

Qualification: CIPD Diploma in Applied Human Resources

Module Name:

Understanding the Contemporary HR Function

Word Count: 3299

Student Name: Duncan Hook

Student Number: 1920325

CIPD Membership Number: 5665008X

By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed: 

Date: 26th January 2021

Understanding the Contemporary HR Function

Overview

Introduction to the Function and Evolution of HR

HR's Contribution to Change Management

Comparing different ways the HR service can be delivered

How HR can deliver services by working with line managers

The importance of ethical management in HR

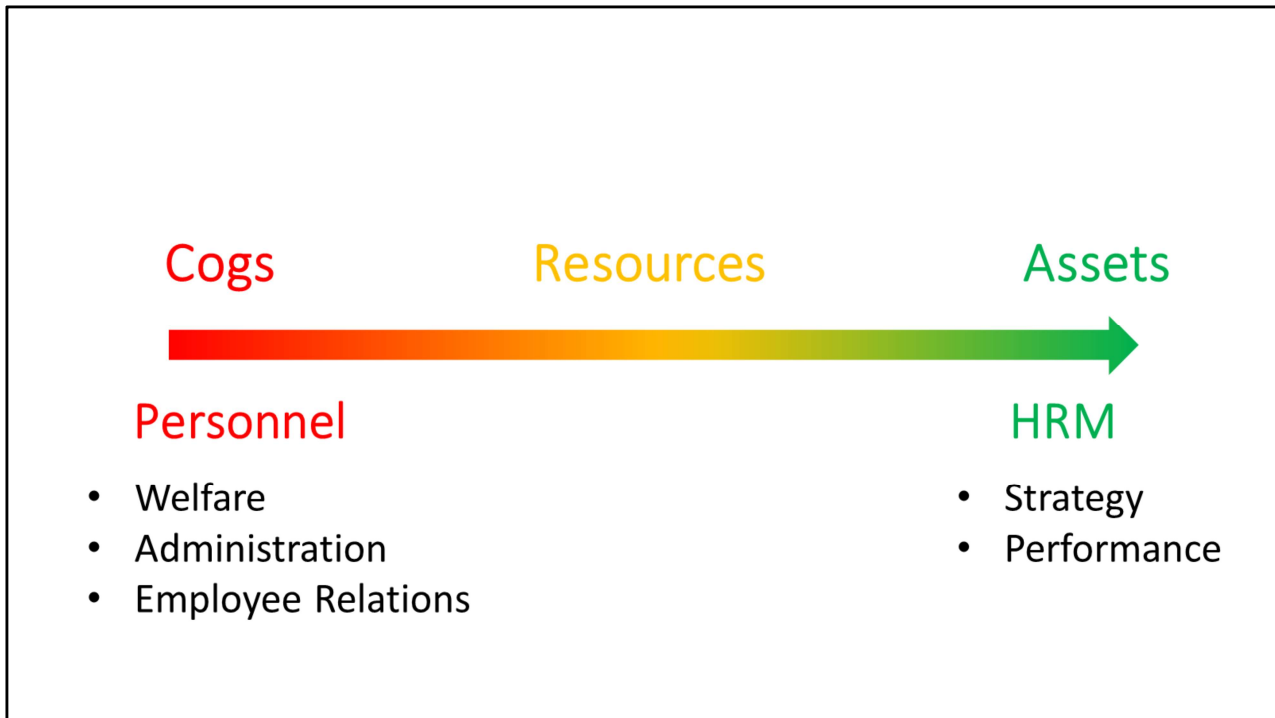
How can the HR contribution be evaluated?

Demonstrating the link between HR and organisational outcomes

Introduction to the Function and Evolution of HR



The evolution of HR can be tracked alongside the evolving status of the workforce. From the early 20th century seen as “cogs”, just part of the machine compensated for best results, to a “resource” which should be treated respectfully and rewarded with investment in their development. Now as “assets” which are a key component of the success of an organisation and should be recognised and valued as such (Wilkinson & Taylor, 2016, pp. 23-24).



Measuring HR on the same model:

During the industrial revolution, the personnel function was created to respond to the welfare of factory staff negotiating with trade unions (Taylor & Woodhams, 2016, p. 6). This role took on the day to day administrative activities such as payroll and employee records (Marchington, et al., 2020, p. 142) which were associated with retaining employees in addition to dealing with employee relations issues.

With Personnel's evolution into HR Management over the 20th century, the focus has become "more strategic, less reactive" over time to play an important part in the overall strategy and performance of an organisation (Taylor & Woodhams, 2016, p. 6).

Modern HR Management

- Influence of Internal and External factors on the organisation - Labour Market, Competition, Sector
- Workforce Planning
- HR Strategy aligning with overall organisational strategy
- Planning for Learning and Development of the organisation to meet the needs overall strategy
- Culture
- Employee Engagement
- Evaluating HR
- Performance Management and Linking to pay

This Modern HR Management sees focus on areas like these (Taylor & Woodhams, 2016, p. 6).

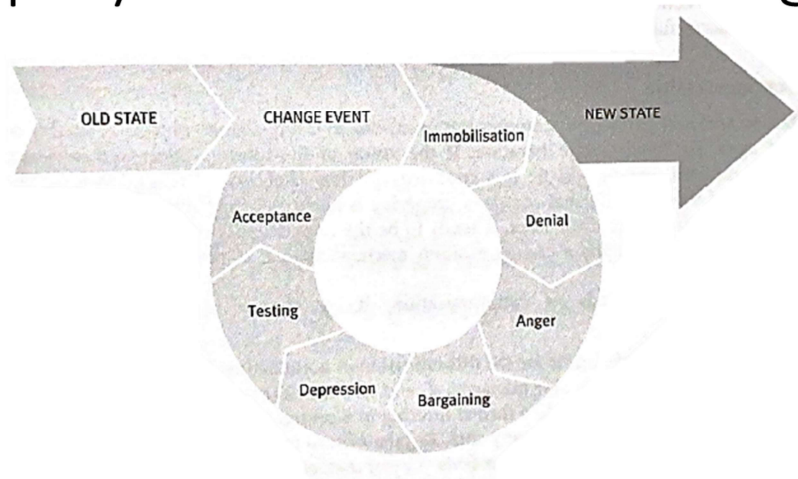
These processes address the immediate People requirements but also have a direct alignment and benefit to the overall strategy of an organisation potentially improving business performance (Swift, 2016).

HR's Contribution to Change Management

Due to a constantly changing world and the pace of that change accelerating, it is inevitable that businesses and employees will experience change at some point (Datar & Lamb, 2014).

With customer habits changing and the knock on effect for supply and demand, the COVID 19 pandemic has already forced businesses to make structural changes and reassess the skills they require (Staples, 2021).

Employee Reaction to Change

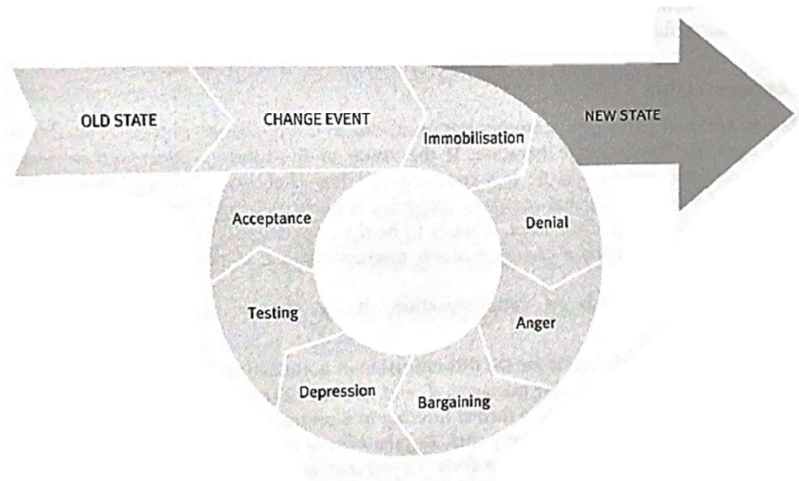


While we can plan for how new approaches and systems will be implemented we cannot always know how humans will react, some positively but when job or pay security are threatened it is more likely to cause a negative reaction (Wilkinson & Taylor, 2016, p. 33).

The CIPD use this diagram to show the stages that an individual may go through before accepting change (Wilkinson & Taylor, 2016, p. 33).

Understanding these before the change is introduced is important in structuring how it is implemented and how communication delivered.

Communication



Communication is perhaps the most important area of change that HR can influence in. From the diagram, “denial” “anger” and “bargaining” could be avoided if staff are informed, prepared and bought-into the necessity for change.

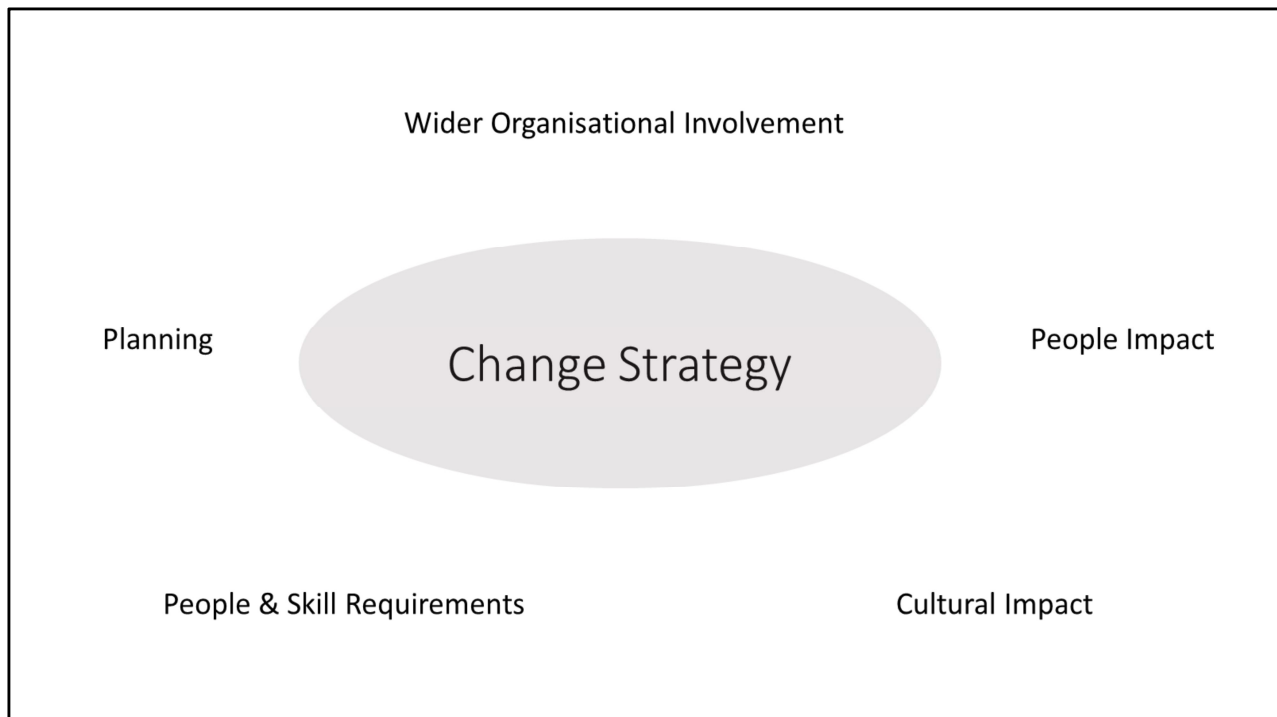
Communication

Who needs to know?

Listen, Involve, Act

Has communication been effective?

- Planning which stakeholders need to be informed and at which stage will be crucial to ensure that the wider team do not find out information before the primary affected parties (Wilkinson & Taylor, 2016, p. 35).
- Leaders should be encouraged to listen to and **involve** the staff who will be affected most, hearing their feedback and exhibiting that feedback in practice within the decision promoting ownership of this change to the whole team (Carter & Varney, 2018, p. 5). By listening to concerns and criticism organisations may find that change is more easily accepted and staff are happier (Wilkinson & Taylor, 2016, p. 34).
- HR will also be important in assessing how the message is being received and to gauge understanding across the organisation (Wilkinson & Taylor, 2016, p. 35).



Having HR Representation in place during initial planning of change to raise any people-related concerns. Historically, personnel teams may have been there to console or reconcile with distressed staff. This may be avoidable altogether if HR are present at planning stage (Datar & Lamb, 2014).

- Ensuring changes are in line with the company culture. Change will be much more readily accepted if it fits with the culture of the organisation which can also evolve and develop over time (D'Souza, 2020).
- Providing insight from Workforce Planning perspective on the People and skills within the organisation to help inform and suggest solutions to the changes required
- Looking at how a small change will have larger long-term change for the organisation. There may be a requirement to involve other stakeholders in affected areas before decisions are made.
- Providing insight on the impact this will have from an employee perspective ie. increased absence, employee wellbeing, additional recruitment or training to be included in the planning (Wilkinson & Taylor, 2016, p. 32).

Comparing different ways the HR service can be delivered

Depending on the size, structure or even sector of business, HR services can be delivered in a variety of ways (Wilkinson & Taylor, 2016, p. 24). Next, I will explore the different options available:

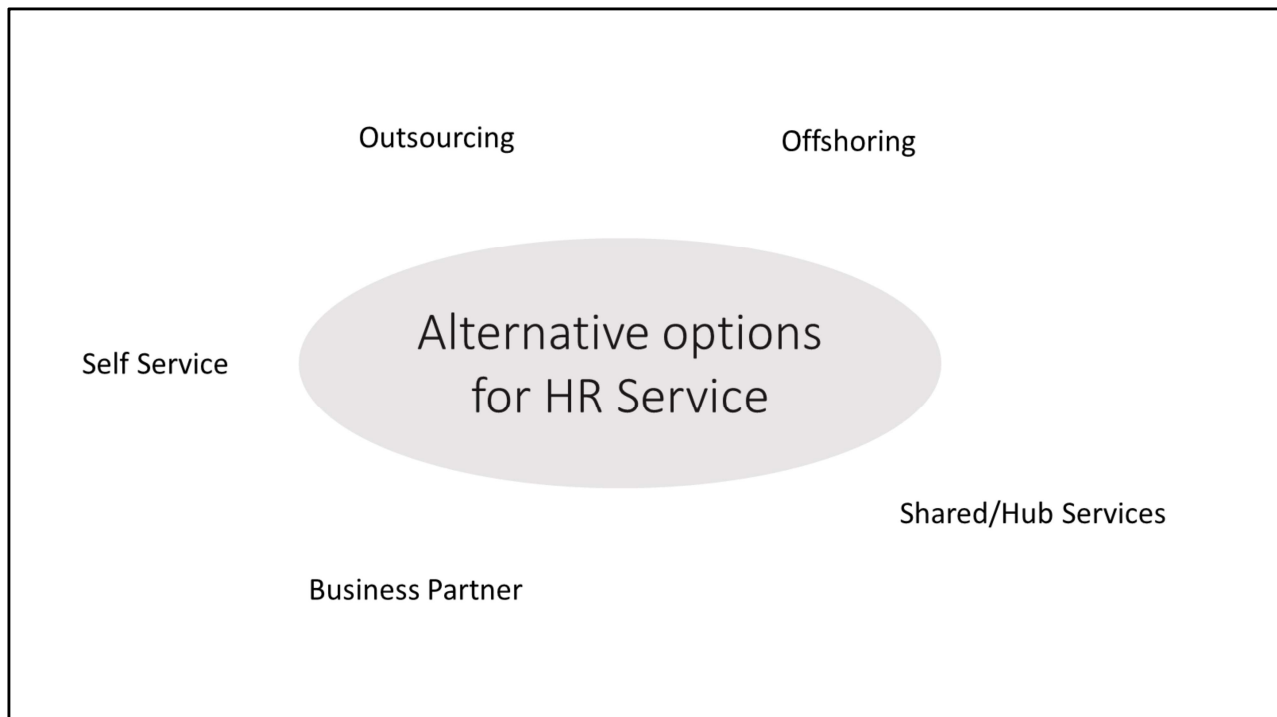
Building and In-House Service

- Generalists
- Specialists
 - Recruitment
 - Resource & Talent Planning
 - Learning and Talent Development
 - Organisation Development
 - Employee Engagement
 - Performance & Reward

Again, dependent on the individual business, the HR service may be delivered by an individual or team of HR professionals.

This could be made up of **HR Generalists**, who are involved in every aspect of HR in the organisation or **Specialists** in areas such as those listed here (Wilkinson & Taylor, 2016, p. 25).

An obvious benefit to this structure is the accessibility of this service for employees and the alignment of culture that can only come from working in the same environment although the addition internal recruitment for these roles will incur additional cost.



- Traditional HR outsourcing offloads certain HR services to a third party provider. This may save money be more efficient the organisation but could lose touch with the aspect of the business they have outsourced (George, 2020). For example, Payroll is a time consuming but essential process, but by outsourcing, managers lose visibility on working hours, perhaps missing a potential well-being conversation.
- Offshoring the organisation could move its HR service abroad; again, as a cost saving measure (George, 2020). The difference to outsourcing is that these services are usually made up of direct employees of the company. We may see more of this model in line with the increased levels of remote working due to the COVID 19 pandemic , with companies favouring cheaper labour abroad which may risk local jobs (Faragher, 2020).
- Some organisations made up of many smaller divisions may share a single HR service, this is often referred to “shared” or “hub services” (George, 2020). Retail businesses who are spread over multiple sites and don’t have the capacity to have their own in-store HR team would use a model like this with multiple outlets utilising the service of one central HR service. The downside is that unique challenges for each of these separate businesses may not be catered for by a one-fits-all approach.

- These kinds of business may also use a “Self Service” (George, 2020) system utilising a software solution to book or approve annual leave, track learning and development progress or process payroll. While this does give responsibility back to the management team, it can create additional admin like hundreds of timecards to approve which doesn’t scale well with larger teams.
- Business Partnering (O'Halloran & Haden, 2020) is a different kind of service, not focussed on day to day admin but more finely in tune with the strategies of the business and the wider context. Using evidence to ensure HR adds value and providing stakeholders with bespoke solutions for development of the business through people (Ulrich, 2018). Because this service is tailor made for the organisation, the HR function is able to be more efficient in terms of cost and workload as well as having tangible contribution to the business’s success (O'Halloran & Haden, 2020). For this model to be successful, Business Partners require buy in from leadership (Swift, 2016, p. 11) but they also need to be credible in themselves. The CIPD (Swift, 2016, p. 12) have found that organisations have begun to criticise the Business Partner model as just a rebrand of the HR Manager role and that it takes an individual with strong business acumen to have visible impact on company strategy.

How HR can Deliver Services by Working with Line Managers

With the HR evolution to focus on strategy, this has taken “core activities, such as recruitment or objective setting, away from HR teams” (Gamba Quilliam, 2020) instead placing the responsibility for these duties in the line managers hands, who with their knowledge and direct investment in their teams may be better suited to doing so.

Managers role in HR

- Employee Wellbeing
- Performance Management
- Reviewing Salary Increases
- Recognition
- Guiding Learning
- Employee Engagement
- Sourcing

- Working with the employee to identify opportunities to utilise Occupational Health provisions or address work-life balance concerns (Gamba Quilliam, 2020). The Manager is also potentially more likely than HR to notice an employee who is exhibiting “presenteeism” by coming to work when unwell.
- The Manager will be best positioned to monitor performance at work, particularly behaviour based performance beyond sales metrics for example. This becomes even more crucial when salary increase decisions are being made (Gamba Quilliam, 2020) or when recognising this work and sharing successes.
- Managers also play a crucial role in developing their teams and have a better understanding of their employee’s goals and learning style. The CIPD state that it is a “line managers’ crucial role in balancing the levels of challenge at work which motivate and engage employees” while HR will be there to support and advise it is for a Manager to know what works for their team (Gamba Quilliam, 2020).
- As managers on the front line are aware of the workload and complexity of the roles they will have a different perspective to HR when selecting new staff who will work well in the current team or addressing a skills gap identified in the team.

Line Managers & HR as allies

HR may be the ones developing policies and best practice for the business, but they will only become truly successful if Managers are supporting and implementing them (Miller, 2017) so this relationship is important to foster.

To work effectively and achieve the type of buy-in required, HR must maintain contact with line managers and include them in communication and, if appropriate, to assist with strategic decision-making (Wilkinson & Taylor, 2016, p. 24).

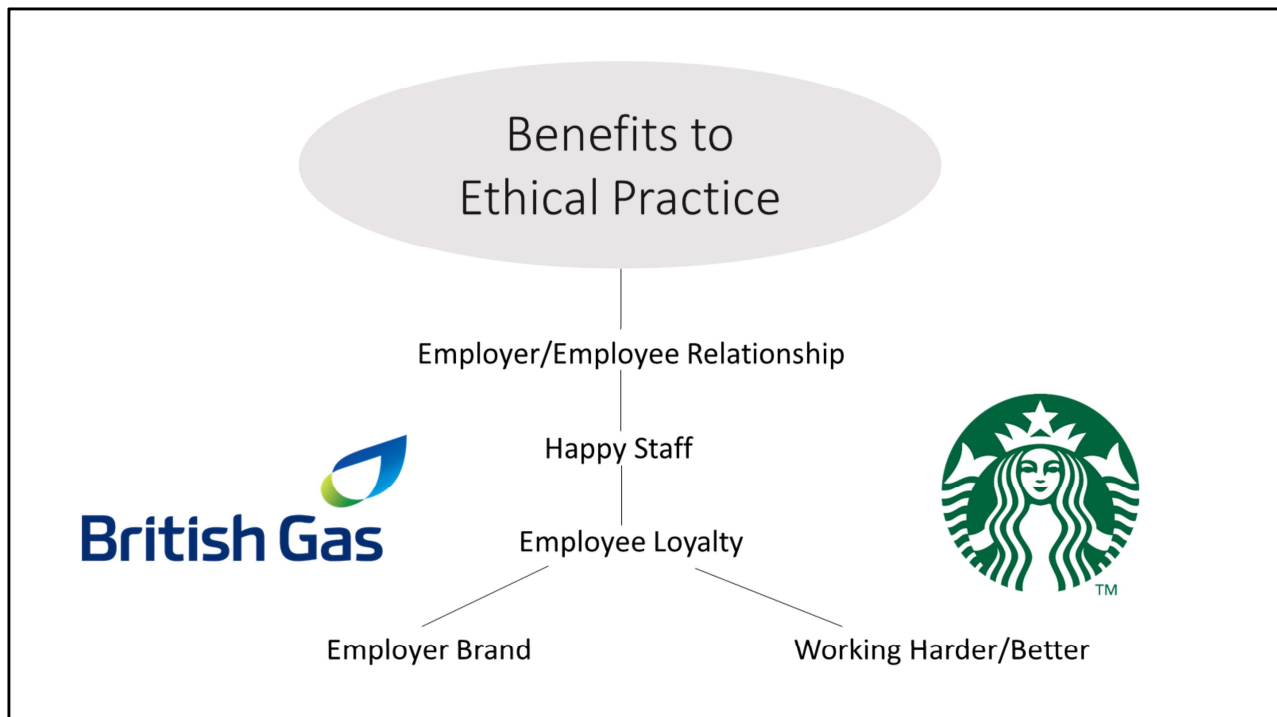
The Importance of Ethical Management in HR

Encouraging ethical behaviour has always been a key part of the HR function from a moral stand-point and wanting the best experience for employees. However, more recent thinking cites ethical practice as having an important strategic impact on strengthening an organisation and can even improve performance (Wilkinson & Taylor, 2016, p. 36) so it is more important than ever for HR teams to promote good ethical practice.



This isn't just about playing nice for appearances.

An example of how poor ethics can hit a company commercially is with security company G4S. After Norwegian investors publicly highlighted unethical treatment of migrant workers and withdrew all financial support, their share price fell dramatically (Pratley, 2019).

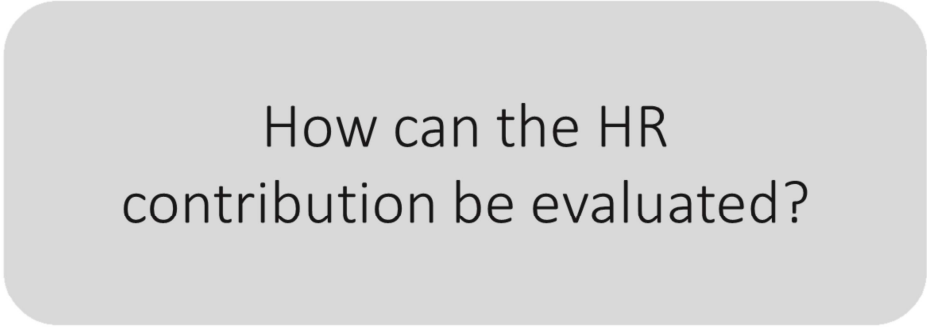


Whether determining a course of action for an individual employee or for the whole business, the question of whether decisions are ethical can arise for HR on a daily basis (Taylor & Perkins, 2017). Treating people well, with transparency and good communication will have major benefits for the organisation:

- There is an obvious benefit to giving employees a better experience in that it can strengthen the employer's relationship with staff. Studies such as those conducted by the Gallup Organisation have found that this good relationship can lead to better results as employees want to work harder and less inclined to leave (Taylor, 2016, p. 202).
- A benefit of this can be seen with Starbucks who are in a highly competitive market, which can often lead to overly aggressive, target driven behaviour that could alienate staff (Green, et al., 2019, p. 26). In this market, they have aimed to differentiate themselves by being a welcoming environment, staffed with friendly, helpful people (Starbucks, 2020). Starbucks's ethos has been to think of their employees first when making business decisions and the payoff has been employees who treat customers well because they have been treated well by their employer (Moore, 2008).
- Current employee experience also affects Employer Brand. A bad reputation could have consequences for recruitment and may also put off potential customers if

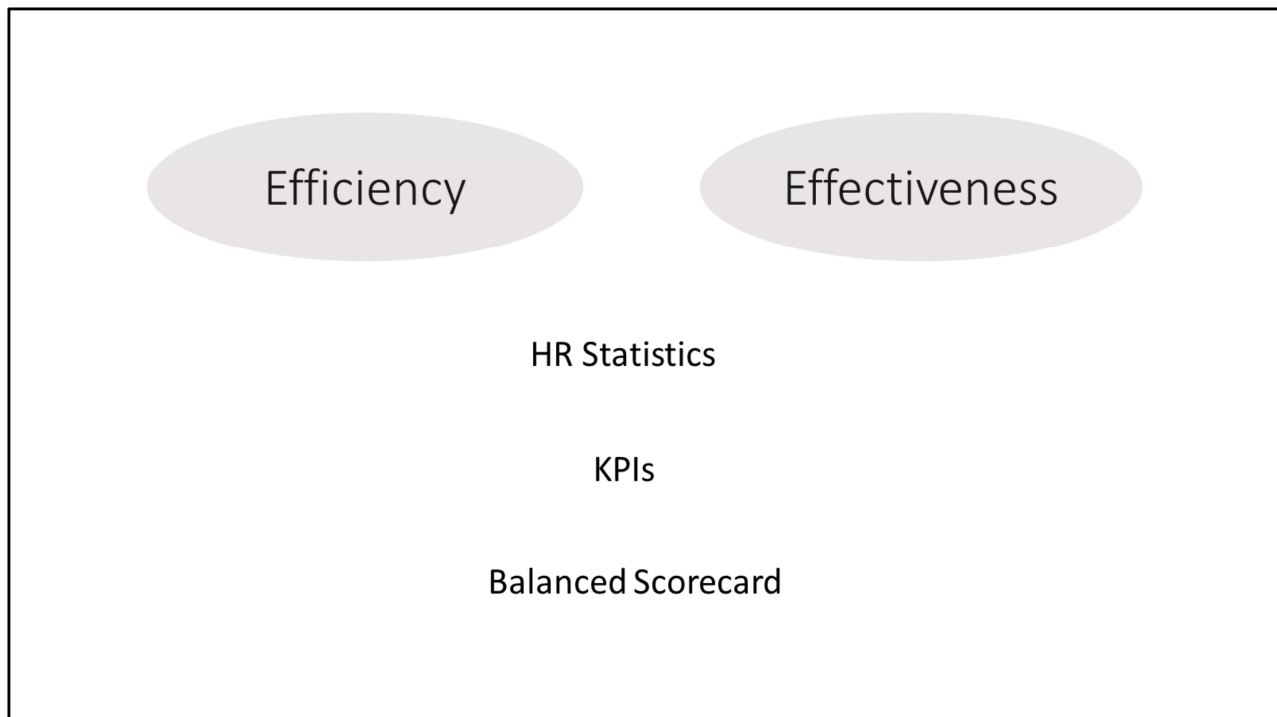
employees go to social media.

- British Gas have recently had some bad press as their employees decided to strike over their “fire and rehire” plan (Ambrose, 2021). This led to MPs saying that bosses had “tarnished the reputation of a great British company” (McCulloch, 2020) and would be off-putting to potential applicants and customers alike.



How can the HR
contribution be evaluated?

The HR service in any organisation needs to be evaluated to ensure it is meeting requirements and justifying its existence. At a quantitative level this can be measured in two criteria areas (Wilkinson & Taylor, 2016, p. 30):



- Efficiency – how much the service is costing and how much it is achieving in the time it has
- Effectiveness – how is the service delivering on its objectives and the results it has generated

To ensure a consistent evaluation against other HR services or against other departments within an organisation the CIPD recommend the following three methods measured against the needs of both the business and customers:

- HR Statistics could comprise of sickness absence numbers, amount of new hires, total money spent on learning and development or other quantitative data (Wilkinson & Taylor, 2016, p. 30). The benefit of this evaluation is it measures against other departments, competing organisations or the same team's previous year results but doesn't allow for additional context.
- Key Performance Indicators relate to statistics but have the additional motivation of set targets for the team to work to. The department may have a target to ensure a certain percentage of team receive training over the course of a year with a deadline in place for the team to work towards (Wilkinson & Taylor, 2016, p. 30).
- Balanced scorecard – this model sees all departments in the organisation have set goals, which are measurable as a whole with results displayed in a series of tables.

This enable HR to see how they fit into the overall organisational strategy and is again measurable as each department will be working to contribute to the current focus (Wilkinson & Taylor, 2016, p. 30).

Gathering Opinion On HR



What are we
known for?

What level of
influence do
we have?

While these statistics do offer value in benchmarking the performance of the HR function, there is also qualitative data to be taken from a range of stakeholders.

- Gaining the views of HR from Managers and lower level staff is helpful in gaining a picture of how the service is valued and what they are known to deliver. It could be that the aim of the department is to be strategic and have an influence on process but the perception by the organisation is that the service is largely administrative which may say more about where focus needs to shift (Grochowski & Ulrich, 2017).
- The CIPD (Marchington, et al., 2020, p. 164) suggest that another way to gauge the influence of the HR is to monitor HR representation at a board level. While not essential, the presence of an HR Director at the point where key strategy is being decided suggests a high level of influence in the organisation.

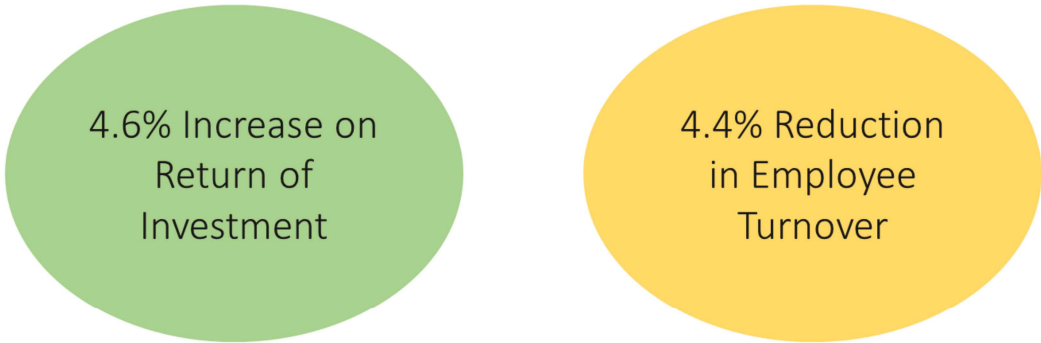
Demonstrating the Link Between HR and Organisational Outcomes

Study on High Performance Work Systems

- Performance linked to pay, promotion and recognition
- Large investment in L&D
- Broad, inclusive candidate selection based on ability
- Higher pay
- Flexible working options – work/life balance
- Flat structure allowing employees to have their say

In 1995, **Mark Huselid** (Taylor, 2016, p. 200) conducted a survey of 968 organisations and found a strong correlation between those that implemented “high performance work systems” (HPWS) (Taylor, 2016, p. 199) such as those listed here, to encourage employee loyalty and commitment to the organisation with benefits of better employee retention along with higher commercial performance.

Benefits of High Performance Work Systems



4.6% Increase on
Return of
Investment

4.4% Reduction
in Employee
Turnover

Projects such as this were reviewed in a study by **Combs et al** (Taylor, 2016, p. 201) in which they gathered 92 separate studies on the link between treatment of staff and high performance. These results show the average benefit found in these organisations implementing these measures.

While these studies are very encouraging from a business perspective and could lead to speculation on the cause of the results they don't define where the link is between implementing HPWS and generating good results.

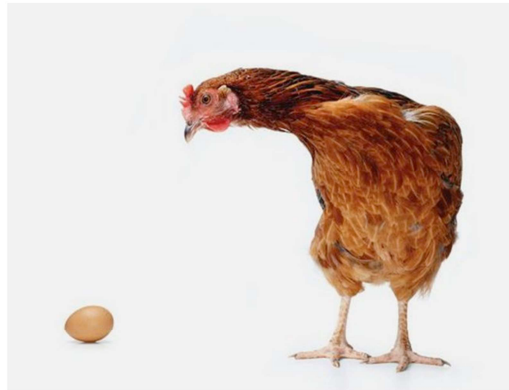
Black Box Study Results



John Purcell and colleagues (Purcell, et al., 2003) at Bath University conducted what has been nicknamed the “black box study” which comprised of a series of interviews with employees in 12 UK organisations.

- The main findings of this were a to generalise a much happier workforce who felt part of a larger culture which led them to understand and adhere more with resulting policies as a result.
- These employees because they felt happier would work harder as they had a sense of ownership.
- Equally there was a danger of implementing this culture as failing to follow through would have the opposite effect (Taylor, 2016, p. 202).

In Conclusion - Cause or Effect?



This and a similar study by The Gallup Organisation (Taylor, 2016, p. 202) have both concluded that the promising results found in studies like Huselid's are a direct result of the HR measures implemented in the business.

When evaluating them, however, it is worth considering that it may be the other way around. These businesses who are successful may be able to afford the additional resource required to carry out these HR practices and so the fantastic levels of engagement and employee experience are actually as a product of the business results (Marchington, et al., 2016).

- This kind of strategy is implemented in big tech firms such as Google (Taylor, 2016, p. 215) where employee experience is put at the forefront and can be afforded by the high levels of profit from ad revenue.
- There is an additional obvious benefit to these measures. The result of Google's investment in employees is loyalty, 'discretionary effort' and, in turn, this creates internal promoters of the brand; thus advertising the organisation as an ethical, fair employer who thousands will apply to work for every day (Taylor, 2016, p. 215).

References

Ambrose, J., 2021. *The Guardian: British Gas workers to strike from Thursday after restructuring talks break down*. [Online]

Available at: <https://www.theguardian.com/business/2021/jan/07/british-gas-workers-strike-thursday-restructuring-talks>

[Accessed 8 January 2021].

Carter, A. & Varney, S., 2018. *Change capability in the agile organisation*. [Online]

Available at:

https://moodle.uwtsd.ac.uk/pluginfile.php/207317/mod_resource/content/1/mp139_Change_capability_in_the_agile_organisation_IES_Perspectives_HR_2018_Alison_Carter_1.pdf

[Accessed 17 January 2021].

Datar, R. & Lamb, P., 2014. *CIPD Podcast: Managing Change*. [Sound Recording] (CIPD).

D'Souza, D., 2020. *Change Management*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/strategy/change/management-factsheet>

[Accessed 11 January 2021].

D'Souza, D., 2020. *CIPD Factsheet: Change Management*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/strategy/change/management-factsheet>

factsheet

[Accessed 8 January 2021].

Faragher, J., 2020. *Personnel Today: Remote working could lead to jobs being pushed offshore*. [Online]

Available at: <https://www.personneltoday.com/hr/remote-working-could-lead-to-jobs-being-pushed-offshore/>

[Accessed 8 January 2021].

Gamba Quilliam, G., 2020. *CIPD Factsheet: Line managers' role in supporting the people profession*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/fundamentals/people/hr/line-managers-factsheet>

[Accessed 7 January 2021].

George, S., 2020. *CIPD Factsheet: HR outsourcing*. [Online]

Available at:

<https://www.cipd.co.uk/knowledge/fundamentals/people/hr/outsourcing-factsheet>

[Accessed 7 January 2021].

Green, D. & Ulrich, D., 2019. *YouTube: myHRfuture: DAVE ULRICH EXPLAINS THE ROLE OF THE HR BUSINESS PARTNER IN A DIGITAL AGE*. [Online]

Available at: https://www.youtube.com/watch?v=n_yfSJ151JQ

[Accessed 12 January 2020].

Green, M., 2020. *Ethical practice and the role of HR*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/culture/ethics/role-hr-factsheet#23810>

[Accessed 14 January 2021].

Green, M. et al., 2019. *Rotten Apples, Bad Barrels and Sticky Situations*. [Online]

Available at: https://www.cipd.co.uk/Images/unethical-behaviour-in-the-workplace_report-2_tcm18-57022.pdf

[Accessed 16 January 2021].

Grochowski, J. & Ulrich, D., 2017. *RBL's HR Effectiveness Audit: How effective is your HR Department?*. [Online]

Available at: <https://www.rbl.net/insights/articles/auditing-the-effectiveness-of-your-hr-department>

[Accessed 17 January 2021].

Marchington, M., Wilkinson, A., Donnelly, R. & Kynighou, A., 2016. Examining the Links between HR Practices and Processes and Organisational Performance. In: M. Marchington, A. Wilkinson, R. Donnelly & A. Kynighou, eds. *Human Resource Management at Work*. London: CIPD, pp. 366-390.

Marchington, M., Wilkinson, A., Donnelly, R. & Kynighou, A., 2020. The Role of the HR Function in Changing Times. In: M. Marchington, A. Wilkinson, R. Donnelly & A. Kynighou, eds. *Human Resource Management at Work*. London: CIPD, pp. 141-169.

McCulloch, A., 2020. *Personnel Today: MPs join unions in urging British Gas/Centrica to end fire-rehire threat*. [Online]

Available at: <https://www.personneltoday.com/hr/mps-join-unions-in-urging-british-gas-centrica-to-end-fire-rehire-threat/>

[Accessed 9 January 2021].

Miller, J., 2017. *CIPD In a Nutshell: HR and line managers – getting the relationship right*. [Online]

Available at: <https://www.cipd.co.uk/news-views/nutshell/issue-64/hr-line-managers-balance>

[Accessed 7 January 2020].

Moore, J., 2008. *The Starbucks “Employee First” Philosophy*. [Online]

Available at: http://brandautopsy.com/2007/01/the_starbucks_e.html

[Accessed 17 January 2021].

O'Halloran, G. & Haden, S., 2020. *CIPD Factsheet: Business Partnering*. [Online]

Available at: <https://www.cipd.co.uk/knowledge/fundamentals/people/hr/business-partnering-factsheet>

[Accessed 8 January 2021].

Pratley, N., 2019. *The Guardian: Sleepy G4S misses warning signs as top shareholder publicly shuns firm*. [Online]

Available at: <https://www.theguardian.com/business/nils-pratley-on-finance/2019/nov/14/sleepy-g4s-misses-warning-signs-as-top-shareholder-publicly-shuns-firm>

[Accessed 9 January 2021].

Purcell, J. et al., 2003. *Understanding the People and Performance Link: Unlocking the black box*, London: CIPD.

Staples, M., 2021. *McKinsey - COVID-19: Implications for business*. [Online]

Available at: <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>

[Accessed 10 January 2021].

Starbucks, 2020. *CULTURE AND VALUES*. [Online]

Available at: <https://www.starbucks.com/careers/working-at-starbucks/culture-and-values>

[Accessed 16 January 2021].

Swift, G., 2016. Human Resource Service Delivery. In: S. Taylor & C. Woodhams, eds. *Human Resource Management: People and Organisations*. London: CIPD, pp. 1-24.

Taylor, S., 2016. Improving Organisational Performance. In: S. Taylor & C. Woodhams, eds. *Human Resource Management: People and Organisations*. London: CIPD, pp. 197-219.

Taylor, S. & Perkins, G., 2017. *YouTube - CIPD - What does a ethical approach to HRM entail? | Stephen Taylor & Graham Perkins*. [Online]

Available at: https://www.youtube.com/watch?v=KtGipKcJ_CQ

[Accessed 15 January 2021].

Taylor, S. & Woodhams, C., 2016. Studying HRM. In: S. Taylor & C. Woodhams, eds. *Studying Human Resource Management*. London: CIPD, pp. 1-19.

Ulrich, D., 2015. *YouTube - The RBL Group - HR Transformation: Four Steps of HR Transformation*. [Online]

Available at: <https://www.youtube.com/watch?v=xopVImEkoFo>

[Accessed 13 January 2021].

Ulrich, D., 2018. *Human Resources (HR) Business Partner 2.0*. [Online]

Available at: <https://www.rbl.net/insights/articles/human-resources-hr-business-partner-2-0>

[Accessed 13 January 2020].

Ulrich, D. & Dulebohn, J. H., 2015. Are we there yet? What's next for HR?. *Human Resource Management Review*, Volume 25, pp. 188-204.

Wilkinson, K. & Taylor, S., 2016. Managing and Coordinating the HR Function. In: S. Taylor & C. Woodhams, eds. *Studying Humn Resource Management*. London: CIPD, pp. 21-41.

Bibliography

Alfes, K. et al., 2013. The Relationship Between Line Manager Behaviour, Perceived HRM Practices, and Individual Performance: Examining the Mediating Role of Engagement. *Human Resource Management*, 52(6), pp. 839-859.

Baczor, L. & Zheltoukhova, K., 2017. *HR professionalism: What do we stand for?*, London: CIPD.

Bersin, J. & Spratt, M., 2020. *The Big Reset Playbook: What's Working Now*, California: Josh Bersin Academy.

Green, D. & Ulrich, D., 2019. *YouTube - myHRfuture - DAVE ULRICH EXPLAINS THE ROLE OF THE HR BUSINESS PARTNER IN A DIGITAL AGE*. [Online]

Available at: https://www.youtube.com/watch?v=n_yfSJ151JQ

[Accessed 12 January 2020].

Guest, D., 2011. Human resource management and performance: still searching for some answers. *Human Resource Management Journal*, 21(1), pp. 3-13.

Guest, D. & Conway, N., 2011. The impact of HR practices, HR effectiveness and a 'strong HR system' on organisational outcomes: a stakeholder perspective. *The International Journal of Human Resource Management*, 8(22), pp. 1686-1702.

Lamb, P., Balogun, J., Sutherland, J. & Oswick, C., 2015. *CIPD Podcast: Landing Transformational Change*. [Sound Recording] (CIPD).

Lucy, D. & Shepherd, C., 2018. *Organisational Resilience*; Sussex: Roffey Park Institute.

Ulrich, D., 2016. *YouTube - We Are Hexa - Dr. Dave Ulrich - The Future of HR*. [Online] Available at: <https://www.youtube.com/watch?v=57PmDk73u7I> [Accessed 13 January 2020].

Ulrich, D. & Dulebohn, J. H., 2015. Are we there yet? What's next for HR?. *Human Resource Management Review*, Volume 25, pp. 188-204.