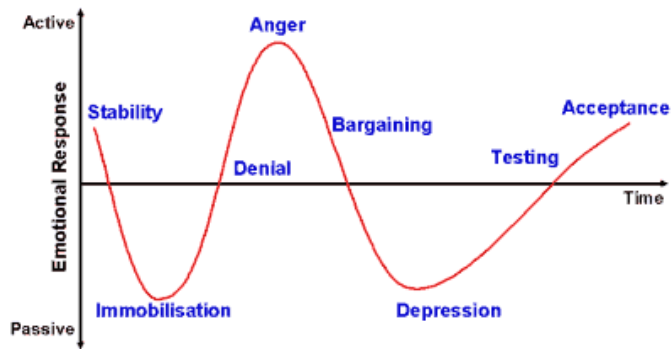
Force Field Analysis

Encouraging the driving factors whilst decreasing the restraining forces



An earlier model of change was developed by Lewin (1951) who agreed upon three stages for managing change – unfreezing, movement and refreezing. He then suggested a tool for analysing change, called Force Field Analysis. This is the process of encouraging the driving factors of change whilst decreasing the restraining forces.

The Kubler-Ross Model



Source: Kubler-Ross 5 stages of grieving (1969)

This ties into research done by Kubler-Ross (1969) into the five stages of grieving. Although the research wasn't intended for business management, it has been adopted by researchers of change management as the stages of grief are often similar to the approaches to change that employees take.

Beer *et al* vs. Kew and Stredwick

Stage 1: Mobilise commitment to change through joint analysis of problems

- *Research what other organisations do in similar situations*
- *Undertake a SWOT and PESTLE analysis*

Stage 2: Develop a shared vision

- *Align HR structure and strategies to fit in with the business*

Stage 3: Foster consensus and commitment to the shared vision

- *Implement change champions*
- *Encourage ownership*

Stage 4: Spread the word about change

- *Communicate changes through workshops and events*

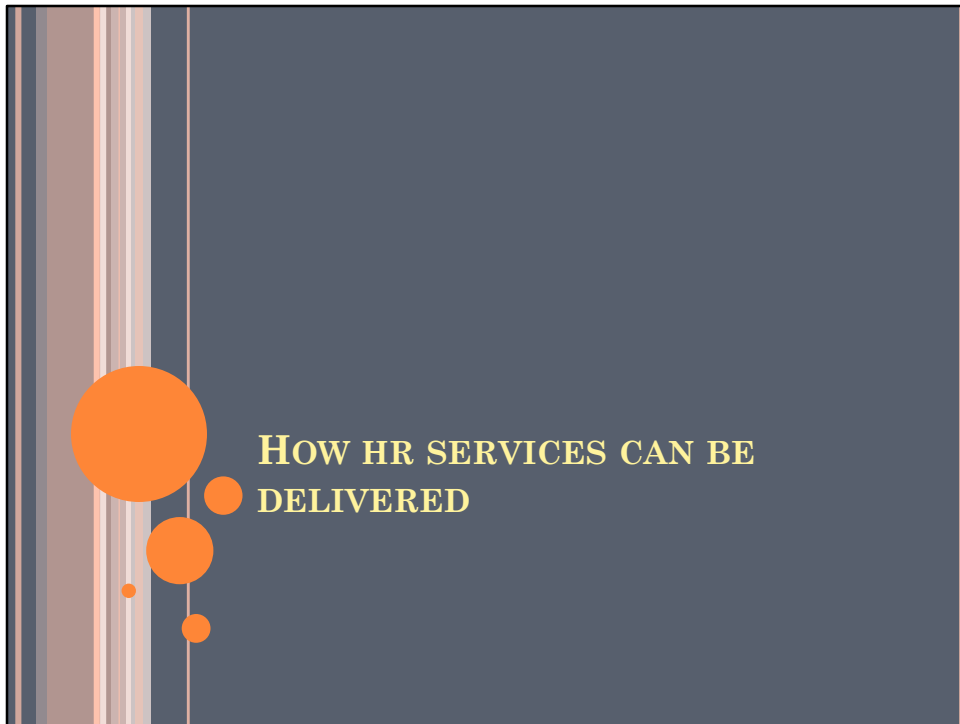
Stage 5: Institutionalise the change through formal policies

- *Introduce rewards such as bonus systems*
- *Update policies to encompass the changes*

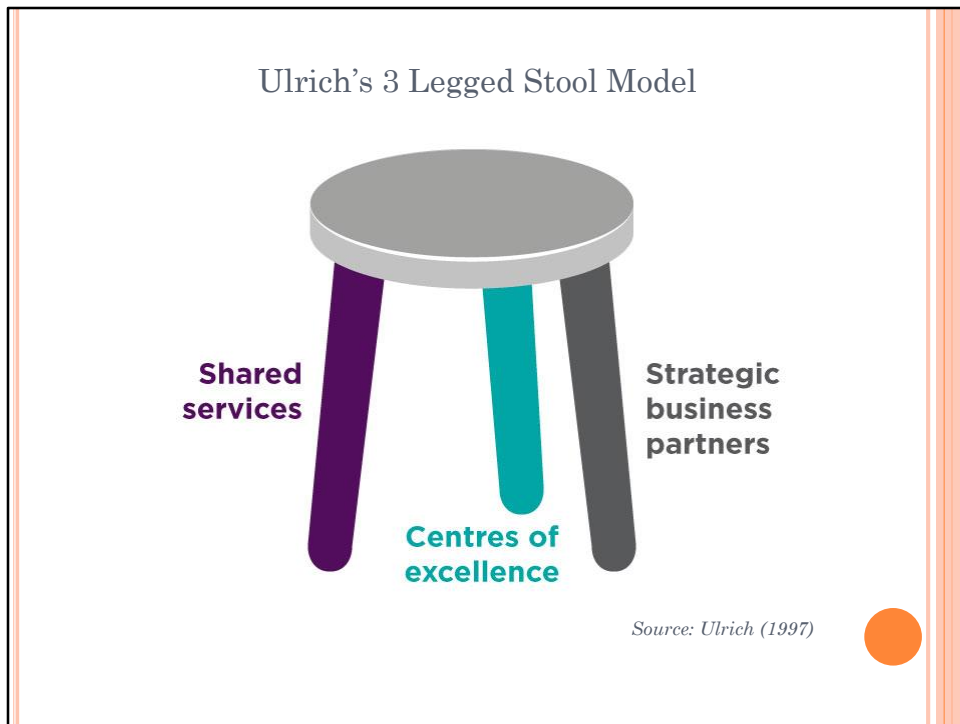
Stage 6: Monitor and adjust as needed

- *Update policies and procedures when needed, and reinforce*

Beer *et al* (1990) produced a six-stage model that identified the steps taken to manage change effectively through HR intervention. Kew and Stredwick (2016) identified how HR can intervene in each of these stages.



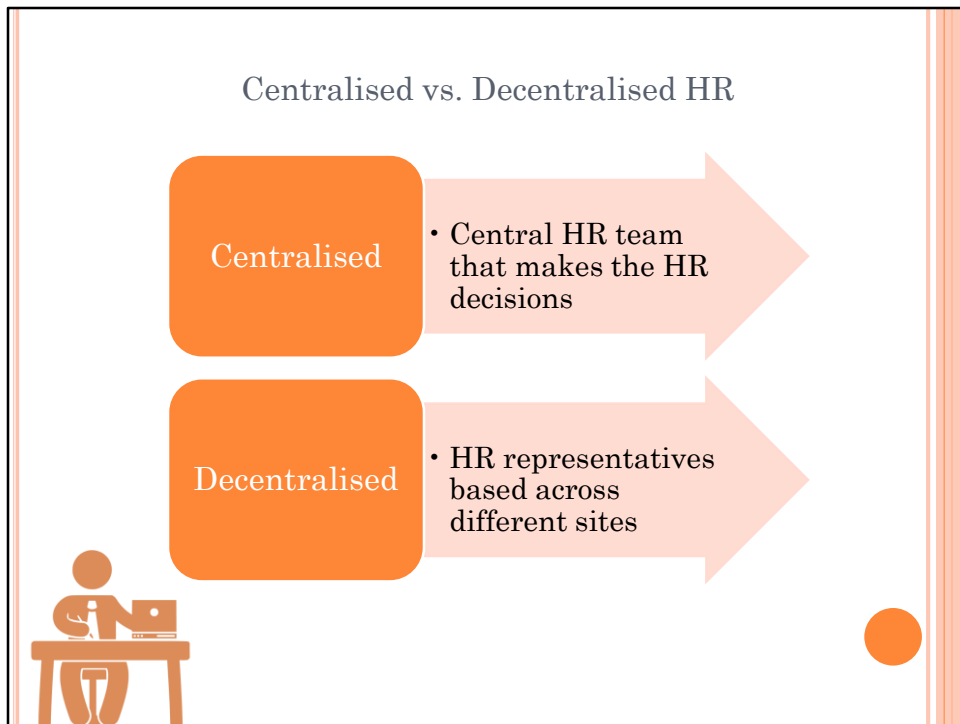
Human Resources departments can vary between organisations; including the way they run and the way they are organised. This is often affected by the size and type of organisation.



Ulrich (1997) created the 'three-legged stool' model which identifies the HR service delivery as having three types of HR professionals; HR business partners, centres of excellence and shared service centres. The HR business partners are normally those who influence and create the HR strategy, working closely with business leaders and line managers.

Centres of excellence are teams consisting of HR specialists in areas such as recruitment, reward and engagement. A shared service centre is a HR team that controls the transactional services for the business.

Wilkinson and Taylor (2016) state that shared service centres are often used in large organisations, or organisations that are spread over several locations. This option has many advantages such as having consistency throughout the organisation and being able to use economies of scale to gain better offering for its employees. CIPD (2018b) also state that shared services can help reduce costs and can lead the HR team to focus on strategy.



Taylor and Woodhams (2016) state that some HR departments are centralised; meaning there is one team that oversees the human resources function of a business.

However, other organisations can be decentralised which often occurs when the organisation is spread over multiple sites or within very large organisations. Decentralisation means that a HR employee will report to a line manager within a localised area.

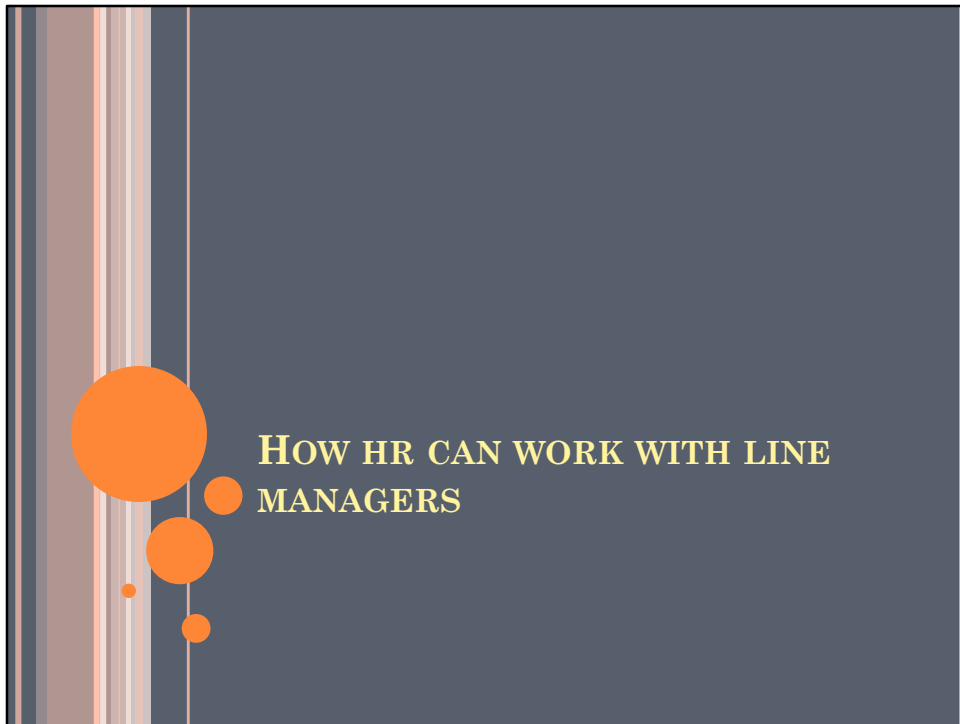
Within a centralised or decentralised team, there are generalist or specialist roles. Wilkinson and Taylor (2016) state that HR generalists have knowledge of all HR functions; this is sometimes due to working within a small company with only one or two members in the HR team, or they can exist in larger HR teams as people who are able to help with all aspects of HR, especially if there is a busy period for one area of HR. A HR specialist exists within the team to focus on a certain area of HR. For example, a Recruitment Officer or a Training Coordinator will have specialist knowledge of that area and will oversee it, without getting involved in other HR functions. This can be beneficial as they can spend time increasing their knowledge and experience of their specific function to become an expert; however, it means they are less likely to be able to step in to help other members of the team.

Outsourcing and Consultancy

Outsourcing	Consultancy
Advantages: • Cost savings (can be cheaper than permanently employing somebody) • Time savings (HR can focus on transformational work) • Expert knowledge of the function	Advantages: • Useful for SMEs who don't have an in-house HR representative • Can provide expert advice beyond current HR team's knowledge
Disadvantages: • Lack of internal knowledge • Adds a 'middle man'	Disadvantages: • Can cause offence to the HR team • Costly if consultant is in addition to HR members

Another way of delivering HR services is through outsourcing. Wilkinson and Taylor (2016) note that some organisations outsource some, or all, HR functions. This means that the organisation will pay for a service rather than a member of the team undertaking that role. An example of one function of HR that can be outsourced is payroll.

Wilkinson and Taylor (2016) also state that organisations can use consultants to deliver HR services. Their role would be to offer advice or develop strategies or policies; the organisation would then take this on board and implement it themselves.



A HR team oversees the functions that fit within HR, however ownership will often be the responsibility of the line managers. It is therefore important that HR work closely with line managers to deliver consistent results and prevent employees being treated unfairly.



CIPD (2018c) notes that HR must be supported to perform their role well; they should be recruited with experience and knowledge of good people management services. L&D should state the managers' job responsibilities and what is expected of them in regard to their behaviours and processes. This can be achieved through regular meetings and training. HR are the experts in this area so are expected to keep up to date with relevant legislation, then provide this information to line managers. For example, HR should be aware of changes to working time regulations and then communicate this information to line managers to make sure employees are not working the incorrect number of hours. Training for line managers could be delivered through e-learning, 1:1 catch ups or through classroom training / workshops. As part of the three-legged stool model created by Ulrich (1997), it was identified that senior HR business partners are those would work closely with line managers and business leaders. CIPD (2018)

A study by Sikora, Ferris and Van Iddekinge (2015) found that line managers with a better understanding of HR were able to implement high performance work practices, which had a direct positive effect on employee outcomes such as retention of staff, competency of staff, standard of appraisals and communication between the line managers and their direct reports.

Advice and Support



Support in
disciplinary
meetings

Answering calls

Replying to emails



HR professionals must also be able to advise and support line managers on certain issues. They will be available to receive emails and telephone calls if a line manager is unsure about a certain employee issue, such as when an employee has a high level of absences and they wish to invite them for a disciplinary. In this instance, a member of the HR team will invite the employee via letter and will take notes during the meeting and make sure the manager complies with company policy. Therefore, HR need to give continuous support and advice to line managers.



HR should always be delivered using an ethical approach so that employees are treated fairly.

Ethical Frameworks – Winstanley *et al* (1996)



Kew and Stredwick (2010) note that ethics are underpinned by three elements; being fair, deciding what's right and wrong, and creating policies which state how employees are expected to conduct themselves. A simple way of identifying ethics within HR was stated by Winstanley *et al* (1996), who identified four frameworks; by adhering to these frameworks, organisations will see employees as stakeholders and will care about each individual. Therefore, HR should encompass this within their policies and codes of conduct.



The CIPD (2015) created eight ethical lenses which help HR professionals make ethical decisions. It is vital that HR professionals adhere to these eight lenses in order to make the right decisions for both the employee and the business. CIPD (2017) found that there are several benefits to a business having high ethical values, such as an improved morale, a good reputation and financial gains. HR need to uphold ethical values in order to be professional. This can be difficult if there are conflicting views between business leaders and HR. For example, if a manager employs a person because of who they are rather than for their skills and experience it is not using fair practice in its recruitment.

Ethics within Legislation

Example of legislation affecting HR:

- NMW/ NLW
- Working time regulations
- Equal Rights
- GDPR
- Maternity / Paternity Rights
- Holiday allowance



Ethics are often linked to legislation, therefore it's important HR professionals keep up to date with relevant legislation, communicating updates to the business. An example is National Minimum and Living Wage. This rises each year; therefore, organisations have to make sure they're paying their employees correctly. It's now also compulsory for organisations to report on their gender pay gap. In its annual report, BBC (2017) reported on their gender pay gap, causing outrage due to the difference between male and female pay. This then sparked other organisations to relook at their gender pay gap and make improvements to shorten the gap.

Ethics Within HR – H&S and CSR

Health and Safety responsibility:

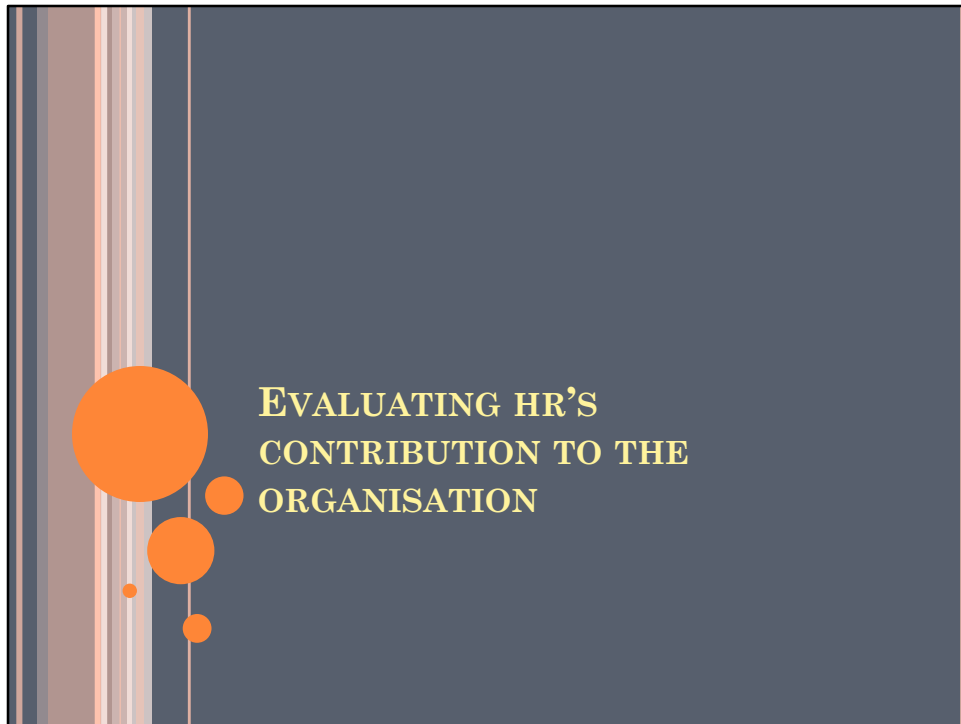
- Health and Safety at Work Act 1974
- Policies and procedures
- Training and skills
- Wellbeing of staff

Corporate Social Responsibility:

- Positive impact on the community (social, environmental and economic)

HR often encompasses Health and Safety, making sure employees are kept safe within the workplace. The Health and Safety at Work Act 1974 outlines the responsibilities that organisations have to keep their stakeholders safe. The team must make sure employees are competent to stay safe and provide training to keep line managers up to date with legislation and policies. This also includes having a duty of care to employees and making sure their wellbeing is looked after.

It's also becoming more popular for organisations to have a CSR strategy, focusing on policies and initiatives that give back to the community. This includes charitable donations, aims to reduce emissions and community work such as beach cleans. CSR should be adopted into HR policies and practices, as well as training employees so everyone is aware of the organisation's values and culture.



To prove the effectiveness of the HR function, there are different evaluation techniques that can be used.

Evaluation of HR

Statistics

- Quantitative and qualitative data, such as:
 - Absence analysis
 - Attrition
 - Applicants per role
 - Exit interview analysis

KPIs

- Targets outlining what is expected of the HR professional

Balanced scorecard

- Agreed set of measures of performance, alongside a high level strategy map

Evaluating SHRM

- Reflect how HR adds value and is organisational and business savvy

Wilkinson and Taylor (2016) identify the three most commonly used methods as HR statistics, KPIs and balanced scorecards.

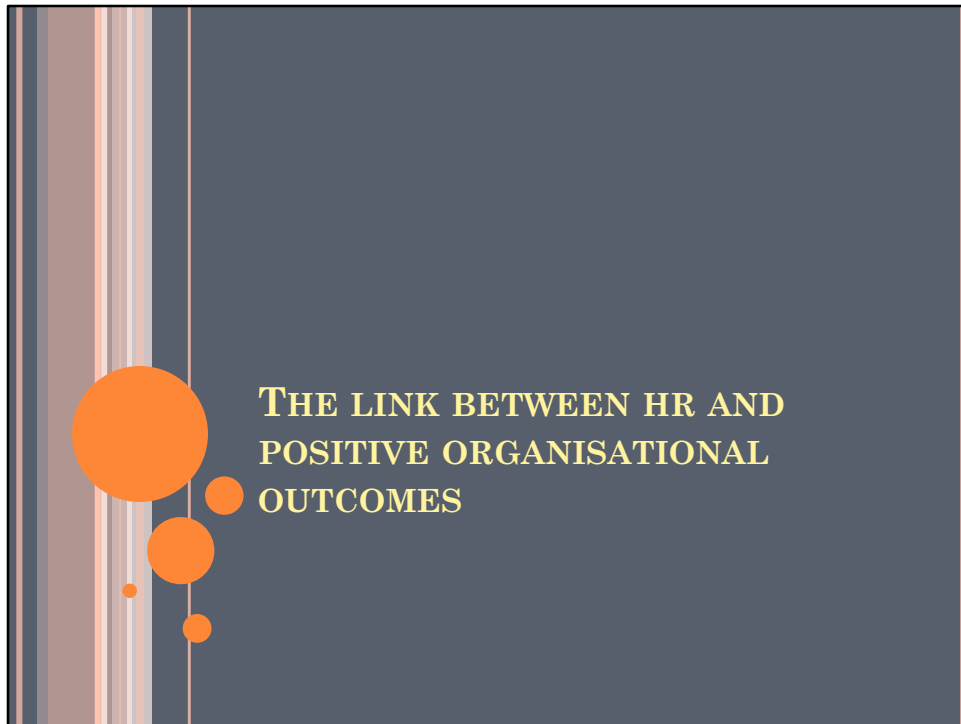
HR statistics consist of quantitative data such as absence percentages, number of applicants, and attrition data. This is effective as the data is based on results and is often what senior managers prefer to look at as it's easy to understand. Qualitative data can also be collected to evaluate the performance and value of HR. This includes staff surveys, evaluation forms, exit interview feedback and focus groups.

Another option is to use Key Performance Indicators to make sure the HR team are delivering the desired SMART objectives identified in the HR and business strategies. Results can then be presented using statistics and reports.

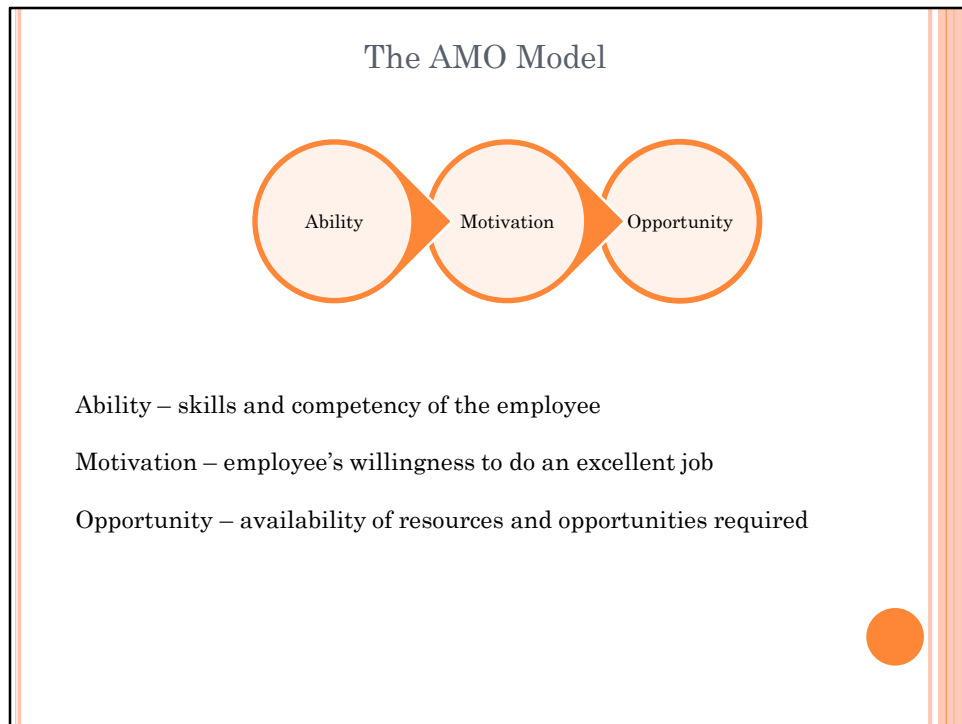
A balanced scorecard is identified by Wilkinson and Taylor (2016) as an agreed set of measures of performance, alongside a high-level strategy map. They are divided into four groups of perspectives; customer, financial, internal business process and learning and growth. This is useful in large organisations that operate under several departments, as all departments will have their own scorecard and therefore will ensure that they are all consistent in their practices and goals.

Due to the progression of HR into SHRM, there are new ways of evaluating HR performance emerging. This reflects how HR adds value to the organisation and also

takes into account line managers undertaking certain roles and having responsibility. Businesses can implement service level agreements to make sure tasks are completed to a certain standard within a specified timeframe, this is very effective as a way of measuring output, especially for transactional work; this links to evaluating responsiveness, such as replying to an email the same day. Organisations also used stakeholder analysis which considers the requirements of all stakeholders that have involvement with HR. Wilkinson and Taylor (2016) identify that to evaluate whether HR professionals are contextually savvy, organisational savvy and business savvy, they need to undertake a self-evaluation to make sure they are 'insight-driven'.



The implementation of HR policies and practices can have a positive effect on the overall organisational performance.



Purcell *et al* (2003) created the AMO model which identifies the three attributes employees must have to achieve the desired outcomes the organisation requires to achieve high performance. The research by Purcell *et al* (2003) used both qualitative data and quantitative data to conduct their research and their data subjects were from a range of sectors, adding strength to their research. It’s noted that their subjects were businesses known for managing human resources well, or those who were in the process of improving the link between people and performance. Therefore, it may not be viable for businesses that have less of a focus on HRM. The sample size was 12 which is a low amount of data subjects to use in research of this kind. Within the research paper, they also state that performance data was difficult to collect which lead to a less substantial analysis.

Marin-Garcia and Martinez-Tomas (2016) also argued that there are other factors that can influence the performance of employees such as line manager implementation of HR policies, and employees’ personal circumstances.

Guest and Conway (2011)

- Impact of HR practices and HR effectiveness and a 'strong HR system' on organisational outcomes
- HR practices need to be of a certain quality
- HR practices should be appropriate for the audience

Link to Kew and Stredwick's 10 Best Practices (2016):

- Flexibility / team working
- Employee involvement
- Employee voice
- Performance related reward
- Employee ownership
- Sophisticated selection
- Internal promotion
- Employment security
- Commitment to learning
- Harmonisation of Ts and Cs

Guest and Conway (2011) researched the impact of HR practices, HR effectiveness and a 'strong HR system' on organisational outcomes. They found that the effectiveness of HR practices had more of a link to organisation performance than the presence of HR practices did. Therefore, it is suggested that HR practices must be of a certain quality and should be appropriate for their context and audience.

The 10 best HR practices that need to be effective were identified by Kew and Stredwick (2016).

The study by Guest and Conway (2011) had a large sample range of 237 pairs of HR managers and CEOs, with a variety of sectors included but a focus on the service sector. However, the study was cross-sectional rather than longitudinal so only gave results over one point in time. If the research was longitudinal, it could be more effective as it would show specific results of how HR effectiveness can have an impact on outcomes.

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