

The Contemporary HR function

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Introduction

During this presentation we will cover:

Views on the function of HR and how this is evolving

How HR can contribute to effective change management

The different ways that HR services can be delivered

How HR can work with line managers to provide HR services

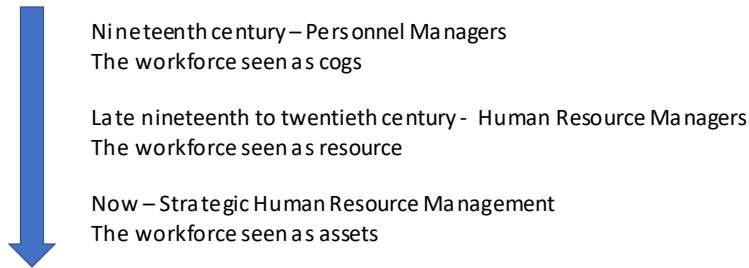
Why HR should be managed in an ethical manner with examples of ethical and non ethical practice.

How HR's contribution to the organisation can be evaluated.

Research that demonstrates the link between HR and positive organisational outcomes.

Conclusion

How HR has evolved



HR activities have changed from Transactional to Transformational



(Taylor and Woodhams 2016)

Personnel Managers. Responsible for employment policy, practice, and employment relationships, mainly found in large workplaces such as government departments, railways, factories. Focused on efficiency, with employees working quickly and productively to ensure maximum output.

Usually stable and hierarchical organizations, employing for long periods of time and developing and promoting internally. Trade unions were established and HR administrators roles were created.

The number of people employed in skilled roles increased. Little scope for people management strategies

HR Managers term first coined in 1960s in the USA. Change from the above to more strategic, less reactive and focused on achieving organizational objectives. Collapse of trade industry resulted in HR managers not having to be confined to industry standards and allowed them to develop different approaches that met the needs of their organization and employees.

The business environment became unstable and more competitive, HR had to adapt by implementing performance management systems and flexible working to maximize competitiveness.

Twenty first century saw skills shortages and Labour markets tightening. Employers had to develop brands, and focus on recruitment and retention.

Term HRM was used to describe a body of management activities rather than a certain approach to carrying them out and those in HR roles were labelled human resource professionals, encompassing all the activities related to the management of an organizations relationship with those who work for it, including employees, self employed, employees of partner organizations, agency staff, casual staff.

Strategic Human Resource Management – where HR are integral to the delivery of the organizations strategic objectives.

HR help plan, communicate and implement change management as well as manage the reputation of the organization, to ensure they are seen as an employer of choice and attract/retain valuable employees in a competitive market. In some organizations HR functions can be led by a 'director of people' 'director of workforce' 'director of change management' duties can include developing succession plans, training plans, monitoring performance, designing jobs and organization structures.

Transactional = Administration tasks

Transformational = Continuous improvement / Change management

(Taylor & Woodhams 2016)

Purpose of the HR Function

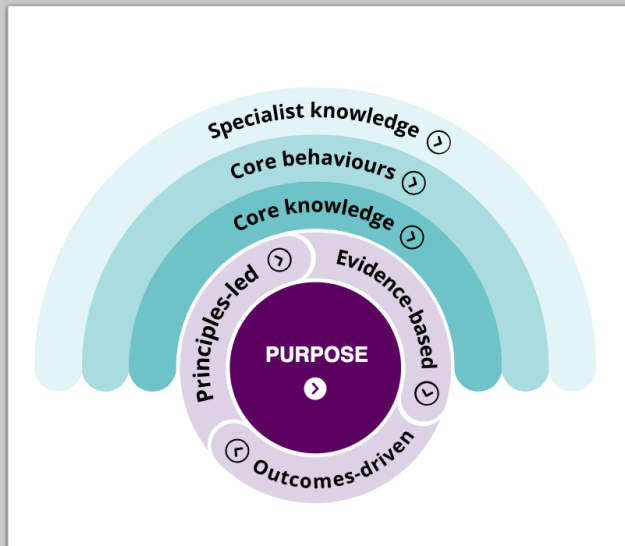
To support the delivery of the organisations strategy and objectives through the effective management of people and performance.

(Wilkinson and Taylor, 2016)

HR strategy needs to be vertically aligned and integrated to business strategy.

CIPD New Profession Map (2018)

Created to encompass an up to date benchmark for the role of the people profession, reflecting on the changing objectives and highlighting new areas of expertise.



Updated from the CIPD 2013 Profession Map

Key objectives of the HR function

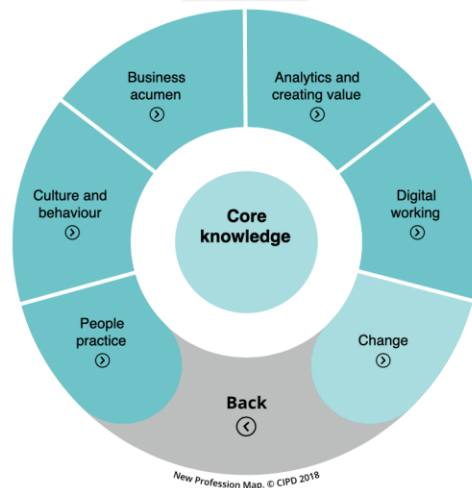
A survey carried in 2007 by CIPD on what HR professionals considered to be the main objectives for their function, the top 4 were:

- To recruit and retain key staff
- To develop employee competencies
- To improve the management of people performance
- Maximise employee involvement and engagement

(CIPD, 2017)

How HR can contribute to effective change management.

Within the CIPD's new profession map (2018) understanding how to effectively enable change is a 'core' knowledge area for all people professionals.



(CIPD, 2018) Change needs to happen in a considered way, by using a structured and planned approach.

Having the knowledge, tools and techniques for effective change such as creating business cases, methodologies and using them to ensure risks are mitigated and projects are managed effectively.

- Growth opportunities, especially new markets.
- Economic downturns and challenging trading conditions.
- Shifts in strategic objectives.
- Technological developments.
- Competitive pressures, including new entrants, mergers and acquisitions.
- Customer or supplier pressure, particularly shifting markets.
- Learning new organisation behaviours and skills.
- Government legislation/initiatives.

Drivers of change
within an
organisation

(CIPD 2020a)

Change is a constant in many organizations, driven by the above forces.

Types of change Elements and how HR can contribute:

Controllable

Business processes that can be designed and implemented

HR can be involved in initial planning, advise project leaders on skills available, balance short term goals with broader strategic needs and evaluate and report on the impact of change initiatives in HR such as absence and turnover.

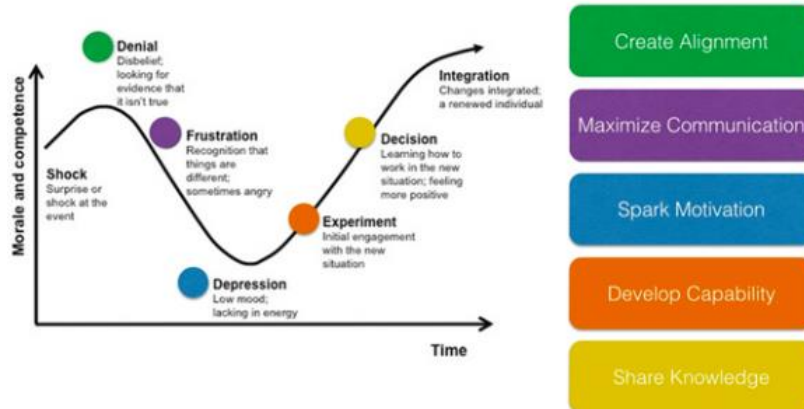
Uncontrollable

People and the meanings that people attach to such process

Individuals reactions to change are uncontrollable as we are all different, HR can help by being aware of potential reactions to devise ways to assist them in this change.

(Taylor & Wilkinson, 2016)

Kübler Ross '5 stages model' Understanding how people react to change



(Management 30, 2014)

People don't move through this in steps, they can occupy them at different times and go back stages.

Ways HR can assist in managing change effectively

- 1) Change ready culture
- 2) Appropriate communication
- 3) Human Resource Development interventions
- 4) Publicising Success

(Taylor & Woodham 2016)

- 1) Creating an organisational culture that embraces change. HR needs to understand the culture of the organisation, this can be done by including questions on change in staff satisfaction surveys and informal employee focus groups.
- 2) If the organisation's strategy and vision is clear and communicated well, employees will understand and are less likely to be resistant to change.
- 3) Addressing any skill gaps, coaching or monitoring required as a result of organisational changes will help employees adapt and enhance their responsiveness to change.
- 4) Organisations should publicise success stories of change, what the organisation and employees have gained from it. This will help build in the change and put employees in a more positive frame of mind in the event of future change.

Different ways that HR services can be delivered, comparing and contrasting the different models

CIPD (2015a) Support the view that there is not one model for delivering HR that is suited to all organisations, that different organisations have different needs.

How an organisation should structure its HR function depends on its organisational strategy, wider organisational structure, requirements of its customers and the organisation it is supporting.

These things can be influenced by other factors such as size of the organisation and maturity.

Ways HR Function can be Organised	HR Generalist	HR Specialists
	• Knowledge and involvement in all areas • Variety of tasks • Can be a team of generalists	• Manage specific areas and tasks • Expert in the area • Can be an individual or team of specialists
	Shared Service Centre	Outsourcing / HR Consultants
	• Corporate service across large organizations or partners • Save costs and duplication of effort • Shared knowledge	• Contracted to provide advice or develop strategies / policies • Can bring experts in the field • Can be cheaper than employing directly • Usually utilized by SMEs.

The way in which HR is structured to deliver its service is a key factor in determining its operational success.

HR specialists can include roles such as Recruitment Resourcing and talent planning specialists and employee engagement specialists.

Shared Service Centre are service focused allowing the customer to specify the level and nature of service.

Outsourcing / HR Consultants can allow those employed to focus on strategic issues and work which requires company knowledge and bring deeper levels of expertise as they engage with many clients.

(Taylor & Woodham 2016)

David Ulrich (1997) 3 legged stool model



Three different types of HR professionals in organisations, each working distinct ways.

Strategic business partners - embedded into the business and work to implement, influence and steer strategy by aligning HR capabilities across the whole organisation. Mostly in larger and public sector organisations

Centres of excellence use HR innovations such as talent management, learning, reward and engagement to deliver competitive business advantage.

Shared service centres are large units that handle transactional services across the business.

Wilkinson Taylor (2016) cited in Taylor Woodhams

How HR can work with line managers to provide HR services:

"Front-line managers play a pivotal role in implementing and enacting HR policies and practices. Where employees feel positive about their relationship with their line managers, they're more likely to have higher levels of job satisfaction, commitment and loyalty"

HR need to ensure that line managers have significant training and coaching to enable them to confidently fulfil their people management responsibilities.

Work with them to deliver HR, OD and L&D policies and practices and 'bring them to life.'

CIPD (2020c)

According to Swift (2016) cited in Taylor Woodhams, line managers are the important link between employee experiences of HRM and the formation of their attitude to their job and the organisation. They can also be the first port of call for employees.

The extent of line managers involvement in HR services depends on the HR Model but by line managers providing day to day HR services can allow HR to focus on strategic issues.

According to Sikora et al (2015) for HR practices to gain employee attention and demonstrate intended effects on employee attitudes and behaviours, line managers need to make HR practices salient to employees. They research high performing work practices and find that some organisations have developed effective HR practices but their line managers do not consistently implement them. They found two line manager competencies that may affect the extent the organisations high performing work practices are implemented, one was HR competency, suggesting many line managers lack a background and training in HR and therefore may lack the skills and expertise needed to implement HR practices. The second was political skill, line managers competency in communication, social influence and the management of shared meaning also affect their perception of implementing the high performing

work practices.

An example of where HR and line managers can work together is reward, line managers can provide input on recognising and assessing and the employees performance, and in line with organisational policies HR can determine how to reward the employee.

What is Ethics in HR?

FAIRNESS

DECIDING WHAT IS RIGHT AND WRONG

THE PRACTICES AND RULES WHICH UNDERPIN RESPONSIBLE CONDUCT BETWEEN INDIVIDUAL'S AND GROUPS.

(Kew and Stredwick, 2010)

Acting ethically in managing employee relationships and to be seen doing so is important.

We have an ethical duty to make the right decisions, Ethics is a business imperative and an essential leadership behaviour in HR, Ethics is part of the CIPD Code of Conduct. (CIPD, 2020d)

According to Wilkinson & Taylor (2016) Factors to consider include:

Behaving ethically. HR need to act fairly and develop and maintain relationships with the workforce to gain trust.

Ethical Standards. Employer brand and reputation. People and organisations are considering whether the company has good ethical standards before applying to work there or choosing to partner.

Role Modelling. Leading by example and if wanting the workforce to act ethically HR must be seen to be doing so too. Promoting ethical behaviour for all. A company Corporate Code of Ethics should be part of this.

There is evidence to suggest that ethical practice can improve business performance. Institute of business ethics 2003 cited by Kew and Stredwick (2010)

Employers and in particular HR professionals can make progress on ethical behaviour through people management interventions and leadership, promoting ethical values, mitigating risk and improving compliance with rules and standards. (CIPD,2019a)

What can influence ethical behaviour

Five key areas that potentially influence ethical behaviour at work:

- Individual differences
- Organisational culture and climate
- Leadership
- Situational factors
- Codes of conduct, Communication and Training.

(CIPD, 2020d)

Organisational culture and leadership can influence unethical behaviour, whereas moral leadership and ethical climate and social norms enhance ethical behaviour.

Factors that can influence unethical workplace behaviour:

- Bad Apples – Individual factors and characteristics such as personality traits, moral philosophy and how much responsibility is taken for our actions.
- Bad Cases – Situational factors and how clear the consequences of acting unethically are, and what they are.
- Bad barrels – Organisation context and whether important cues are in place to show employees what behaviour is acceptable. (CIPD 2019b)

Eight Ethical lenses

Perspectives for navigating workplace dilemmas:

- **Fairness** - Universal agreement
- **Merit** - Jobs and their rewards should track talent and hard work.
- **Markets** - Jobs and their rewards should follow from voluntary market exchanges.
- **Democracy** - No one should be subject to a regime in which they have no say.
- **Well-being** - Work should be good for us.
- **Rights and duties** - Everyone has rights to do some things and to be free of some things, and everyone has duties not to violate others' rights.
- **Character** - Each of us should work to develop the best ethical character for our roles.
- **Handing down** - observing and maintaining the small part of it which we currently have stewardship, and passing it on undamaged to our descendants.

(CIPD, 2015b)

Ways to promote an ethical workforce

- **Establish an ethical culture** – how are ethical values brought to life in the day to day running of the organisation.
- **Embed ethics** - Organisations core values provide the framework for the company's culture and decision making.
- **Communicate Ethics** - Internal communications should regularly refer to the values and ethical expectations.
- **Key Systems** – HR need to ensure there are key systems and processes underpinning the effective delivery of the organisations ethics message.
- **Reward ethical behaviour** - Reward system which promotes ethical behaviors such as ethics awards, remuneration, promotion.

(CIPD,2020d)

Forms of non-ethical practice

- **Counter-productive work behaviour (CWB)** – Actions that go against the legitimate interests of the organisation and its employees.
- **Unethical pro-organisation behaviour (UPB)** - unethical acts that are perceived to advance a business.

(CIPD,2019b)

CWB examples include theft, sabotaging operations, fraud.

UPB examples include accounting fraud, price-fixing, and withholding information from customers or the public to protect the organisation or to advance its interests and goals.

Examples of previous cases of the above within organisations include:

Misreporting of profit and loss (Enron and Fanny Mae)

Manipulation of interest rates (Libor)

Substandard healthcare (Mid Staffordshire NHS Trust)

(CIPD,2019b)

Corporate Social Responsibility

"The idea that a company should be interested in and willing to help society and the environment as well as be concerned about the products and profits it makes" Cambridge Dictionary.

Why it matters



Brand enhancement and reputation



Building employee retention and satisfaction



Making a positive contribution to society



Reduced Waste and increased efficiency.

CIPD (2020e)

According to CIPD (2012) CSR should be embedded into business strategy and cites that research from the Institute of Business Ethics shows companies who take ethics seriously have a measurable competitive advantage.

Areas of corporate responsibility

- **Workplace** – looking after the wellbeing and rights of employees and other workers in the value chain.
- **Environment** - Minimising or improving environmental factors such as recycling and carbon footprint.
- **Marketplace** – Impact of organisations products or services, ensuing compliance with fair trading, anti bribery, corporate taxes.
- **Community** – How the organisation positively or negatively contributes to society.

(CIPD 2020e)

Examples of the above from Tesco's approach to CSR. (UKEssays,2018)

Workplace – Employee training and development programme, pension scheme, save as you earn scheme, flexible working options.

Environment – Commitment to climate change, recycling and waste management, plastic bag scheme.

Marketplace - Compliance with corporate tax, fair trading.

Community - Community based projects and education programs. Charity of the year.

HRs role in Corporate Social Responsibility

- **Volunteering Schemes** – HR can lead community based schemes and support with paid leave for volunteering.
- **Supporting a CSR Strategy** – Communication and training on social and environmental responsibilities as well as aligning policies and practices.
- **Employment and people management practices** – Meeting statutory obligations and promoting the organisation to go beyond that.

(CIPD 2020e)

Evaluation of HR Function

Traditionally evaluated on:

Efficiency - is the activity cost effective in terms of time and money?

Effectiveness - is the activity meeting its objective?

Today they are more likely to be evaluated on:

- 1) Influence on strategy
- 2) Views of key stakeholders
- 3) External benchmarking
- 4) Internal SLAs

(Marchington and
Wilkinson, 2012)

Traditional methods may not show HRs contribution over a long time period, and don't just reflect HRs contribution as line managers often put policies into effect.

Today's evaluations:

- 2) Who the customers of the function are, and how satisfied they are with the HR function.
- 3) Looking at what other organisations are doing.
- 4) Such as contracts being issued on first day of work.

Evaluation tools

HR Statistics – such as recruitment and training spend, absence figures, turnover levels. Useful for benchmarking internally for same period last year or different departments, or externally against other organisations in the area or industry.

Key Performance Indicators (KPIs) - Areas of HR that are most critical to achieve of business objectives. Targets for each activity and assessing performance against the target.

Balanced Scorecard – All departments have their own scorecard and measures, around 4 perspectives. Customer, financial, internal business process, learning and growth.

(Wilkinson & Taylor, 2016)

KPIs need to be Specific, Measurable, Achievable, Performance relevant, and timebound.

Balanced scorecard – linked to the vision of the organisation. Enables cross company comparisons.

(Wilkinson & Taylor, 2016)

Self evaluation

HR professionals need to assess own abilities to be insight driven by evaluating whether they are:

- **Contextual Savvy** – alert to external trends and factors that can effect the organisation now and in future.
- **Organisation Savvy** - Have an in depth understanding of the people and culture of the organisation.
- **Business Savvy** - understand how business makes money and what is most important for current and future commercial health.

(Wilkinson & Taylor 2016)

Links between HR and positive organisational outcomes.

West et al
(2006)

(Swift, 2016)

- Cross sectional study of 61 NHS acute hospital trusts, conducting interviews and questionnaires with mainly HR directors regarding HRM strategy, policy and practices covering main occupational groups.
- Data was also collected on the number of deaths following emergency and non emergency surgery, admissions for hip fractures and heart attacks and readmission rates.
- Study suggested that good HR practices can be seen to affect the performance of hospitals, as evidenced in a reduction in mortality rate.

Katou et al (2014)

(Marchington et al, 2016)

- Cross sectional study of 1,250 questionnaires of employees working in 133 public and private sector organisations
- Studied Greece during austerity and argued that perceived HR practices such as resourcing, training, rewards and relations have a link on employee reactions such as motivation, commitment and work engagement. Then they argued that employee reactions have an impact on performance outcomes such as productivity and growth
- Found that employee reactions positively and partially mediate the relationship between perceived HR practices and organisational performance. Employee training and relations influence employee commitment and work engagement the most, which in turn have a positive impact on organisational performance.

Conclusion

- The HR function has evolved from an administration function to an integral driver of organisational strategy and change through effective people and policy management.
- The way in which HR is structured to deliver its service varies depending on the organisation and is a key factor in determining its operational success.
- Making ethical decisions, embedding and promoting ethics within the workforce is key within HR.

- 
- CRS should be embedded into business strategy and include environmental, workplace, marketplace and community matters.
 - Is it important to evaluate HR as a function and individually as HR practitioners, this can be done with KPIs, statistics and balanced scorecards.
 - Research shows there are links between HR and positive organisational outcomes.

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