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The Function of HR

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The Function of HR

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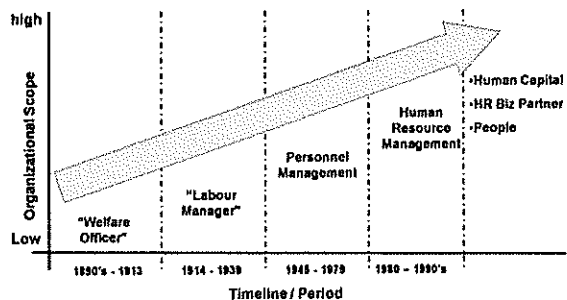
Session Aims

The purpose of this presentation is to provide an insight into the evolving world of work and HR's role in attracting, managing, engaging and developing the people that make up the workforce of today as well as into the future, against a backdrop of increasing complexity and demand for HR professionals to provide demonstrable value to their organisations.

Evolution of HR

- The function of HR has undergone a radical transformation since the concept of HR as a profession was derived in the late 18th and early 19th century.
- The timeline indicated here, tracks the evolution of HR following the onset of the industrial Revolution.
- Initially, HR concerned itself with the transactional elements of personnel administration prior to the emergence of HR management in the 1980's/1990's into HR Business Partnering, centred around the alignment of the HR agenda to organisational objectives.

Evolution of HRM ...



In her blog, Khanduia (2012) utilises the above diagram to track the journey of the HR profession.

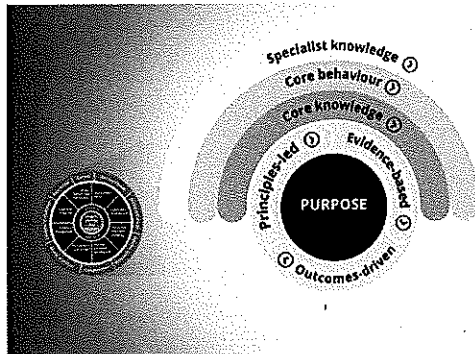
The HR function within a UK context, worked in a highly unionised environment from the 1920's which translated into HR fulfilling a similar role across organisations (Guest 2014) with a focus on terms of conditions of employment, but with a growing emphasis on industrial relations and employee wellbeing.

Fast forward to current day and an HR function that is required to be transformational in approach, by actively contributing to the fulfilment of an organisation's objectives through demonstrable input into strategy of their organisations, thereby driving it into the future and ensuring that related actions are aligned to external expectation (Ulrich et al, 2012).

CIPD (Professional Body for HR Profession)

Mission statement: Championing better work and working lives, through:

- the provision of thought leadership via independent research
- Supporting HR / L&D professionals in career learning & development
- Providing professional training & accreditation for those working within this field



As the profession has evolved from what was historically an administrative support function to an integral role player in the determination and delivery of organisational objectives, the CIPD has never, in its 100 year history, had more of a pivotal role to play in advancing the people profession whilst remaining the basis for membership and qualification standards, providing a reference point for practitioners by showing how the right core capabilities and professional value set leads to better decisions and greater impact (Cheese, 2018).

Key Objectives of the HR Function

objectives can be broadly categorised as follows:

- Recruitment & Talent Planning
- Employee Relationships
- Performance & Reward
- Organisational Development
- Employee Engagement
- Learning & Development

Simply put:

HRM is a commonly used label for a group of activities related to the management of an organisation's relationship with the people who work for it (Taylor & Woodhams, 2016)

Traditional approaches and systems in relation to the tasks that are intrinsic to recruitment and on-boarding, for example, risk becoming obsolete and HR will require new skills. Denning (2018) states the importance of recognising the primacy of the customer, organisations operating as networks and work being carried out by small autonomous cross-functional teams.

In a recent survey carried out by Deloitte (2017) with 10,000 business and HR leaders in 140 countries, 94% listed agility and collaboration as being critical to organisational success and HR should, therefore, be at the forefront of driving this change.

Change Management & HR

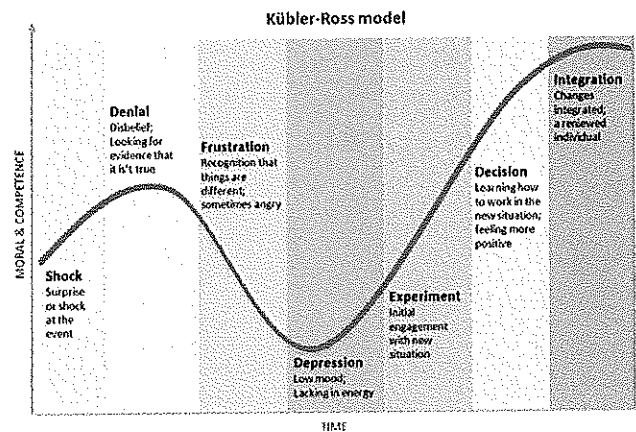
Change can be described as “any alteration in the status quo” – (Hughes, 2006) and is inevitable for businesses if they are to survive and thrive in today’s competitive markets.

Hr has an instrumental role to play in all aspects of the change management process. This entails working with the business processes (or controllable elements of change, whilst being mindful of the human dynamics and emotions at play at each stage of the process.

Taylor & Woodhams (2016) state that less than 60% of organisations meet their required objectives following the implementation of a change.

Research has indicated that there is a correlation to positive work outcomes that is achieved by working with teams / individuals to facilitate a positive attitude through openness and the development of a change readiness mind set (Chih & Chang, 2012), (Giaque, 2015).

Kubler-Ross Change curve



This model is also known as the 5 stages of grief model and was devised in the 1960's by Elisabeth Kubler-Ross to explain the grieving process and can be used to determine how performance is impacted by impending change within an organisational context.

The HR team would be required to implement strategies that encourage buy-in from employees, whilst influencing the senior management team to ensure that communication and supportive measures are followed through at each stage.

Kotter's change model



This model provides the opportunity for HR to engage with at every stage, for example:

- HR can provide insights in the form of management reports/data as part of the SWOT analysis that could evidence why a change is required.
- Utilising effective communication methods through the correct channels is key, including those informal, unstructured channels (Rogers, 2007). HR can enlist the support of key role players at all levels of the business to message how this change is communicated across the business.
- HR would be instrumental in rewarding and recognising employees, as well as developing people who can promote the vision.
- HR would be required to develop succession plans to futureproof the organisation and continue to drive the change across the business.

Structuring HR Services for delivery

There is no one size fits all when it comes to delivering an effective hr service and increasingly, hr professionals are required to understand the business in which they operate, specifically: the business context, the stakeholders who shape and sustain the business and the strategy (Ulrich et al, 2012).

Thought can then be given as to which approach to adopt in order to align the hr function to the needs of the business in a way that enables and supports optimal service levels and adds the most value.

Considerations when structuring the hr function:

- The sector in which the organisation operates. The public sector, for instance, is highly regulated and unionised, whereas companies operating in the private sector concern themselves with differentiating their employee proposition to attract and retain talent.
- The size of the organisation (a multi-national organisation with a wide geographical spread vs an SME for example).
- The overall strategy of the organisation (eg: is it a fledging company with a focus on expansion and growth or a mature organisation seeking to rationalise it's operations).
- The requirements of stakeholders (both the external customer base and the organisation itself).

HR Models of operation

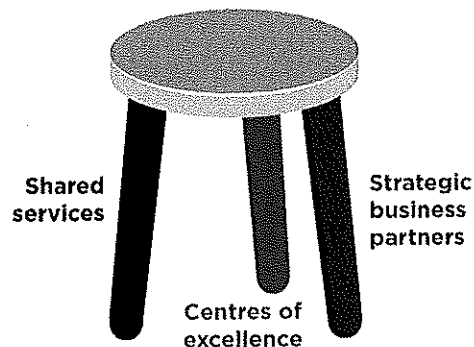
There are primarily two approaches that hr teams adopt to deliver their services, the first being the centralised approach, whereby, the HR function is organised along traditional lines with a HR director overseeing a team of generalists and specialists, or:

A decentralised approach which sees staff deployed geographically by area or by business unit, reporting to local managers and retaining a focus on the management of employees within their areas (Taylor & Woodhams, 2016).

Ulrich's three box Model

the use of the Ulrich model has been widely utilised by the business community to organise the HR function.

This model seeks to integrate the centralised and decentralised approaches in order to maximise efficiency and effectiveness.



The three mechanisms for service delivery are:

- Strategic or business partners – this is the area where HR professionals can arguably wield the most influence by contributing to the realisation of organisational objectives through the design of HR systems and processes that support these aims (CIPDc, 2015).
- Centres of excellence – these centres would comprise HR providing specialist knowledge in the areas of reward, learning and talent management.
- Shared services– these centres (which can be outsourced to a 3rd party) were devised to handle the more routine and transactional aspects of HR. It should be noted that increasingly (in larger organisations), self-service technologies have been introduced to devolve more of the activities away from the HR department.

In a survey conducted by Allan Boroughs in 2014, business and HR users in 40 organisations with over 10,000 employees determined that of the more than 50% utilising the Ulrich model for HR, 77% expressed the view that HR had become more efficient and commercially minded in the last 10 years which they attributed to the Ulrich model (CIPDa, 2015).

Line Managers & HR in Partnership

Front line managers are frequently tasked with conducting operational people activities depending on the organisation.

They are, in many ways, the face of the organisation and play a key role in the following ways:

- Working collaboratively with HR to Identify the right people for the organisation
- Ensuring that new hires are on-boarded successfully
- Structuring work in a fair, equitable manner – providing career opportunities
- Protecting the employer brand / reputation
- Ensuring that day-to-day absence management, conduct issues etc are managed according to policy

Having HR policies and practices “brought to life” by line managers is a critical component in developing a high performing culture (Purcell et al, 2003).

Furthermore, the studies conducted by the Gallup Organization (Harter et al, 2002) found that a larger variation in employee engagement levels exists between business units in the same organisation than there is between organisations, which indicates that quality of line management as opposed to employee characteristics or industry / sector specifics is the key driver here.

Line Managers & HR in Partnership cont.

HR supportive measures can include the following:

- Guidance and advice on more complex matters related to employee relations, gross misconduct etc.
- Providing policies and procedures – signposting line managers to related resources.
- Ensuring regular communication - updating line managers on changes to policies / processes, employment law updates, systems changes etc.
- Management reports (including headcount, attrition stats, employee survey results, absence stats) to support line managers make informed business decisions.
- Coaching and mentoring managers to develop leadership skills (eg: managing difficult conversations).

Successful upskilling of managers to carry out a wide spectrum of operational people tasks, frees the HR team up to focus on the more strategic work that is ultimately where the greatest value can be attributed.

This has the added advantage of elevating the status of the HR function within the organisation (Taylor & Woodhams, 2016) and that will establish credibility for the function which in turn, engenders the trust of the business.

Ethical Practice in HR

The CIPD defines Ethical practice as being the application of ethical values (Fairness, openness, Honestly, Integrity). Organisations should “walk the talk” and uphold these principles when engaging with their employees and other stakeholders, whilst being cognisant of their wider societal responsibility.

Given the number of high profile corporate cases in recent years, building an ethical culture in organisations has become a business imperative (CIPDd, 2017).

There are many reasons for organisations to engage in ethical practices including: safeguarding the brand from reputational damage, supporting engagement and retention, complying with legislation (eg: employment equity Act 2010, the Working time directive, gender pay gap reporting) and sustaining financial viability.

In 2015, the CIPD called for a move towards “good practice thinking” as opposed to “best practice thinking” – with HR practitioners being tasked with championing initiatives that promote diversity, dignity at work, equal opportunities and supporting employees to achieve work-life balance.

Given the pace at which technological and other advancements are developing, HR teams should seek to identify innovative solutions to the inevitable threat to job security going forward. Mention was first made of this forming part of the HR agenda when delivering against an ethical framework by (Winstanley et al) in 1996.

Why does ethical practice matter?

The fallout from engaging in unethical practice can be widespread and devastating. The global multi-national accounting firm, Arthur Anderson, shredded audit documents relating to one of its clients during an investigation, thereby covering up billions of dollars in losses at this energy provider. This action resulted in its collapse in 2001 and the loss of 100,000 jobs worldwide.

In contrast, Dell Technologies was amongst those organisations listed on “the World’s most ethical companies” list by The Ethisphere Institute in 2018.

Michael Dell (CEO) accredited the trust relationship that Dell strives to achieve with its stakeholders as being a fundamental component of their success, as follows.

The Ethisphere Institute defines and measures corporate ethical standards and recognises companies that excel and promote best practice in corporate ethics. The company announces its World's Most Ethical Companies awards once a year.

The above example picks up on the importance of corporate responsibility within organisations which the CIPD describes as including financial, corporate and social responsibility. Some of this responsibility is as a result of the legal obligation to uphold a duty of care for employees whilst adhering to employment law legislation.

There are further wider considerations though, including the impact that an organisation has on society, the environment and the economy and HR professionals are well placed to contribute to the corporate social responsibility and corresponding initiatives.

Evaluation methods

The following are a selection of the more popular methods / metrics utilised to assess the HR contribution:

- Key Performance Indicators – these are critical business metrics that need to be met if organisational objectives are to be achieved and should be SMART in nature (eg: meeting budget, reducing sick days).
- HR Statistics - (eg: attrition rates, productivity, time to hire stats, absence levels). These are particularly useful for internal / external benchmarking exercises.
- Balanced Scorecard – this document outlines a set of agreed performance measures by department, set out in quadrants (customer, financial, internal business process, learning and growth) whereby the measures are grouped by category and relate to the functional activities for that specific department.

A growing recognition of the role that HR analytics plays in evaluating the HR contribution should be highlighted here. The term as defined by Bolton & Payne (2013) refers to the synchronisation of qualitative and quantitative data in order to bring predictive insights and decision making inputs to the management of people in organisations.

Aside from the quantitative (eg: turnover, absence, staff costs etc) and qualitative (eg: surveys, exit interviews, training evaluations) methods available to track and evaluate the HR service offering, there is a move towards evaluating the value that HR provides over the longer term and a selection of these methods is outlined below:

- External benchmarking
- Stakeholder analysis
- Individual self-evaluation

HR & Organisational Performance

Extensive research has been conducted to determine whether there is a link between hr policies and practice and organisational performance.

Whilst there is evidence to support positive outcomes in performance where certain combinations of hr policies and practices are adopted and implemented, Taylor & Woodhams (2016) pose the question that these favourable outcomes may simply be attributable to high performing organisations having the resources to invest more in HR.

Ultimately, organisations are seeking to identify the contributors to employees being highly engaged and willing to “go the extra mile” because they are fully invested in both their role and the success of the company. Taylor & Woodhams (2016) list the following current theories:

- Best practice – proposes that a set of HR practices will create high performance irrespective of the context.
- Best fit / contingency model – argues that there is no one size fits all approach and that bespoke HR practices should be adopted that are tailored to a specific context.
- Resource-based view – this approach puts the current skills, experience, judgement and intelligence of employees at the centre and develops policies around them.

The AMO Model

This model has been widely used in HRM circles to explain the link between HR and organisational performance and states that an organisation requires sufficient employees with the ability to undertake the jobs, combined with the motivating factors and opportunity to demonstrate discretionary effort if organisational success is to be achieved.

in their systematic review, Marin-Garcia and Thomas (2016) sought to identify investigations that had fully tested this model and the approaches adopted by them.

The authors found that although this model was deemed to an effective approach in understanding the link between HR practices and performance, it was impossible to conclude that one HRM model could be developed and applied to any situation.

The findings pointed out the significant differences in both the approaches utilised by the investigations included within the scope of their review, as well as the variables that were considered as part of those investigations.

The authors highlighted the need to conduct a systematic study of the model and proposed that by verifying and understanding this model, a more thorough understanding of the problems experienced by organisations when implementing HR practices could be attained.

The authors experienced the following limitations:

- Whilst the sample size was deemed adequate for the purposes of their review and that studies were conducted across different levels of organisations and industry sectors, that there appeared to be a lack of research in this regard.
- It was identified that further research be conducted, replicating studies within different contexts in order to provide firm conclusions.
- It was noted that the majority of investigations has been conducted utilising a cross-sectional approach and the need exists for more longitudinal studies that would provide data on the impact of primary measures on performance post the implementation of these HR practices.

The impact of HR practices, HR effectiveness & a “strong” hr system

This study sought to explain the linkage between HRM and organisational performance by focusing on HR practices and their effectiveness and to what extent these influence organisational performance.

Research confirmed the association both between more HR practices and higher HR effectiveness and a range of performance outcomes, however, it was unable to support consensus between line managers and hr managers as to the effectiveness of these practices.

In this study, the authors focused on two of the three elements that make up a logical model of HR effectiveness (being the existence of HR practices and their effectiveness) from a stakeholder perspective, whilst building on Bowen and Ostroff's concept of consensus that shared perceptions of high effectiveness are associated with higher performance. This research utilised a broad spectrum of organisations across geographies / sectors (15% of which were multinationals) – the median being 104 UK employees. Over 1,000 people took part in structured telephone interviews (462 of which were CEO's/MD's with the remainder being HR managers).

The authors experienced the following limitations:

- The 3rd element (implementation effectiveness) was not included within the scope of this research and further research should be conducted encompassing all three components. Furthermore, the authors noted that additional qualitative research should be undertaken in order to ascertain how stakeholders determine the judgements used when defining effectiveness.
- This study comprised primarily cross-sectional research and the authors expressed the view that knowledge or probable outcomes could affect perceptions of effectiveness and proposed that further longitudinal research be conducted along with independent performance measures.

Conclusion

this presentation has sought to provide an insight into the scope of the HR function and the outcomes that today's HR Professionals should be striving to achieve across a diverse array of business imperatives that support optimal organisational performance.

The growing emphasis on the requirement to adopt an agile and innovative approach in delivering the HR function whilst being a trusted and credible business advisor is at the forefront of current thinking.

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