Understanding the Contemporary HR Function

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Objectives

- Understand the purpose and key objectives of the HR function in contemporary organisations.
- Understand different models of delivering HR services.
- Understand the role of ethics in HR management and development.
- Understand how HR's contribution to the organisation can be evaluated.

"The purpose of the HR function is to support the delivery of the organisation's strategy and objectives through the effective management of people and performance"

Wilkinson and Taylor (2016)

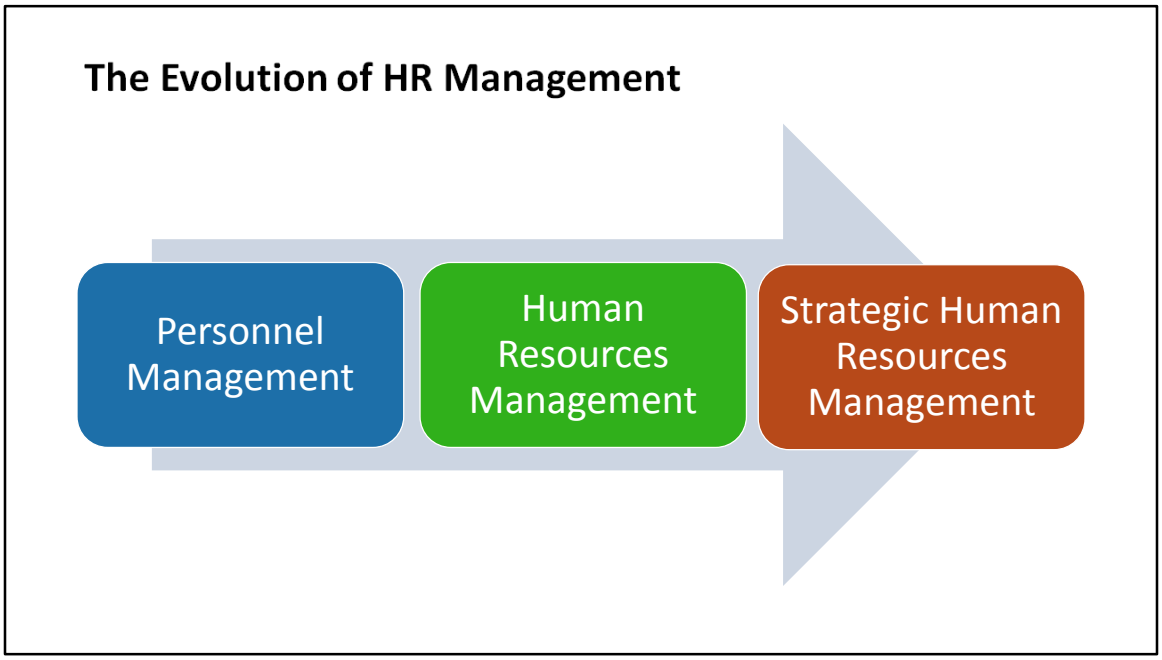
Objectives can be identified through the needs and changes of the business and external influences, i.e. COVID, Brexit etc. HR is the centre of all organisations and is responsible for tasks covering an extensive range of the core functions of the business. The HR function in an organisation is implemented by the HR professionals, whose main purpose is to deliver the objectives and strategies by the effective development, management and successful recruitment of qualified employees.

Functions of HR

The main functions of HR are expansive and are categorised by the following:

- **Recruitment and Selection**
- **Pay and rewards**
- **Employee Engagement**
- **Learning and Development**

The HR function have exclusive insights into unique data and can provide the appropriate support to the organisation in achieving their objectives and strategies. The data that HR have access to is collated through recruitment, employee engagement via surveys etc and training and development. Unique competitor data is collated through sharing relevant information with third-party recruiters and identifying related market trends. Having access to all organisational data is imperative to enable HR professionals to distinguish the strengths and weaknesses within an organisation.



The HR function has changed considerably over the years, it has grown from a separate single department performing administrative tasks and managing personnel, to one that is playing an important role in an organisation by driving decisions that enable growth and being strategic in achieving organisational objectives.

According to Wilkinson and Taylor (2016) it has been determined from surveys carried out with HR professionals, that the following four objectives are considered to be at the heart of the profession:

- Attracting and retaining the appropriate staff
- Developing staff skills – which have been proven to maximise performance
- Improve and maintain staff performance
- Involving and engaging staff in the work of the organisation to inspire collaboration between teams.

The core purposes and activities of the function evolve overtime and do not tend to change dramatically but they do react to internal and external developments.

Personnel Management

People management is seen to date back to the industrial revolution, this was as a result of large manufacturing operations and offices having a high number of employees, out of this personnel management was created to manage payroll and employee welfare.

The major objectives were:

- record keeping,
- complying with policies relating to recruitment,
- training and wages
- handling trade unions

Towards the end of the twentieth century the people profession moved 'Human Resources Management' this was due to the department beginning to manage processes and procedures. Employees were developed through behaviourally directed training, which was identified as invaluable to enable productivity. Non-cash benefits were introduced and were used to motivate employees.

Strategic Human Resources Management

At the end of the twentieth century due to the advancement of technology and knowledge-based industries the HR function was now seen as an asset and a strategic member of the organisation. It was equipped to meet organisational objectives by analysing and developing behaviours and performance needed to achieve long term goals. The essential aim of strategic HRM is to ensure that organisation has the “skilled, engaged, committed and well-motivated employees” needed to achieve organisational goals. Armstrong and Taylor (2014)

Organisational Changes

There are a range of challenges that can cause organisational changes, some examples of this are:

- Economic decline
- Environmental changes
- Implementation of new Technology
- Organisational growth

The role of the HR function in change management is prudent for the organisation to adapt effectively, this is due to changes not only affecting the operation of the business but the people that are a fundamental part of it. As stated in the Institute for Employment Studies (2018) ensuring that the human aspect of change is the purpose rather than how it impacts the organisation is imperative in adjusting to new concepts. For the HR function to manage change and support employees through the process, it is important that HR communicate effectively and provide ongoing open discussions to reduce uncertainty and maintain wellbeing.

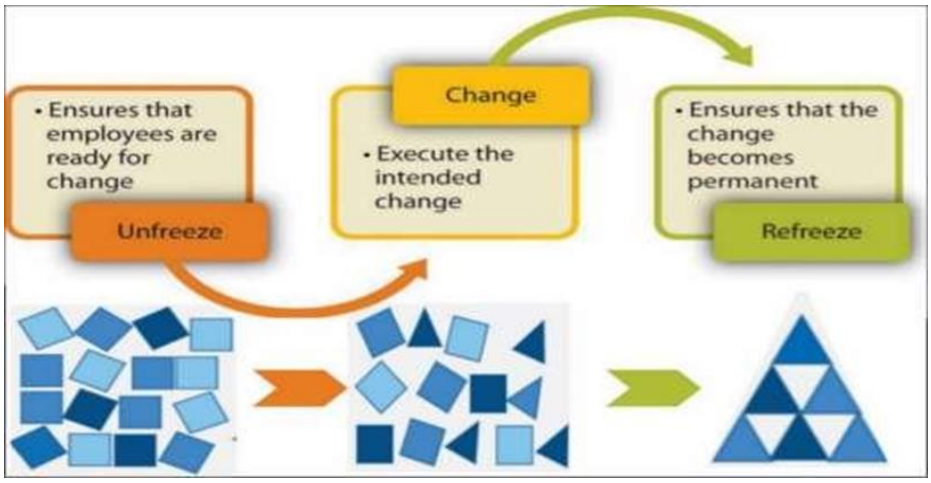
The HR function plays a critical element in managing change within an organisation effectively, change doesn't just affect business processes (controllable) but it has a major impact on the people and those that attach themselves to the processes (uncontrollable). HR contribute towards the 'controllable' aspects by working collaboratively with the project team from the first stage, identifying new expertise and training requirements. People's attitudes towards proposed change and cannot be predicted, therefore they can be deemed as "uncontrollable", this is because everyone reacts differently.

“the responsibility of the HR department is to ensure that appropriate communication mechanisms are in place and that they are operating effectively”

Wilkinson & Taylor (2016)

Effective communication from the start and throughout the change process is imperative to decrease uncertainty and will often avoid employee resistance. The last pivotal activity after any form of change is the broadcasting of the successful impact of the process. This has a positive impact on the employees who have gained from the change and serves as a reminder for any future events.

Lewin's Change Management Model



https://www.researchgate.net/figure/Lewins-Change-Management-Model-Source-Burnes-2014_fig10_321242261

In the 1940's Kurt Lewin a social and organisational psychologist created a model to provide understanding around the organisational change. The model is sought to simplify the change management strategy.

Unfreeze
This stage is where change is recognised and old behaviours, ways of thinking and processes need to be presented to staff to show that change is necessary. Communication is important at this stage to keep employees informed of the intended change, process and benefits to follow.

Changing
This stage is known as the transition period and it involves acceptance of new ways of doing things. Effective communication is important at all stages but especially the 'changing' stage, it is needed to encourage the involvement of individuals and to reassure.

Refreeze
The final stage of the change model reinforces the new state that the change has brought about. The changes regarding processes, objectives and behaviours etc are accepted at this stage and frozen as the new norm.

In recent times organisations have had to deal with a substantial amount of change this has been due to the impact of Brexit and even more recently COVID-19. Overnight organisations had to prepare staff for a completely new way of working without appropriate planning. The HR function not only had to effectively manage changes within their own department but also support the changes and employee well-being throughout the rest of the organisation.

HR BUSINESS MODELS

HR provides many services to the organisation and can be organised in different ways; the HR team tends to vary in different sized organisations. The design of the HR function relies on the size of an organisation, it's structure and strategies and the requirements of its clients.

Ulrich's model

The Ulrich's three-legged model and the CIPD HR profession map are different models used in the delivery of HR objectives within an organisation. The Ulrich's three-legged stool was developed in the 1990's by David Ulrich a University Professor of Business. The model was designed to show where the HR service is split between three areas of expertise.

Shared Services

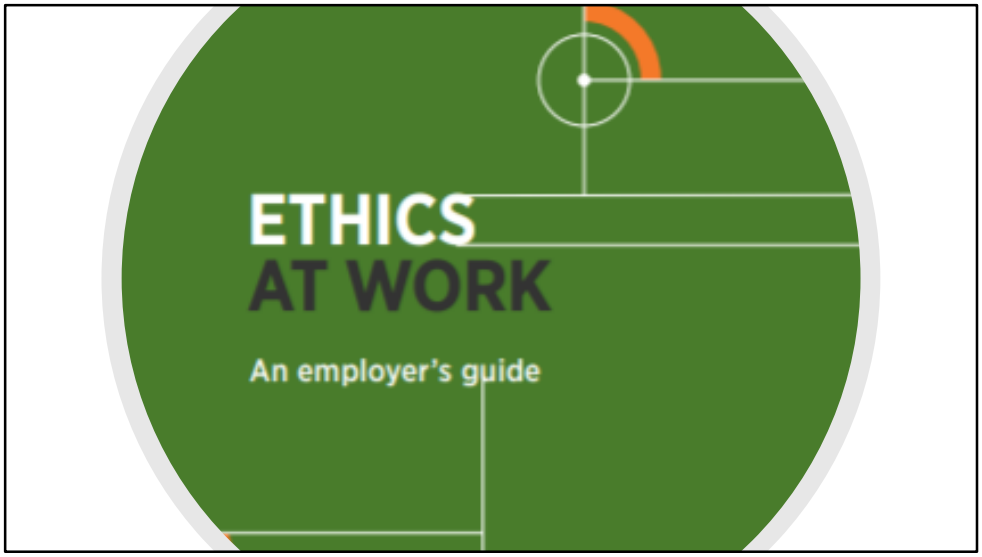
HR objectives are delivered by HR professionals working in collaboration with other departments across the organisation. The main goal is split into various activities and divided between each department, providing them their own set of goals to achieve. HR activities are undertaken in the same way each time which impacts the overall organisation positively. However, many organisations do not have the necessary technology functions to support this model and so it negatively impacts company growth and development.

Outsourcing

This model is the process of sub-contracting the HR functions to an external supplier. By using this model, it can be cost effective for the organisation and provides access to specialist knowledge. Also, it provides efficiency for the organisation due to being able to concentrate on other business functions. However, due to the HR function being provided off-site it may cause difficulties in employees accessing support and could cause employees to feel uncomfortable dealing with sensitive issues with people from outside the organisation.

Managers play an important part in implementing HR and encouraging their team's development, for this reason it is imperative that the appropriate managers are appointed and are effectively managed and developed to ensure that they are successful within their role. It is prudent that HR work collaboratively with line managers to effectively manage any employee issues, as line managers are the first point of contact for any employee concerns. When conflicts arise, line managers typically seek the advice of HR in resolving issues between employees. When HR professionals and line managers work collaboratively it ensures that line managers become competent in tactical HR practices, hence, giving HR professionals time to focus on strategic HR management.

Line managers have a vital role in delivering HR practices through the implementation of HR policies and procedures through, disciplinary hearings, absence management, training and development, employee appraisals and succession planning. It is HR professional's responsibility to ensure that line managers are kept up to date with key HR information and any amendments to the policies and procedures are communicated promptly. Line managers will need to receive routine training on the implementation of policy changes and new processes. As Swift (2016) states it is important that line managers implement new processes effectively as it can affect employees' attitudes and behaviours. A positive working relationship between HR professionals and line managers promotes a great impact to the organisation due to driving the people strategy.



HR ethical practices are guided by the CIPD Ethics at Work: an employer's guide (2019). The guide has been produced from CIPD research reports and it details nine areas of action that employers and professionals can measure themselves against to ensure that they are behaving ethically. Ethical practice is also a core behaviour of the 2018 HR profession map and enables HR professionals to identify the necessary standards needed to make effective decisions.

The HR function must always adapt an ethical approach when coming to decisions as ethical behaviour is a core element and is a standard requirement. It is a HR professionals' responsibility to ensure that ethical conduct is carried out in a just manner when supporting management with any decisions that affect the people within the organisation. A just manner practice reduces discrimination and enables equal opportunities, diversity and inclusivity.

Ethics is not just about legal requirements for an organisation but is about "making discretionary decisions and behaviour guided by values". What is business ethics? (2021). However, it is important to understand that there are legal requirements and obligations around ethical behaviour towards employees and that meeting the minimum standards set by external bodies ensures a fair way of working for all employees.

According to Wilkinson and Taylor (2016) there is a defined business case for ethical HR management:

- Ethical Behaviour: The HR function needs to ensure that it always acts honestly and reasonably in its behaviours, in order to build positive and trusting relationships with employees across the organisation.
- Ethical Standards – it is imperative that Organisations follow ethical standards when making key decisions, not only for doing the right thing but because it is essential for the reputation of the organisation.
- Role Modelling – where ethical behaviours are promoted in a workplace it must be emulated throughout all departments by using a 'lead by example' approach.

Ethical practice can overall improve organisational performance. When ethical values in an organisation are taken seriously it can create a variety of benefits i.e. a boost in morale, generate good relationships and can lead to the organisation ultimately outperforming competitors. Therefore, it is essential that HR professionals can exemplify ethical behaviours and recognise unethical behaviour.

Unethical Behaviour

Unethical behaviour in the workplace can take many forms some of the examples are:

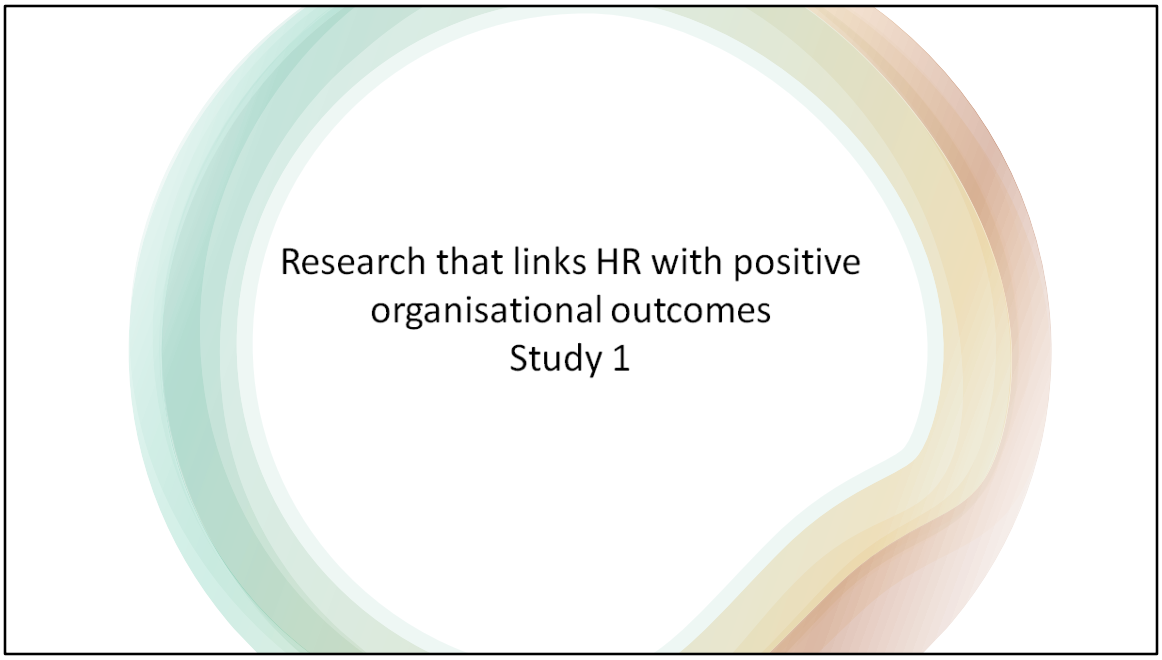
- Theft
- Fraud
- Deception
- Bullying and harassment
- Sabotage

Unethical behaviours carried out by an organisation or its management breeds mistrust and low morale with its employees. It initiates situations where employees feel embarrassed or humiliated by their organisation and their role within it. Unethical behaviours displayed by fellow employees prevents cooperation and trust among team members, especially if the behaviour is condoned by management. According to the CIPD Ethics at Work guide (2018) professionals should consider working life in general to understand why unethical behaviour may arise.

Contribution of HR to the Organisation

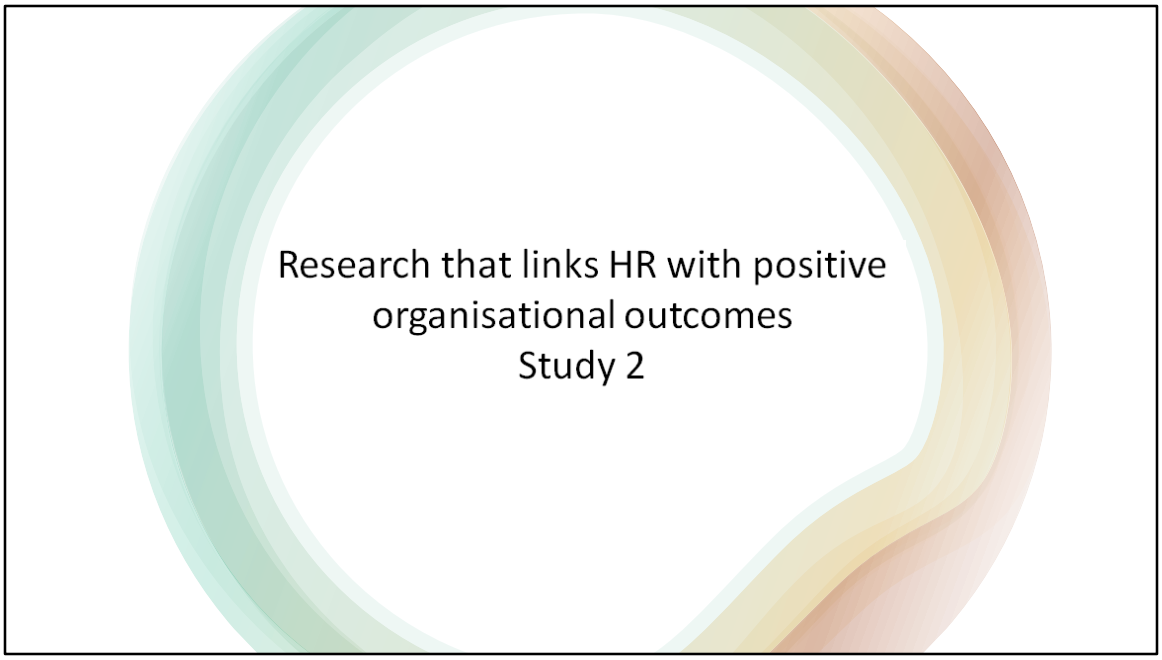
The HR function is an essential part of an organisations success and for it to show that it adds value it must have effective systems in place to measure and evaluate activities. Various methods can estimate the contribution of the HR function to determine its success rate. The most commonly used evaluation tools are described by Wilkinson & Taylor (2016) as:

- HR Statistics – They are determined by absence levels, turnover, employee relations issues, recruitment: i.e. number of vacancies, applications and new employees. This information is particularly effective when benchmarking and comparing results with either previous years data or different departments within the organisation. Statistical data can also be compared with different organisations in the same industry or area.
- Key performance indicators (KPI's): KPI's are quantifiable, outcome-based markers which are used to indicate objectives that the organisation would like to achieve by a certain deadline. They are used to identify and measure HR activities or processes by analysing performance against the desired target. HR KPI's are determined based on the HR outcomes that are relevant to achieve goals. KPI reports help present a visual representation of data, making it easier and quicker to analyse.
- Balanced Scorecard: this indicates the strategic value of HR by considering the four perspectives of the customer, finances, internal structure and learning and growth by demonstrating how each of these relate to each other and the organisations strategic aims.
- Employee surveys: are another significant way of interpreting the HR function's contribution to the organisation. By collating data from employees, it can help to assess organisational culture, employee engagement and allow for data-driven decisions. The data collated will also determine whether the HR policies are fit for purpose and are being adhered to.



Research was carried out on 'HRM and its effect on employee, organisational and financial outcomes in health care organisations' in 2017 by Vermeeren et al. Data was collated and analysed from 162 health care organisations from 2010 to 2011. Research was gathered from employee questionnaires, financial outcomes (annual reports) and client surveys via stratified sampling.

The study determined that HR practices are directly and indirectly linked to providing a larger substantial impact on HR and organisational outcomes. The financial outcomes were more distant due to not being directly affected by HR practices and financial outcomes are not the primary objective of Health and Social Care organisations. A wide range of data was requested but a low number was returned, 48% of employees completed the employee questionnaires, however, it was still substantial enough to draw conclusions. To properly identify HR practices being linked to organisational success, it is important that information is gathered from more than one department to give a better insight and valuable results as shown by this study.



Swift (2016) provides information about a study conducted in 61 hospitals in England by West et al (2006), to identify whether HR practices affect hospital's performance. From this study it was determined that there were strong links between HR practices and organisational performance, due to a reduction in mortality rate. Questionnaires collating information about the characteristics of the hospital, employees involvement strategy and occupational groups i.e. doctors, nurses, professional and technical staff and administrative and managers were conducted with The Chief Executive and HR directors. The study determined that HR practices have a a substantial impact on the performance of hospitals but its results were limited due to the data being collated from leadership teams and not all departments of which HR practices affect. However, bench marking between organisations is beneficial to indicate efficiency.

Conclusion

The HR department is a vital function within all organisations, it plays a key role in developing and supporting the objectives and strategies of an organisation through effective management of people and performance. HR professionals contribute to effective change management by aiding leaders to promote the benefits that change can bring about and to ensure that leaders maintain ethical principles when making decisions that affect employees. As research suggests, HR practices are an integral part of positive organisational outcomes.