

CIPD Diploma in Applied Human Resources

Understanding the Business Context of HR

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Date: 12/03/2020

Activity 1

According to Taylor & Woodman (2016), there is an ongoing debate around HR delivery in “*Best practice V’s Best fit*” decision making, highlighting that all situations are different and the outcomes best appropriate will be dependent on the organisation. The CIPD conclude “*HR organisation should be structured in a way that reflects the structure of the business*” (CIPD, 2019)

The role of a Human Resources Department can differ due to a variety of factors, both internal, and external, depended on the size of the organisation, its priority’s and what sector it may fall into.

In considering two organisations of different sectors the differences were almost opposite.

Tai Tarian is a Public sector, Not for Profit organisation with at present 526 employees. The organisation was established as a result of a large-scale voluntary transfer from Neath Port Talbot County Borough Council housing stock on the 4th of March 2011. Tai Tarian’s corporate plan outlines its long-term vision, mission and strategic objectives with four strategic objectives; to continue to invest in properties and communities; to develop their workforce to improve effectiveness and service delivery; to maximise technology, deliver what matters to customers and to pursue opportunities for growth. The organisation is bound by Welsh Government guidelines in order to ensure it meets the required standard set. Tai Tarian has a board which consists of 12 members ultimately responsible for setting the future direction and strategy, determining policies, managing risk and maintaining performance. The day to day management is delegated to the Chief Executive and the Senior Management Team who then put forward business cases too board to propose change. As Tai Tarian is a Housing Association and a registered Social Landlord it is also bound by the Housing Act 1996 Legislation in its operation. It is owned by its members, which consist of board, residents, local community groups and business members of the Neath Port Talbot area. Tai Tarian currently recognises Unite and Unison Unions which play a part in key change to policies affecting all employees.

The Organisation Development department within Tai Tarian consists of the Head of Organisational Development, a HR manager, two HR Business Partners and 2 HR Advisors: along with 3 staff solely looking at the training and development aspects of the organisation.

To make change within the organization all policies and procedures maybe presented by HR but then consultation with the Unions and the Senior Management team will take place, once considered and approved they will then go to board for final decision. As it stands HR decisions are governed by not only the organisations strategic outcomes set by board, but those of the Welsh Government, which the organisation will ultimately conform too. HR decision making is a lengthy process to ensure it meets all parties’ desired outcomes. Key performance indicators are set throughout the organization and benchmarked against other comparable Housing Associations in Wales. To ensure HR voice is heard the HR Department strategic goals are developed with careful consideration to make impact and positive change where possible.

A recent high agenda topic is Decarbonisation, the Decarbonisation Strategy is in its early stages; currently a lot of research and development is being undertaken, it will be at the forefront of the agenda for the foreseeable future. At present the Strategy consists of three themes: technical, financial and behavioural. Several working groups have been established to gain a better understanding of the challenges and solutions that need to be addressed by the organization to achieve carbon neutral by 2030, as part of the research phase staff are meeting with similar

organisations to share knowledge and gain a better understanding of the challenges ahead. Employees are being encouraged to get involved and have devised their own presentations and delivered them to the organization on changes we can make throughout daily life not just in work.

HR have developed its strategies in line with this by devising and promoting a homeworking policy and developing a car sharing initiative with an App specific to the employees enabling them to see who may be able to car share. This reducing the use of cars on the road and the staff's carbon footprint.

In July 2019 Tai Tarian started a weekly campaign called #FridaysForFuture which informally raises awareness to staff about climate change issues; every Friday a picture is placed on staff desktop backgrounds, with a follow up email explaining why a picture may have been chosen. This has been very successful and generated interest, curiosity and helped by gain "buy in" from staff which is particularly important when trying to address the difficult subject of behavioural change which ultimately is an essential part of the strategic goal. Particularly important in change management – as per Lewins' change management model (www.mindtools.com) As with any change there is starting to be issues raised in particular with home working – some may find this useful, others have reported that they feel isolated doing this, also the Senior Management team have delivered a stern message of car sharing, which again may not suit all. As part of our work life balance scheme we heavily promote our organisations flexibility, and this is now seeming to give the opposite message. HR is monitoring sickness in relation to any stress and anxiety which may be related to this, along with working with staff to find a positive work around. This stern message was delivered without any consultation with HR - due to the lack of HR voice within the organisation, which ultimately could have been prevented if it was delivered in a more constructive manner and via consultation.

The implementation of Universal Credit for our tenants had an adverse effect on Tai Tarian as a Social Housing Landlord, this saw the need for a recruitment drive for specialists in this area and a new Department devised to focus on this change. This was business critical as Tai Tarian would no longer receive its rent benefit directly from the Government, but it would be paid to the tenants and then they would be responsible to pay Tai Tarian. This was a massive change to many tenants as they were encouraged to manage their own money; many of whom had not done this before, resulting in rent arrears increasing financial loss to the organisation. A need for the tenants was highlighted and extra support staff were then recruited to provide a "money wise" service for tenants to help and improve the financial loss.

Taylor and Wilkinson (2016) state that "Not-for-Profit" organisations would sit within the third sector concluding that *"HR tends to have quite a peripheral role, is not represented on the Senior Management team and carries out what are essentially basic administrative activities"*. In comparison Taylor and Wilkinson (2016) claims *"public sector organisations tend to have large HR functions which carry considerable managerial clout"*. After a recent restructuring of the OD department, with 3 new staff members at present Tai Tarian's HR influence or having a *"seat at the senior management table"* (Holley, 2015) could be seen as going through Tuckman's four stages of change management - being within the "Storming" phase could be justified at the time (www.mindtools.com). Holley (2015) references that some HR departments are seen as *"a bolt on to the organisation"*. This is something that the HR team is working to change, driven through the introduction of the Business Partner Model (Ulrich, 1997). The HR Business Partners are a new role within the organisation; as much as this is making many positive improvements and inspiring managers to see the value HR can bring there is some resistance with some Senior Management, which can be expected with any change. Commitment and resilience from the HR Business Partner's

has encouraged the middle managers to seek advice, appreciate and give feedback proving that mind-set is changing, encouraging HR to have that *“seat at the SMT table”* (Holley, 2015).

People analytics has been identified as a key priority for HR, this will provide organisations with evidence to make decisions and change, this can help HR become a key respected part of the Senior Management Team by providing fact. This shows HR purpose and adding value to the organisation – something that has been questioned in the past. Dependent on Labour markets the need for HR may be increased to source talent or not, if not Cappelli (2015) states *“businesses may very well wait for labour to become scarce again before looking to HR for meaningful support”*.

Santander PLC is a Private Sector organisation, with a purpose to help people and businesses prosper, with the aim to be the best bank for people, customers, shareholders and communities. Santander's current strategy is to *“live the Santander way through behaviours, grow customer loyalty and market share growth, deliver operation and digital excellence, achieve consistent growing probability and a strong balance sheet and support communities through skills knowledge and innovation”* (www.wearesantander.co.uk). Santander has grown from its local beginnings in 1857 in a small northern Spanish city of Santander to become a Regional, National, European and finally a Global player. Today Santander has over 100 million customers with more than 180,000 employees worldwide. Operating in 10 core countries. In 2004 it entered the UK market and transformed 3 building societies to become Santander, including Alliance and Leicester, Abbey National and Bradford and Bingley.

The UK branch of Santander currently has approximately 20,000 employees have the HR Department consisting of a team of HR directors, HR staff to support the full range of needs and day to day HR actions. The HR directors have full ownership of the people agenda and any issues associated with their people including talent succession leadership and culture. Unlike the HR team of Tai Tarian the HR directors of Santander converse directly with the board to shape and implement strategies

Santander is governed by Corporate and Social responsibility to ensure it is running its business in a responsible way, showing commitment to treat everyone they deal with fairly and ethically from both customer and colleague perspective. Bound by the Financial Conduct Authority (FCA) and have many regulatory conditions set by government. The Main focus of a private organization is profit, in 2008 the United States largest investment bank, Lehman Brothers collapsed this sparked an unprecedented global financial crisis - stock markets tumbled across the world and problems facing all banks arose in the UK a number of banks were rescued with taxpayers money; this highlighted the banks dire situation (www.bbc.co.uk). This resulted in strict guidance for banks to follow when lending and borrowing to customers. Santander's focus changed from being very 'sale oriented' to celebrating its success through how much it was able to save businesses and customers wherever it could save them money. During this time the media widely publicised many issues the banks faced; intern causing customers to lose trust. Frontline staff were subjected to angry and frustrated customers, the realisation that a stronger support network was needed to help employees in this time. The strong HR team and its clear relationship with board and decision makers went on to deliver a focused and extensive well-being program, without the HR teams clear trust from board this may not have happened. Santander continues to grow and prosper which can be said is thankful to its HR teams drive. The role of HR has had significance recognition when it was listed in The Sunday Times as being within the top 25 best large companies to work for – given specific mention to visible leadership, strong communications and employee well-being. There is a variety of research which backs the theory of the link between Human Resource Management and its positive input on organisational success. Ulrich (1997) claimed that investment in HR teams will lead to organisational success and ultimately financial gain. The CIPD (2001) stated that *“more than 30 studies carried out*

in the UK and the US since the early 1990s leave no room to doubt that there is a correlation between people management and business performance, that the relationship is positive, and that it is cumulative”.

Taylor and Wilkinson (2016) highlight that in Private Sector companies HR tends to be a large Department, with HR Senior Directors reporting directly to the Chief Executive, with HR focus becoming increasingly strategic - line managers often taken on the role of the admin function of HR.

The HR arrangement in Santander in turn puts more pressure on line managers to provide basic HR support across their branches, with access to HR support via the IT system or telephone. Unlike Tai Tarian line managers who have access to HR support within the office, unfortunately this often leads to a high reliance on the HR staff - with a lot of hand holding and a clear realisation that line managers need more leadership skills. Many of the team leaders with Tai Tarian were team members who were part of the Tupe transfer from the Council when the organisation was developed, this resulted in promotion based on technical ability, with leadership skills lacking.

Lindsey Stafford Scott, Director of People and Culture at the East of England Ambulance Service Trust, cited in Hayes (2016), reiterates this *“One thing that has struck me is that the public sector is not very good at developing its managers. There is an over-reliance on HR and perhaps HR has taken on that role too readily. That is something that is not as present in the private sector where managers are more used to managing by themselves. It requires trust and flexibility”.*

Activity 2

PESTLE and SWOT Analysis

I have provided a PESTLE and SWOT Analysis of Tai Tarian (please see appendix 1 & 2).

Tai Tarian provides affordable rental housing for residents in the Neath Port Talbot Borough, which is currently considered to have one of the highest poverty rates in Wales. The housing provided needs to meet set standards, whilst adhering to cost effective measures and keeping in line with strict restrictions on rising tenant rent as set by the Welsh Assembly Government. In considering specific issue which may affect the HR department I have identified as follows.

The United Kingdom's decision to leave the European Union is set to have widespread consequences on society, this will present risks and opportunities for Tai Tarian, but it is difficult to say with any accuracy what the impact will be. A result of Brexit could be reduction in investment from outside companies, such as Santander and Barclays which currently provide financial investment in the organisation. There could be an increase in unemployment in the area, leading to greater demand for social housing, putting more pressure on the service, but in turn may then lead to the need of more recruitment to the organisation to deal with the demand. With the cost of living rising but financial restrictions on Tai Tarian spending recruiting staff may prove difficult with non-competitive salaries. The HR department will need to work on the employer brand to promote the organisation trying to attract candidates who may not be solely interested in just a financial benefit from work (Such as work life balance). Tai Tarian currently receive various grants and funding from the Welsh Government this may change when Brexit is fully implemented.

The outcome of the analysis highlights that Tai Tarian will need to ensure it is providing suitable accommodation for its aging tenants, this ultimately will have a financial impact on the organisation to either adapt current homes or to develop new builds.

The aging population also applies to aging employees, a need for a strong work force plan in place is something that Tai Tarian will need to make as a priority as there is no provision in place. This will affect specific departments more than others and has been highlighted within the trade areas, recruitment needs to take place, but with financial restrictions, the HR department may need to look at the possibility of an increase in apprenticeships - which the organisation can then get funding towards, and brings younger employees in to the business, which may help to combat this problem.

The aging workforce may also struggle with manual tasks but also may struggle with using technology, proving redeployment to other parts of the organisation difficult, this will result in the need for ill health retirement procedures to be followed by HR

With rising customer expectations staff need to have the training provided to ensure they have the skill set to deal with demands, if not a capability procedure may need to be put into place by line managers with the support of HR.

Better technology enables staff to provide a quicker more efficient service to tenant requests, also social networking can be used to share positive news, increase employer brand and promote vacancies. Also the office staff have more opportunity to work from home, promoting flexibility throughout the organisation. Risk assessments need to be put in place and guidelines need to be researched and followed which would be provided by HR.

The organisation is bound by set legislation, specifically as a social housing provider it needs to adhere to the Housing Act 1996, Along with this specific employment law that affects employees to ensure compliance within policies, procedures, contracts and health and safety. April 2020 sees key change in legislation around contracts which HR will need to adhere to when sending out Employee contracts after this date.

With the recent relit of the effects of global warming Tai Tarian has committed to be carbon neutral by 2030 as part of its contribution to the global agenda to tackle this issue. HR will outline its strategy with this goal and encourage small change throughout the organisation by providing employees to make informed decision.

Change in the Welfare system can have either positive or negative effects on Social Housing providers, the recent change to Universal Credit saw a financial detriment to the organisation. With tenant receiving their money then having to pay the organisation, instead of the organisation having this paid straight to them. Any future change will result in either recruitment to deal with change or possibly redundancy measures if departments are no longer needed.

As highlighted there are many issues that may or may not effect HR, some inevitable but some dependent on decisions of government which are out of the organisation hands.

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Appendix 1

PESTLE Analysis of Tai Tarian Housing Association

Political	• Brexit uncertainties • Welsh Government funding • Changing regulatory framework from government • Welfare reform agenda and implementation
Economic	• Economic issues or decline
Social	• Aging population
Technological	• Improved service delivery • Increase Home working options • Older staff unable to use the new technologies.
Legal	• Employment Law • Health & Safety • Housing Act • WHQS • GDPR
Environmental	• Global warming • Corporate Social Responsibility

Appendix 2

SWOT Analysis of Tai Tarian Housing Association

Strengths	Weaknesses
• High number of long serving employees with specialist knowledge • Good reputation with partners and stakeholders • Large stock • Satisfaction rates positive from tenant surveys • Local knowledge and passion to improve communities not just be a landlord • Committed to being carbon neutral by 2030 • Committed to providing trees and landscaping to communities • Promoting work/life balance, home working and employee well-being.	• Aging workforce with no succession planning in place • Decision making governed by the Board of trustee's - lengthy process • Bound by social landlord rent structures • Welfare reform – Universal credit • IT systems lagging other comparable organisations – slow change being made • Risk adverse • Competition from other social housing providers – better salaries in comparison
Opportunities	Threats
• Development of new housing • Partnership with local developers • Increase stock and expand to other areas • Partnership with communities to provide support networks • Change vehicle fleet to electric and offer a salary deduction scheme for electric cars to staff • Social networking to share positive news and increase employer brand	• Competition from other social housing providers – to provide better housing • Aging homes with high renovation costing • Cost of living and demand to keep provision low • Non-compliance of regulatory framework • Fines for non-compliance • Change to building standards impacting on costs • Brexit and government changes / legislation increasing costs • Failure to perform on service delivery and customer expectation