

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Contemporary HR Function

Title: The Function of Human Resources

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Date: 17 February 2020

The Function of Human Resources

Learning Outcomes

Understand the role of the Human Resources function and its key objectives

Understand the role of ethics in HR management and development

Understand different model of delivering HR services

Understand how HR's contribution to the organisation can be evaluated

What is Human Resource Management?

“The process of hiring and developing employees so that they become more valuable to the organisation”

Business Dictionary (2020)



Degarmo, E. (2019)

Business Dictionary (2020) insinuates that the role of the Human Resources function is to recruit employees with the future in mind. To do this, they must develop individuals' skillsets, knowledge and competencies, appraising their performance and efforts to motivate, to provide value to the organisation as illustrated by Degarmo (2019).

It is essential that guidelines and procedures are in place to ensure that everyone is working in line with the organisations aims and objectives. Human Resource Management simply refers to the strategic approach to effective people management in an organisation.

CIPD Profession Map (2018)



“The fundamental purpose of the people profession is to:

- Champion better work and working lives
- Create roles, opportunities and working environments to get the best out of people
- Deliver great organisations outcomes, in turn driving out economies, and making good, fair and inclusive work a societal outcome”

CIPD (2020a)

The new CIPD Profession Map sets the benchmark for HR professionals. Woodhams, Perkins and Wilkinson (2016, p.109) highlight that “knowledge, skills and continuous professional development are top of the Human Resources agenda”. Using the Profession Map, individuals can identify their strengths and weaknesses, diagnosing areas of developmental need to assist in the transformation of the people profession.

CIPD suggests that even though the Profession Map will not tell you what to do and how to do your job, it will show you how being principles-led, evidence-based and outcomes-driven leads to better decisions and will guide professionals through an uncertain future ensuring the decisions made, have a long-term, positive impact.

The Purpose of HR

“Through the people professionals who work within it, the HR function helps an organisation deliver its corporate strategy and objectives by effectively recruiting and developing people and managing their performance.”

CIPD (2020b)



“Organisation’s HR strategy and all activities should be clearly aligned with the strategy and activities of the business”

Wilkinson & Taylor (2016, p.22)

The HR function has an important role within an organisation, driving and delivering decisions that enable the organisation to exceed both in the short and long terms. The CIPD identifies the core purpose of the HR function is to deliver the organisation’s strategy and objectives by effectively managing people, processes and performance. As a department, HR strategies and all its activities should be aligned with that of the organisation.

Objectives of the HR Function



Recruit and retain key staff



Develop employee competencies



Manage and improve people performance

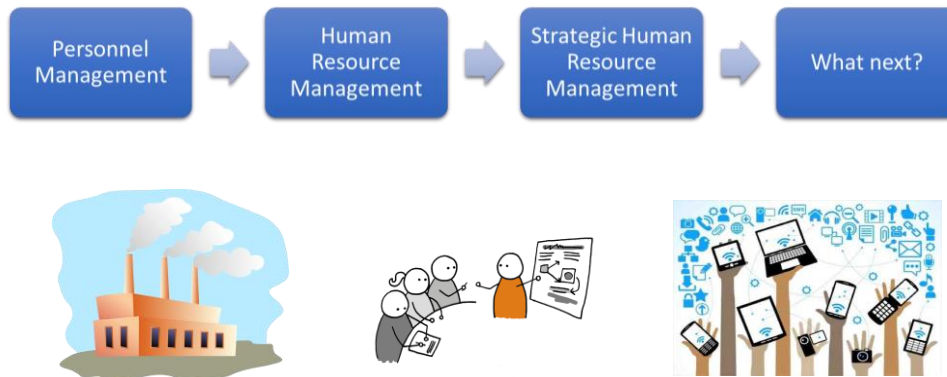


Maximise employee involvement and engagement

Wilkinson and Taylor (2016) explain that extensive research carried out by the CIPD of 787 HR professionals in the UK, shows the top four priorities of HR is to attract and retain individuals, who have the required skills and experiences, developing these to maximise performance in engaging with organisational activities.

Over time, organisational objectives that were once seen as being low priority, have moved up the agenda, due to new legislations and ethical practice, such as employee well-being. From a study carried out by CIPD in 2015, it was identified that with the change of HR focus, consequently, comes the change of HR thinking from 'best practice' to 'good practice'.

The Evolution of HR



During the nineteenth century, HR was referred to as 'personnel management'. Factory workers faced working long hours in unhygienic conditions. In an era of social reform, the emergence of welfare workers was pivotal, improving working conditions particularly for women and children. The 'Personnel' function was an administrative element, responsible for recruiting and training employees, looking after wages, and dealing with Trade Unions.

The Hawthorne study carried out by Elton Mayo in the 1920's, aimed to look at the effects of physical conditions on productivity. Sheldrake (2003) explains how the results of such experiment showed that it was not the change in working conditions that affected worker's productivity, instead a sense of feeling valued resulted in increased levels of motivation. Over time, Government legislations began to shape the role of the people profession, guaranteeing workers more rights. 'Human Resource Management' considered workers as a valuable resource, providing training and development opportunities with an emphasis on leadership.

With the increase in global competition and developments of new technology towards the end of the century, the HR function needed to develop employee skills to enable the organisation to compete. The people profession became the most critical

function. Employees were 'assets', with efforts being made to align individual objectives with that of the organisation. Activities of the SHRM function include:

- Performance and talent management instead of appraisals
- Employee participation
- Training and development to encourage innovation and motivation
- Linking HR practices to organisational strategy

The transformation of the HR function also impacts on how HR operates, whereas once the HR function was seen as carrying out 'transactional' work, such as basic administration, it has now evolved to a state of 'transformational' work, whereby efforts are placed on change and continuous improvement.

Personnel Today (2010) states that in the CIPD's 2010 Next Generation Report, two key objectives were highlighted as a priority for HR moving forward; future proofing the organisation and being insight driven.

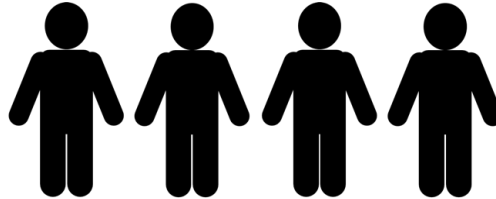
How HR Objectives are Delivered

Small Organisations



HR 'Generalist' approach

Large Organisations



HR 'Specialist' approach

The way in which the HR functions are delivered is based on what is known within their 'Service Delivery Model'. The way in which HR functions varies, for example, in small – medium-sized enterprises, there may only be one individual who works closely with managers to deliver the objectives, however in larger organisations, there is a team/teams of HR professionals.

HR Zone (2020) identifies two types of Service Delivery model, the traditional model of 'generalist', whereby employees provide key services and react to the needs of fellow colleagues, and 'specialist' where focus is aimed at one particular topic, and Ulrich's three legged stool model using business partnering, shared-services and centres of expertise.

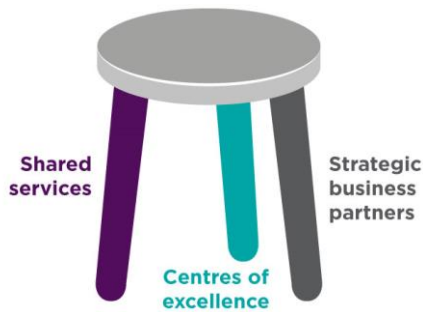
Smaller organisations use a HR 'generalist' approach, whereby individuals have knowledge and involvement with all HR activities. Due to budget restraints on smaller businesses, they may not be able to afford more than one employee, therefore generalists need to deal with all parts of the HR remit on their own.

Sometimes larger organisations will use this approach, if for example, they use a business partnering model, whereby each individual needs to have the knowledge of

several areas. However, the majority who have many HR professionals, will comprise of a team of specialists, who, will have specific knowledge on areas such as: Recruitment, Learning and Development, Organisational Development, Employee engagement and Performance and Reward.

HR Service Delivery Models

Ulrich's Three-Legged Stool



CIPD (2019b)

Reasons Organisations use this approach

- Reduction in cost and duplication of efforts
- Improving customer service
- Shared knowledge
- Greater focus on strategy

Ulrich's three-legged stool model emerged in the late 1990's by Dave Ulrich, who suggests that HR is split between three areas of expertise:

Shared services – a centralised service group that looks after 'transactional' services such as recruitment administration, absence monitoring and payroll. The HR shared services are the first point of contact for help and support.

Centres of excellence – individuals who are HR experts with specialist knowledge delivering business and people benefits through HR innovations, interventions and initiatives.

Strategic business partners – senior HR professionals who work closely with business leaders or line managers, influencing, steering and implementing both the business and people strategy by aligning HR capabilities throughout the organisation.

'HR business partnering' is where HR professionals work closely with line managers and/or stakeholders to achieve shared organisational objectives with focus on implementation of HR systems and processes. Swift (2016) implies that the role of HR business partners varies enormously depending on factors such as "organisational design, company culture and business priorities". Frith (2017) comments on the findings of a survey carried out, whereby 35% of 300 companies surveyed over 26

industries, used Ulrich's model, the majority of which were larger, public sector organisations.

The key reasons organisations implement a HR Service Delivery model such as this are:

To utilise skills and knowledge to drive change

To help and support managers

Greater focus on strategy

How HR Objectives are Delivered



Shared Services



Outsourcing



E-HRM

Some larger organisations may opt for a shared service centre as their HR function, being a way to provide a corporate service, in some instances across several partner organisations such as the NHS trusts or local councils.

Others look to transfer some or all, of their HR provisions to an external provider or E-HRM provider. HR outsourcing is usually used for specialist areas such as recruiting, training and development and payroll. Some of the advantages of outsourcing HR services are:

Enabling access to specialist skills and knowledge that may not be possessed by the in-house team

There could be a saving to the organisation

Working with Line Managers



Line managers play a vital role in delegating and allocating work whilst ensuring that each employee is working to their full potential. As a line manager, daily communication with the employee helps to build a trusting relationship whereby concerns can be raised and addressed.

In view of this, it is important that line managers work with the HR department to manage any arising people issues effectively and consistently. To achieve this, HR managers need to ensure that all required information such as key HR policies and procedures, are accessible and communicated to line managers. If basic HR information can be passed onto line managers, more HR time can be spent on other strategic activities.

Change Management



“Change management is a structured approach to moving an organisation from the current state to the desired future state”

Association for Project Management (2020)

“Organisational change is a constant, driven by a number of different forces including customers, markets and technology ... The effects of not managing change effectively can be devastating and long lasting”

CIPD (2019a)

Organisations must be able to adapt to change in order to survive. The HR function has a vital part to play in effective change management which concerns controllable factors, such as business processes that can be developed and implemented, and the uncontrollable, people.

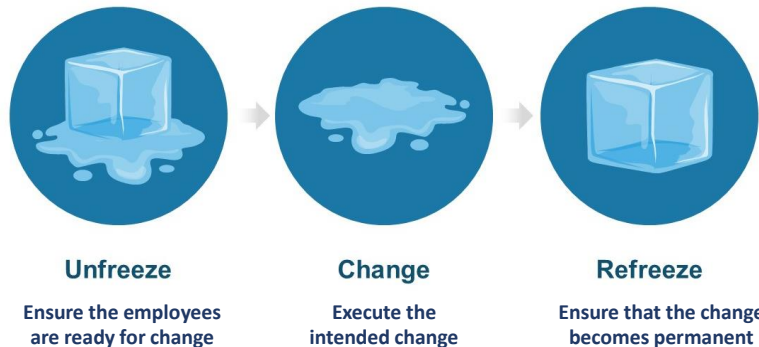
HR professionals can contribute to the development of change programmes by:

- Advising of available skills in the organisation – identifying skills gaps, training needs and potential for new posts
- Balancing short-term goals with broader strategic needs
- Understanding stakeholder concerns to predict any problems arising

Change is a very daunting experience for many, and therefore the key to effective change, is to ensure that everyone clearly understands. People’s reactions to change are ‘uncontrollable’ and therefore HR can appropriately communicate upcoming change, and what it will entail, and address any concerns, such as job stability.

Change Management Model

Kurt Lewin – Three Stages of Change



SlideModel (2020)

Kurt Lewin's Change Management Model refers to a three-stage process of change, described as 'Unfreeze, Change and Freeze'. Lewin suggests, as recognised by Mindtools (2020) "Motivation for change must be generated before change can occur". Suggesting that by looking at change as a process with distinct stages, preparation can be made in readiness for transition.

Firstly, by carrying out appropriate analysis of the organisation, a decision can be made as to whether change is necessary. This stage is seen as being one of the most difficult and stressful, as the thought of change can be unnerving for employees.

After the uncertainty created in the unfreeze stage, the change stage is where people's confidence builds and look for new ways to do things. The change process is not instant, and therefore time and communication are key for people to embrace new processes and proactively participate in change.

Once individuals have embraced the new ways of working, the organisation is ready to refreeze. The HR department can contribute by ensuring that new job descriptions reflect the work being carried out, along with incorporating new business processes into policy and procedure.

Ethical Practice in HR

“Ethical values provide the moral compass by which we live our lives and make decisions – ‘doing the right thing’ because it’s the right thing to do”

CIPD (2020c)

A definition that has **three** core elements:

- Fairness
- Deciding what is right and wrong
- Practices and rules which underpin conduct between individuals and groups

Kew & Stredwick (2010)



Behaving ‘ethically’ is a vital component of the HR profession and is a core function of the CIPD’s new profession map. Individuals must act in an ethical manner, by doing what is morally right. Ethical standards and principles within an organisation define acceptable conduct and underpin how management make decisions.

Kew and Stredwick (2010, p.351) refer to a definition that consists of three core elements; ethical practice by treating people fairly can help to develop and maintain positive relationships within the team/department; ethical standards impacting on the business brand or reputation; and acting as a role-model.

It is likely that individuals come across some form of unethical behaviour in their working lives. An example of this could be someone abusing their power within the organisation. They may ask for a certain task to be completed, such as recruiting individuals, however, say that they do not want to shortlist individuals from a specific ethnic background, or gender. They are not only abusing their power as the hiring line manager; they are also being discriminatory against individuals in accordance with the Equality Act 2010. In this instance, all individuals should be treated as equal as part of the recruitment process and therefore, most organisations will shortlist anonymously to eliminate any form of discrimination.

CIPD's View on Ethical Behaviour

The CIPD obligations are:

1. Professional Competence and Behaviour
2. Ethical Standards and Integrity
3. Representative of the Profession
4. Stewardship

Summary of the eight lenses

Fairness <i>Everyone in an organisation should be able to agree to it, whatever their place in it.</i>	Merit <i>Jobs and their rewards should track talent and hard work.</i>	Markets <i>Jobs and their rewards should follow from voluntary market exchanges.</i>	Democracy <i>No one should be subject to a regime in which they have no say.</i>
Well-being <i>Work should be good for us.</i>	Rights and Duties <i>Everyone has rights to do some things and to be free of some things, and everyone has duties not to violate others' rights.</i>	Character <i>Each of us should work to develop the best ethical character for our roles.</i>	Handing Down <i>We can't reinvent or master the world, and are instead responsible for conserving and maintaining the small part of it over which we currently have stewardship, and for passing it on undamaged to our descendants.</i>

CIPD (2015)

One way to promote ethical behaviour throughout the organisation, is through the development and publishing of a Corporate Code of Ethics. Schwarts (2001, p.248) defines this as “written, distinct, formal document(s), which consists of moral standards which help guide employees on corporate behaviour”.

As a member of the CIPD, all members must comply with the Code of Practice and Conduct that outlines exactly what is expected of members and the consequences should this not be followed. The CIPD Code of Professional Conduct (2019c) groups their obligations into four headings:

Professional Competence and Behaviour
Ethical Standards and Integrity
Representative of the Profession
Stewardship

The CIPD suggests that there are eight ethical perspectives when dealing with workplace dilemmas and should be thought of as questions to make the right decisions.

How HR Contributions can be Evaluated

Evaluation of HR activities has traditionally focused on:

- Cost and Time efficiencies
- Effectiveness to meet its objectives



HR Statistics

Commonly used HR Evaluation Tools



Key Performance Indicators (KPI's)



Balanced Scorecard

For the HR function to determine whether its contribution is effective, systems must be in place whereby evaluation can be made, both individually and as a collective. Wilkinson and Taylor (2016, p.30) explain that traditional HR evaluation methods, focused on efficiency and effectiveness of processes carried out, where efficiency looked at how cost-effective each activity was, and how effective activities are in terms of meeting objectives.

CIPD (2019) explain that quantitative data can be measured and illustrated through numbers, whereas qualitative data cannot, and often represent an individual's view or opinion as a result of interviews and focus groups.

The most commonly used evaluation tools include:

HR Statistics – Refers to areas of responsibility whereby a numerical value is used as an indicator, for example working out the number of new starters and costings of such activities, and absence figures. This information may not mean much when used in isolation, however it can be useful in terms of benchmarking, both internally and externally.

Key Performance Indicators (KPI's) – Identifying the key areas of HR performance that contribute to achievement of business objectives, establishing targets for each

activity and assessing performance against such targets. Using Peter Drucker's SMART approach explained by Mindtools (2019), realistic KPI's are set and achieved.

Balanced Scorecard – Kaplan and Norton's model was developed "to align activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals" (Lind (2015), p.115). This model is a series of tables that set out performance measurables along with a 'high-level strategy map', showing how these measures relate to each other and business objectives. Kaplan and Norton said that there are four perspectives: customer; financial; internal business process; and learning and growth. Each department will have their own scorecard, allowing for cross-company comparisons to be made.

With the evolution of the people profession, traditional HR evaluating methods may no longer suffice the requirements of the organisation and may not reflect the contribution the HR function are making. The HR function must identify whether they are meeting the needs of their customers. This can be carried out through stakeholder analysis, whereby all parties who require a service from HR are identified, along with their specific requirements.

HR and Positive Organisational Outcomes

The Black Box studies



Gallup Organisation

Organisations are trying to get the most out of their employees, whilst achieving organisational aims and objectives. Researchers are interested to understand and explain why a variety of best business practices, has a benefit to organisations.

‘The black box studies’ carried out by John Purcell, aimed to explore the unknown reasons for performance – HR link. Research of 12 UK organisations across different sectors, identified three major findings:

Where HR functions have an in-depth portfolio of policies and procedures in place, there is a positive response from employees in terms of job satisfaction and increased levels of motivation. In turn, employees are performing to their highest abilities.

A strong sense of shared purpose between managers and employees, all working towards the same organisational objectives, that are embedded within the policies and procedures.

Communication between employees and line-managers, clearly addressing the wants and needs from the individual in line with policy and procedure.

Taylor (2016) addresses how an alternate research study carried out by Gallup Organisation, derived from analysis of employee engagement questionnaires, issued

to 198,514 people in 7,939 business units operating in different industries over a 30-year period. Respondents were asked a series of statements, which they were asked to respond.

Findings included:

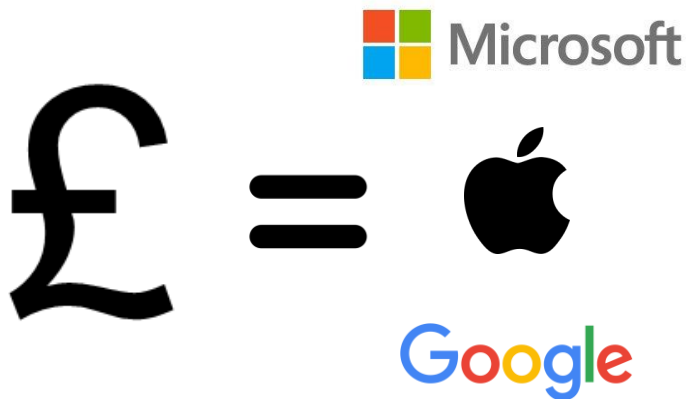
Employee engagement levels vary more between organisational functions, than between organisations. This is the reflective of the quality of the line manager.

Organisational performance was directly related to the level of employee engagement, those that had the highest levels of employee engagement, were more successful.

Both pieces of research are very similar in their findings and can be interlinked.

Purcell identified that a strong set of policies and procedures need to be in place to generate business performance and motivate employees. Gallup went onto confirm that high levels of employee engagement, is key to organisational success.

Criticisms of Research



Some remain unconvinced by outcomes of such research. They suggest the likes of Google, Apple and Microsoft, use their superior performance leads to buy into and invest in a first-class approach to HRM, creating employee value propositions, becoming highly rewarding places to work.

Another explanation for the correlation is, if an organisation is professionally and efficiently managed and is able to generate more income for investment, this in turn could impact on performance and its approach to employment practices.

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