

The Contemporary HR Function

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Objectives

- ▶ Explore a synopsis of views on the function of HR and how this is evolving
- ▶ Explore examples of how HR can contribute to effective change management, with reference to at least one model of change
- ▶ Provide a summary of different ways that HR services can be delivered, comparing and contrasting the different models
- ▶ Explore examples how HR can work with line managers to provide HR services
- ▶ Provide a justification of why HR should be managed in an ethical manner with examples of ethical practice contrasted with examples of non-ethical practice
- ▶ Explain how HR's contribution to an organisation can be evaluated
- ▶ Provide an evaluation of two examples of published research that demonstrates the link between HR and positive organisational outcomes

HR: A brief History

- ▶ The CIPD evolved from the Worker's Welfare Association
- ▶ Founding members included visionaries like Seebohm Rowntree
- ▶ As well as in the United Kingdom, the 'Labor Problem' in the United States led to parallels in the acceleration of the emergence of HR

Although greatly evolved in recent decades, the idea of Human Resources is not a new concept. The Chartered Institute of Personnel and Development emerged at the beginning of the 20th century as the Worker's Welfare Association. This was spearheaded by visionaries like Seebohm Rowntree, who understand that the key to industrial success was, quite simply, people (The Rowntree Society, 2021). Leading thinkers of the time explored ways of maximising the efficiency of the workforce. Coupled with the growing influence of trade unions and the rise of socialist-leaning policies, many people-oriented job roles began to emerge (Taylor & Woodhams, 2016, p.35)

Whilst the roots of Human Resource Management were taking hold in the United Kingdom, the parallel was occurring across the Atlantic. The so-called 'Labor Problem' at the start of the century, exacerbated by the impact of the First World War, led to the creation of various 'Welfare Departments' within organisations (Kaufman, 2013).

HR: A brief History

- ▶ The impact of World War One had far-reaching consequences across society
- ▶ The role of women, particularly as part of the national workforce, cannot be understated
- ▶ Welfare capitalism
- ▶ Emergence of departments such as *Personnel Management*

It should be noted, then, that there is not one defining moment of history where Human Resource Management came into existence. It was (and continues to be) an evolutionary process, reactive to shifts in society and the changing landscape of the working world. The devastation of the First World War impacted on every corner of society. The role of women, both as a workforce and as a newly-enfranchised group, in society cannot be understated either. The inter-war notion of Welfare Capitalism began a realisation that employees were incentivised by more than wages and valued factors like job security and employee benefits (Kaufman, 2001).

As the century progressed, the sphere of *Personnel Management* came to the fore. Departments such as these were set up to look after the people within an organisation and functioned as separate entities to departments that looked after industrial and operational issues (Maycock, 2015). Much debate rages around the similarities and differences between Personnel Management (PM) and Human Resource Management (HRM). Although it is widely agreed that HRM evolved from PM as a more strategic and less reactive methodology of achieving the objectives of an organisation (Taylor & Woodhams, 2012, p. 6).

The emergence of modern HR

- ▶ HRM is a strategic partner within an organisation
- ▶ Organisational objectives:
 - ▶ Job design
 - ▶ Recruitment
 - ▶ Onboarding
 - ▶ Employee reward
 - ▶ Performance management
 - ▶ Compliance

Shaped by history, Human Resource Management has now developed in to what it is today. The CIPD (2020) defines this as “an approach to managing people that supports an organisation’s long-term goals with an overall planned and coherent framework” (CIPD, 2020). With this in mind, it is important to explore the organisational objectives of HR today. In the most general terms, HR is concerned with job design, recruitment, onboarding, employee reward, performance management and compliance surrounding employee matters. These, as seen, have been shaped by history. As we explore these further, we are reminded of the enhanced status of HR by the emergence of the CIPD’s (2013) Human Resource Profession Map (HRPM). Within this map, core behaviours embody the role of the HR Professional.

The introduction of employees’ concerns around working conditions issues at the turn of the century have evolved in to the behaviour of Employee Relations. A similar example is the evolution of paid leave to the statutory holidays enjoyed by employees today. As HR issues have evolved, so too has the role of HR in becoming a strategic movement concerned with the advancement of business performance (CIPD, 2020).

The changing role of HR

- ▶ We have experienced a shift from Personnel Management to Human Resource Management
- ▶ This shift runs parallel to the shift from *transactional* to *transformational* HR
- ▶ HR is driven by and for business, as well as just facilitating employee transactions

It is also judicious to explore the nature of HR and its changing role within the contemporary world. Traditionally, the historic nature of HR was *transactional* and concerned itself with the routine, administrative functions. Whilst this is a crucial component of HR, they are often viewed as a cost to an organisation rather than adding value (Mothersell, et al, 2008). The shift from *PM* to *HRM* runs parallel with the shift from the *transactional* to *transformational* business of HR. By endeavouring to become *transformational*, the HR profession has become business-driven rather than solely facilitating employee transactions.

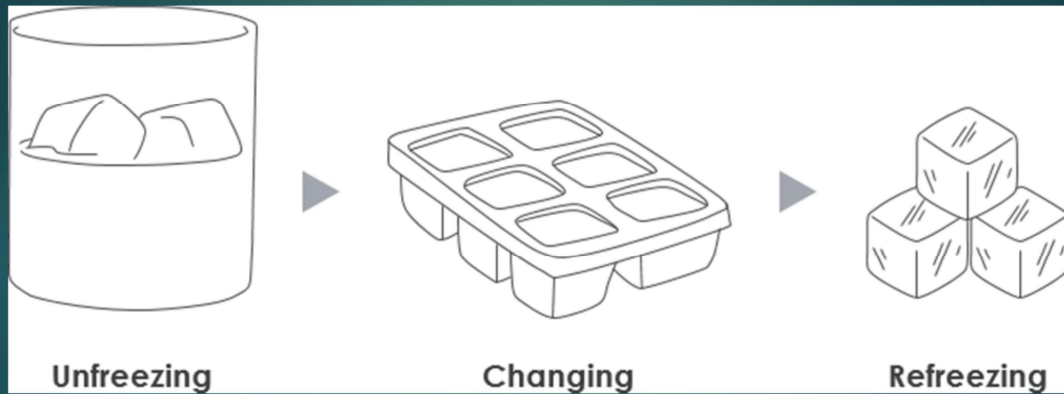
Change Management

- ▶ HR's role becomes evident when exploring the controllable and the uncontrollable
- ▶ COVID 19 has proven the need for HR when leading change management
- ▶ Research suggests that we should involve individuals in the planning of change

As the world changes, so organisations must change accordingly. When managing change, the role of HR becomes vital. Wilkinson & Taylor (2016, page 32) summarise how the controllable factors such as processes and systems are further concentrated by uncontrollable factors such as people and their feelings. Therefore it is safe to assume that HR plays a vital role in change management.

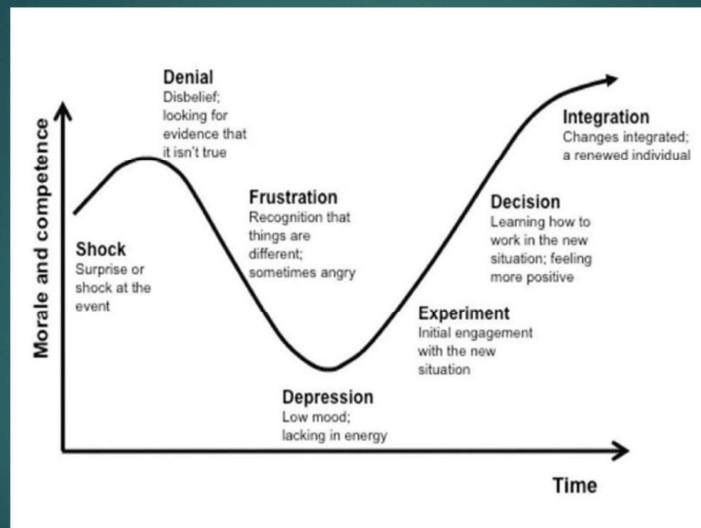
The COVID:19 pandemic provides a rich example of the process of change management. Organisations have had to rapidly change their functions and systems in order to adapt to unprecedented circumstances. At the centre of such rapid change are people, not processes. Humans are emotional and therefore any management of change must be led by the reactions towards change by humans. Buchanan et al (2005) suggest that involving individuals in the planning of change is the best way to reduce levels of resistance to it.

Lewin's model



Knowing this, organisations now understand that change is a process. There are various models of change that can be considered. The first to be explored is Lewin's three step model; 'Unfreeze, Change & Refreeze'. Throughout the Unfreeze stage, the need for change is established and resistance is overcome. After the process has been 'unfrozen', the change can take place providing that the first stage has been implemented correctly. Once the change has happened, it needs to be 'refrozen' so that it can be embedded fully. It should be noted that this is a cyclical process. (Derani et al, 2019)

Kubler-Ross' Model



Whilst Lewin's model is coherent, it could be argued that it lacks enough detail to be properly implemented. In contrast to this, Kubler-Ross's (2014) model of change (figure 1 <https://www.hrmagazine.co.uk/article-details/creating-cultures-of-trust-three-solutions>) describes the emotional process a person goes through when faced with change. As we explore the model, it becomes evident that HR has a key role in supporting organisations through change.

HR professionals can be leaders of change, by exploring methods of communication before, during and after a change. During the Unfreezing stage of Lewin's model, HR can ensure that it communicates with stakeholders in order to minimise impact of the shock and denial that Kubler-Ross discusses. HR Professionals can also contribute to change management by ensuring that processes are in place to the initial engagement with the change.

HR Service Delivery

- ▶ Shared services
- ▶ Outsourcing
- ▶ Consultancy

HR practitioners can generally be separated into Generalists, who's job functions range across the broad HR spectrum and Specialists, who have expertise in a particular area. Many HR teams contain a mixture of these role types as well as administrative staff on both sides (Swift, 2016, page 4). Similarly, HR departments have different models of delivery

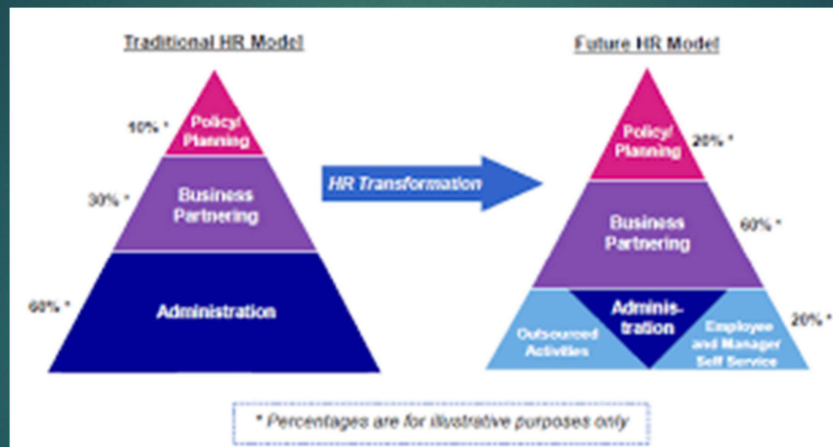
In larger organisations, a **shared services** approach may be of benefit. This is where the administrative operations of HR are centralised shared and across departments. This approach is service based and has many benefits, particularly in terms of cost-effectiveness for larger organisations (Wilkson & Taylor, 2016, page 26). A potential drawback of using shared services is the perceived lack of cohesion between the service and the organisation (CIPD, 2020).

Similarly, organisations can choose to **outsource** their HR functions by 'buying in' HR specialist companies. Organisations could outsource a particular area of HR or use an external provider to cover their entire HR function. Outsourcing HR can have benefits to an organisation, such as providing expertise in a particular field or reducing manager workload. However, it should be noted that a key disadvantage to outsourcing is the impersonal nature of HR, whereby employees

may be more comfortable dealing with HR issues with colleagues that they know (Lewis, 2018).

Organisations can also hire professionals from a **consultancy**. These can be beneficial when tasked with a specific project, as they offer precise expertise and can offer a fresh perspective. However, using a consultant can be less-effective without a specific project remit (Appelbaum & Steed, 2005).

HR delivery models - Legge



As the profession of HR has developed, so too has the way in which it delivers its service. Many models of delivery have been developed over the last few decades. An early one being Legge's (1998) model of HR delivery. Legge believed that practitioners could use the following three strategies to exert influence:

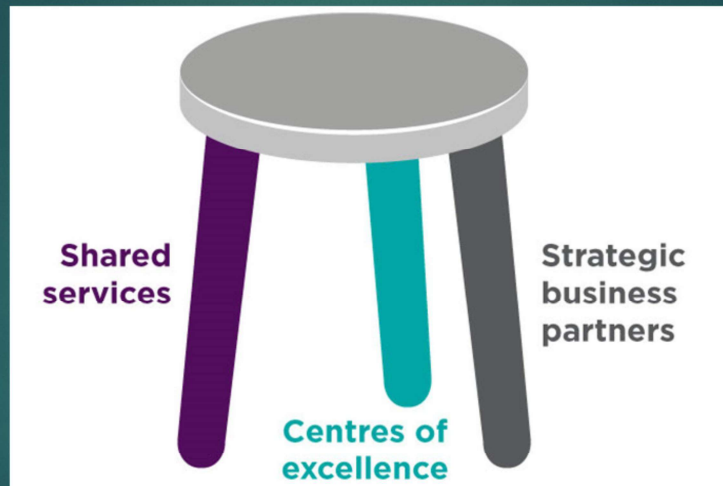
Conformist innovator

Creative innovator

Problem-solver.

Whilst this model formed the foundations of further research, it could be argued that it is geared more towards fulfilling the desires of executive stakeholders rather than the entire organisation (Marchington et al, 2016, page 146).

HR delivery - Ulrich



A more comprehensive model is Ulrich's 'three-legged stool' model (Swift, 2016, page 6). Ulrich's model is based on a three-pronged approach which incorporates shared services, as well as strategic business partners and centres of excellence.

Business partners are part of the transformational ethos of HR, whereby they are usually established within a department and perform either generalist or specialist HR functions within that team. The CIPD (2020) believes that organisations can use a business partner modelling to be a cost-effective, strategic method of delivering business strategy. However, much has been written about the perceived increase in conflict through the business partner model (Pitcher, 2008). In summary, different models of delivery are wholly dependent upon the characteristics of the organisation. There is no universal approach and organisations should use their own expertise to develop a model that works for them.

HR & Line Managers

- Cost-saving and centralization means that organisations shift the HR function to Line Managers
- Line Managers are the 'HR Agents' of an organisation
- HR needs to encourage a positive culture

As costs increase and spending decreases, some organisations are increasingly shifting the operational HR from HR Professionals to Line Managers. In 2018, leading retailer Tesco decided to remove the role of 'People Manager' from its stores (Financial Times, 2018). Occurrences like this are not uncommon, so it is vital that HR departments work with Line Managers to provide the relevant services. This presents a significant challenge for Line Managers, who Truss (2001) described as the 'HR Agents' of an organisation, owing to their already considerable workload in terms of people management. In situations like this, it is crucial that HR takes an active role in training Line Managers appropriately. The CIPD (2020) found that Line Managers are likely to be leaders if they experience a good relationship with their own Managers. Therefore, it is crucial that HR encourages and enables leaders to promote a positive culture.

Ethical Behaviour

- ▶ An organisation's ethical behaviour is a key driver for public image and employer brand
- ▶ Ethics can be subjective as they are coloured and shaped by individual viewpoints
- ▶ Direct impact on the success of an organisation

Ethical behaviour is one of the cornerstones of HR practice. Wilkinson and Taylor (2016, page 36) argue the business case for ethical practice is threefold: Good ethics are a key driver for promoting positive relationships with the workforce

An ethical company is seen as a positive employer

An organisation with good ethical standards act as role models for standards

Ethical behaviour is a contentious and popular topic for organisations globally. As an article from *People Management* (2019) highlighted, ethics can be challenging as they are often subjective and shaped by an individual's experience. The ethical (or unethical) actions of a company are facing a growing spotlight on the world stage. A study published by The Guardian (Rodionova, 2017) highlighted that half of the consumers asked were willing to pay higher prices from ethical companies. This demonstrates how ethical practice has a direct impact on an organisation's success.

Ethics - Volkswagen



An infamous example of unethical practice was the emissions scandals by car giant Volkswagen. The company was found to have purposely deceived testing apparatus that measured their emission of pollutants (BBC, 2015). In doing this, the company failed in its environmental and moral responsibility. This scandal embroiled employees from executives to engineers and ultimately tarnished the reputation of the organisation and led to the exit of several senior managers within the company (Financial Times, 2018).

Ethics - Lush



Whilst the emissions scandal soured the brand of that particular organisation, this can be contrasted to other companies who are promoting positive ethical practices. Lush, the cosmetics brand is committed to ethical practices across the board. Their ethical ethos expands from its commitment to be cruelty-free to its ban on zero hour contracts (LUSH, 2020).

Ethics– B.A.



Whilst organisations weather the storm of the coronavirus pandemic, ethical practices are constantly under public scrutiny. In times of deep fear and uncertainty, British Airways came under fire for allegedly making tens of thousands of staff redundant whilst re-hiring them on poorer terms (Faragher, 2020). This proves to be an immense challenge for HR, as the organisations' public image and credibility as an employer were severely diminished.

Ethics- IKEA



In contrast to ethical practices throughout the pandemic, Swedish furniture maker Ikea decided to return all monies paid through the various furlough schemes it had benefitted from globally (Milne, 2020). Organisations that take action like this can have a snowball effect, with other organisations following suit to become top of the ethical leader board. As of September 2020, over 80,000 companies have returned grants awarded under the Job Retention Scheme (BBC News, 2020)

Evaluating HR's contribution

- ▶ HR has to demonstrate its role in cost-reduction and efficient running
- ▶ HR obligated to evaluate its own contribution
- ▶ Statistics and KPIs

We have explored how HR is an effective and how it has evolved from industrial relations, through transactional administrative functions, to the transformational entity that it is today. Even so, HR must constantly strive to prove its worth. For any business owner, the issue of whether HR is worth it must be an issue that is hotly debated. In this respect, HR must be able to justify its impact on an organisation. Further to this, HR has to demonstrate how it aids in the cost-reduction and efficient running of an organisation (Swift, 2016, page 16).

HR, therefore, has an obligation to evaluate its own contribution to an organisation. A study by Wright *et al* (2003) found that organisations with progressive HR practices result in higher operational performance. In order to evaluate its value, HR often uses statistics and key performance indicators (KPIs) (Wilkinson & Taylor, 2016, page 30).

Data

- ▶ HR uses data to evaluate its own effectiveness
- ▶ Quantitative - Statistics, metrics, demographics
- ▶ Qualitative - Thoughts, feelings, critique, praise

The HR profession can use both qualitative and quantitative data to measure success. Quantitative data is that which can be measured in quantities, such as numbers and metrics. This can add value when analysing the impact of HR spending or resourcing. Qualitative data is data which is abstract and cannot be easily measured numerically. As HR is primarily about *people*, qualitative data can be very useful in measuring the impact of HR. A popular way of evaluating the contribution of HR is through surveying employees' opinions of their organisation (Morrel-Samuels, 2002)

HR in context

As ever, it is useful to put HR in to context. A study undertaken of the impact of HR on Canadian nursing homes was carried out in 1997. This study collected written questionnaires from targeted stakeholders. This study asked stakeholders to provide feedback on the various HR functions against performance outcomes. Whilst the answers provided would have given direct feedback to the organisation, they are also useful in proving the effectiveness of HR. The results of this research generally found that HRM does directly impact an organisations performance (Rondeau & Wagar, 2001).

A key strength of this research is the meticulous planning that went in to the questionnaire design, as well as the targeted demographics. This is a key area for HR professionals as research designs should be reliable, replicable and valid (Bryman & Bell, 2015). Conversely, a key weakness of this research was the limited cross-section of respondents. Whilst it is useful for this particular sector, it is not representational of other sectors.

HR in context

Another interesting piece of research was undertaken by Hyde *et al* (2013) which examined the impact of high performance HRM within the NHS. This study examined employee's perspective on HR functions within the organisation. It examined how HR practices were perceived by employees and how useful employees thought these HR practices were. An interesting finding here was how effective communication of HR practices meant that employees could accurately predict desired behaviours to improve performance. A strength of this study was the design; it took a cross-sectional approach to ensure it included a breadth of responders. A potential drawback of this research is that it lacked some longitudinal design. Both of these examples illustrate the impact that HR can have on an organisation. Key to this is HR being able to (and proactive in) evaluating it's own performance.

Conclusions

- ▶ HR has moved from a reactive area to a strategic partner
- ▶ HR's objectives continue to shape the industry
- ▶ Managing change is a key tool in HR's toolbox

In conclusion, this presentation has demonstrated how HR has evolved from a reactive movement to a strategic partner within an organisation. We have evaluated how HR's organisation objectives have shaped the industry and continue to do so. One of HR's key roles is being able to manage change effectively within an organisation. Using various models and best practice, HR Professionals should use their judgement and expertise to decipher the actions that are appropriate for their organisation.

Throughout this presentation, references have been made to the various models of HR delivery. Having a knowledge of these is key to the success of HR, and to their respective organisations.

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