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Signed: N. Williams

Date: 15th December 2018

Understanding the Contemporary Human Resources Function

NIA WILLIAMS

Areas to be covered

- ▶ Views on the function of HR and how it is evolving.
- ▶ How HR can contribute to effective change management.
- ▶ Different ways HR services can be delivered.
- ▶ HR and line managers.
- ▶ HR and Ethics.
- ▶ How HRs contribution can be evaluated.
- ▶ Link between HR and positive organisational outcomes.

This presentation will outline the view on the function of HR and how it is evolving. Examples of how HR can contribute to effective change management and the different ways HR services can be delivered will be given. Examples of how HR can work with line managers and why HR should be ethical will be outlined. How HR's contribution to the organisation can be evaluated will be given along with an evaluation of research that demonstrates the link between HR and positive organisational outcomes.

Purpose/objective of HR

Purpose:

- ▶ "Support the delivery of Organisation's strategy and objectives".
- ▶ HR strategy/activities need to align with business strategy/objectives.
- ▶ Centre of business performance.
- ▶ Drive decisions.

Objective:

- ▶ Response to the environment.
- ▶ Attracting and retaining people with the required skills and experience.
- ▶ Developing people.
- ▶ Maximising performance.
- ▶ Involvement.



(Taylor and Woodhams, 2016, p. 22)

According to Taylor and Woodhams (2016, p.22), the purpose of the HR function is to “support the delivery of the organisation’s strategy and objectives through the effective management of people and performance”. The HR strategy and its activities should be aligned with the organisation’s strategy/objectives. HR is at the centre of business performance where professionals drive decisions.

HR responds to developments in the business environment. HR is about attracting and retaining people with the right skills and experience and developing them to maximise their performance by involving and engaging them.

CIPD Profession Map



(CIPD, 2015)
(CIPD, 2018)

The Profession Map “sets the international benchmark for the people profession. It is used to help people make decisions, drive change in the organisation and help HR professionals progress in their career” (CIPD, 2015).

The map is flexible and allows HR professionals to make decisions based on principles and evidence. CIPD have created the central purpose of the map so that HR professionals bare this section in mind, as everything they do will affect how they are perceived by society (CIPD, 2018).

Transactional/ transformational

- ▶ **Transactional work** – Administration .
- ▶ **Transformation work**-Change management/continuous improvement.

Horizontal and Vertical Integration

- ▶ HR strategies should fit in with one another (horizontal)
- ▶ HR policies, strategies, practices need to align with business strategy (vertical).
- ▶ The greater the degree of integration, the more effective HR strategy will be.

(Marchington et al, 2016 p.142-5)
(Taylor and Woodhams, 2016 p.22)

HR work can be divided into two categories (Marchington et al, 2016 p.142-5).

Transactional is the day to day administrative duties such as data entry and dealing with job applications. **Transformational** is through work such as change management and continuous improvement. In the future, it is possible that transactional work may be taken over by robots. The characteristic of HR strategy is its integration with business strategy. All HR strategies should fit in with one another and be horizontally integrated. HR professionals need to make sure policies/strategies/practices are aligned with business strategy vertically (Taylor and Woodhams, 2016 p. 22).

How HR is Evolving



(Taylor and Woodhams, 2016 p.23)

According to Taylor and Woodhams (2016, p. 23) the evolution of people management dates back to the Industrial Revolution where personnel departments were needed to look after the wages and welfare of workers. Some activities consisted of wage administration and an attempt to increase productivity via wage increases and training.

Towards the end of the 20th century there was a move towards Human Resource Management where there was a realisation that non monetary rewards could lead to greater productivity and motivation. Employees were seen as valuable and not “cogs in a machine”. HRM was concerned with increasing commitment and loyalty and employee benefits.

Further shift at the end of the 20th century was made to Strategic Human Resource Management. A growth in technology and knowledge now means that employees are viewed as assets and a competitive advantage. Some activities include linking HR practices to organisation strategy and training and development linked to encouraging innovation.

Different arrangements of HR within organisations

- ▶ Private sector.
- ▶ Public sector .
- ▶ 3rd sector.



(Taylor and Woodhams, 2016 p.45-8)

There are different arrangements of HR within organisations (Taylor and Woodhams, 2016 p. 45-8).

Smaller private companies employ one or two people to carry out basic functions. HR managers tend to be generalists and pay for specialised advice. HR is informal and have less policies/ procedures.

Larger private companies have larger teams. They are strategic, and contain generalists/specialists. Administration is delegated to line managers or out sourced in a shared service.

The **public sector** has large departments where a HR Director is prominent. It is publicly funded and open to scrutiny. Trade Unions are present, so national pay scales are used. HR carry out a range of tasks, specialists often being employed to work alongside generalists.

Third sector – Applies to not for profit organisations such as, co-operatives, charities and universities/schools. HR carry out basic, administrative activities. HR generalists tend to cover large areas. They are more commercially minded and have a more sophisticated approach.

Change Management

Controllable:

- ▶ Involvement.
- ▶ Looking at skills available.
- ▶ Assessing impact.
- ▶ Understanding concerns.
- ▶ Appropriate communication .
- ▶ Evaluating on impact of change.

Uncontrollable:

- ▶ How change can affect people.
- ▶ Need to carefully plan change.
- ▶ Encourage buy in.



(Taylor and Woodhams, 2016 p.32)

Organisations go through major change every three years. HR can contribute to the development of change by involvement at the initial stage, advising project leaders in skills available, understanding stakeholder concerns and appropriate medium of communication to reach employees. They can also evaluate the impact of change on HR by looking at statistics such as absence levels (Taylor and Woodhams, 2016 p.32). Individuals and their reaction to change are uncontrollable. HR need to be aware of how change can affect people by looking at different emotions people go through. They need to thoroughly plan for change and get employees opinions. It is also important to involve people in planning and implementation. They also need to encourage “buy in” of change especially through recruitment/induction so that employees are change ready (Taylor and Woodhams, 2016 p.32).

HRD interventions

- ▶ Enhancing employees responsiveness to change.
- ▶ Enhancing the ability of employees to adapt to change.
- ▶ Coaching and mentoring activities.



(Taylor and Woodhams, 2016 p.35)

Training and development can help with change by enhancing employee responsiveness to change where employees can be aware of what is happening. T&D can also help employees to adapt to change by addressing any skills gaps that arise and coaching/ mentoring activities for those finding it difficult to cope (Taylor and Woodhams, 2016 p.35).

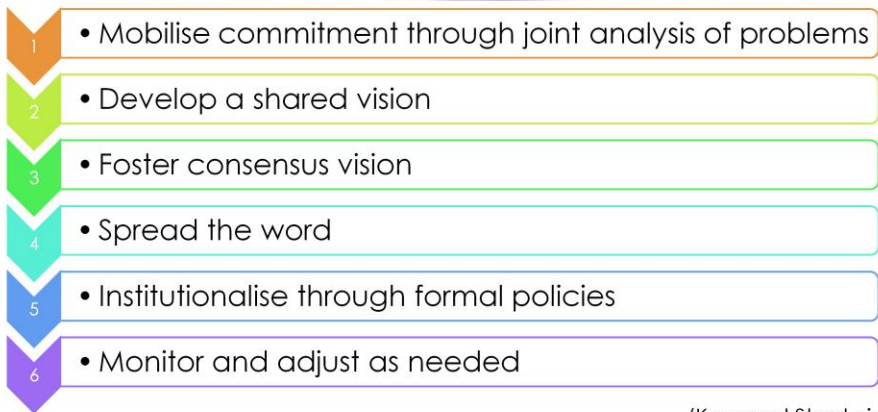
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CIPD (2017), states the different ways to communicate with employees:

Bottom-up channels – (employee participation and idea generation. Consultations and workshops).

HR and managers need to quickly respond to issues and learn from previous change. It is important to celebrate successful change efforts by reassuring employees.

Beer'S 6 model of change



(Kew and Stredwick, 2010 p. 461)

HR's intervention is crucial at each state of Beer's model of change (Kew and Stredwick 2010, p.461).

Mobilise commitment to change through joint analysis of problems by benchmarking against other organisations who have gone through similar changes, conducting a SWOT analysis/ workshops to encourage change.

Develop a shared vision by understanding the culture and supporting and directing the visions which underpin the culture.

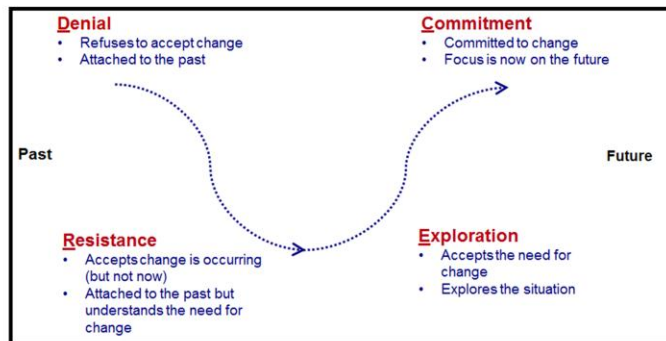
Foster consensus and commitment to the shared vision. Organisations often appoint champions to embed change alongside HR.

Spread the word about the change. This can be done through holding workshops, events and functions for the workforce.

Institutionalise the change through formal policies such as through changing policies and introducing reward systems to support the change.

Monitor and adjust as needed for instance flexible development policies, responsive to need for new competencies.

DREC MODEL



(Kew and Stredwick, 2016 p.81-2)

The DREC model demonstrates how individuals cope with change (Kew and Stredwick, 2010, p. 81-2).

At the **denial** stage, an employee is in shock and refuses to accept change. They can become unmotivated and unproductive. HR and managers need to help employees to understand why the change is good. Letting employees participate in the change from the beginning/ keeping them informed will make them feel valued/secure.

At the **resistance** stage employees realise that there is no way to avoid the change. Employees experience anger and fear which can impact on morale and productivity. HR and managers need to listen to employees concerns, and encourage them to pass through this stage.

At the **exploration** stage, employees start to understand their role in the change process by exploring the idea. They might not accept the change at this stage. HR need to provide them with knowledge and training that will make them feel comfortable and secure.

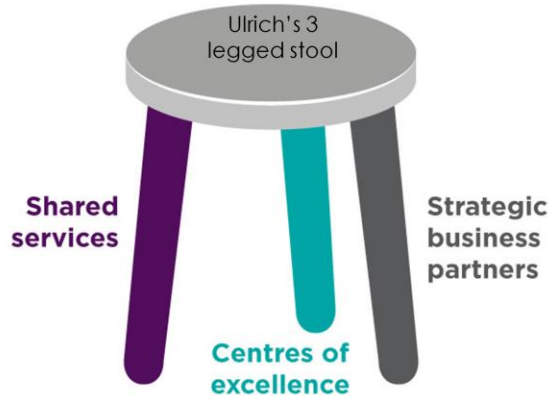
The **commitment** stage is short-lived. Employees have an acceptance for change and productivity/emotion has been restored. It's important for HR and managers to acknowledge and reward employees for contributing to the change to keep them motivated and committed.

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(Taylor and Woodhams, 2016 p.26)

Outsourcing refers to purchasing a service from an external source. Some organisations outsource entire support functions or parts of a function such as payroll, training and recruitment (Taylor and Woodhams 2016 p.26).

Ulrich's 3 legged stool model



(Armstrong and Taylor, 2016)

The three legged stool model formed by David Ulrich illustrates the HR service delivery (Armstrong and Taylor, 2016). It is based on three different types of HR professionals:

HR business partners: Senior HR professionals working closely with business leaders or line managers, usually embedded in the business unit, influencing and driving strategy and implementation.

Centres of excellence: Small teams of HR specialists developing and delivering HR solutions in areas such as reward, learning, engagement and talent management.

Shared service centre: a large unit that handles the routing "transactional" services across the business.

HR and line managers

- ▶ Advice
- ▶ Direct support
- ▶ Help with building capabilities

Some Line Manager Duties:

- Day to day management
- Implementing policies
- Supporting L&D
- Manage operational costs
- Advice/direct support

Supporting line managers:

- ▶ Strong, supportive framework.
- ▶ Appropriate training and development.



(CIPD b, 2018)

HR and line managers need to work effectively together. HR can help line managers with advice to certain issues, act as direct support and help with building line manager capabilities. HR managers need to make sure that key HR information, policies and procedures are communicated to line managers through constant training.

Line managers manage the day to day operations and people. They implement policies, support the L&D activities of their team, engage with and demonstrate consistency of organisation policy and manage operational costs.

Line managers need to be managed with a strong, supportive framework. This will enable them to develop self-confidence and a sense of their own role in the organisation (CIPD b, 2018).

Ethics

- ▶ Doing the right thing because it's the right thing to do.
- ▶ Driven by economic goals.
- ▶ Responsibility to be ethical.
- ▶ Reputation can be damaged.
- ▶ 8 Ethical lenses:



(Webley, 2016)
(Taylor and Woodhams, 2016 p.37)

According to Webley (2016) being ethical can be defined as “doing the right thing because it’s the right thing to do”. It is about being fair, honest, open, trusting, loyal and respectful to business behaviour”. Acting ethically will lead to a happier, fulfilled workforce which will increase productivity and profits. This will also result in a positive societal opinion of the organisation.

HR plays a vital role in facilitating an ethical culture. They are responsible for acting ethically throughout all processes such as recruitment, induction and reward.

HR also have the responsibility to be ethical through the following (Taylor and Woodhams, 2016 p. 37):

Equality of opportunity (policies and procedures that guarantee fairness for all).

Diversity (training for all management on the importance of diversity and taking action to promote the interests of under-represented groups).

Dignity at work: (Clear policy that is communicated to all employees at induction and training on the importance of respect and dignity at work).

Work life balance (ensuring that the organisation is meeting legal expectations for instance, communicating employee rights and the importance of work life balance to all staff.)

Health and well being (develop a policy around health and well being at work and champion the importance of employee health and well being to all staff).

They also have the role of complying with legal requirements such as minimum wage and maternity and parental rights.

There are 8 ethical lenses HR can look through in order to help make the right decision. These consist of fairness, merit, markets, democracy, well-being, rights and duties, character, handling down (CIPD, 2015).

Risks can occur when an organisation act unethically (CIPD, 2017). Acting unethically can be harmful to their credibility and employees will be cynical. Dilemmas arise when what’s right and wrong are not clear. Everyone’s version of this are different and ethical values are determined by how we live our lives. People’s personal values may not align with organisation values.

Examples of non-ethical practice is lying to employees and financial misconduct. Sport Direct is an example where they were paying workers less than minimum wage and failing to guarantee hours to employees (Ashby and Goodley, 2015).

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(Taylor and Woodhams 2016, p.36)

Corporate responsibility is concerned with the sustainability of an organisation's ethics over the long term (Taylor and Woodhams, 2016 p.36). CSR seeks to add value to an organisations activities through ensuring a positive impact on society, environment and the economy. The core of CSR is to reduce the risk of corporate disaster.

How HR's contribution to the organisation can be evaluated:

- ▶ HR Statistics
- ▶ KPI's
- ▶ Balanced Scorecard

▶ **Quantitative:**

- Staff costs
- Turnover, stability
- Staff development
- Absence

▶ **Qualitative:**

- Employee satisfaction surveys
- Feedback from current employees – focus groups
- Feedback from applicants
- Exit interviews



(Taylor and Woodhams, 2016 p.30)

Evaluation of activities has traditionally focussed on efficiency (cost effectiveness) and effectiveness (meeting its objectives). According to Taylor and Woodhams (2016 p.30) HR can be evaluated through:

HR statistics (number of job applications and absence figures). This is useful when benchmarking to previous years and against competitors.

Key Performance Indicators (need to create a SMART target for each activity in order to assess performance).

Balanced Scorecard (a list of performance measures with a high level strategy map showing how these measures relate to each other and the firms objectives. Measures are grouped under: customer, financial, internal business process and learning and growth.)

Effectiveness can be measured by quantitative data such as staff costs, staff development and absence levels. It can also be measured by qualitative data such as satisfaction surveys, focus groups and exit interviews.

Other ways of evaluating HR is through service level agreements (a contract between an organisation and the end user that defines the level of service expected from them).

Link between HR and positive organisational outcomes

- ▶ “Black Box”.
- ▶ AMO Model.
- ▶ 10 best practices.
- ▶ Akhtar et al (2008).
- ▶ Katou et al (2014).

OUTCOMES



(Purcell et al 2003, p.141)
 (Kew and Stredwick, 2010 p.143-16)
 (Marchington et al. 2016 p.369-371)

Researchers have tried to link HRM with business performance by unlocking the “black box”. The main theories behind this is the AMO model (ability, motivation and opportunity) by Purcell et al (2003, p.141). A combination of the three, will lead to greater performance.

Kew and Stredwick (2010 p.413-16) identifies 10 best practices that are linked to high levels of employee commitment/involvement. A bundle of best practice will contribute to greater organisational performance.

Akhtar et al (2008) links HR to positive organisational outcomes (Marchington, et al., 2016b p.369-371). They sampled 465 firms in 3 cities in China. They studied professional/managerial employees where they found that HRM practices such as training, participation, results-orientated appraisals and internal career opportunities affect both product/service and financial performance. This study also found that employment security and job descriptions contribute to product/service performance, whereas profit sharing contributed to financial performance (Marchington, et al., 2016b p.369-371).

The weaknesses is that the results doesn't represent China given its population. The study was cross sectional and not capable of ascribing causality. The study cannot be applied to other settings because the sample “were foreign owned or foreign invested organisations that are likely to be trendsetters within the Chinese economy”. Another weakness is that they were unable to get opinions from employees themselves.

A positive to this study is that it was supported by researchers Zhang and Li who found that high performance HRM such as training, employee participation, detailed job description leads to positive performance (Marchington, et al., 2016b p.369-371).

Katou et al (2014) studied Greece to see the relationship between HR and performance (Marchington, et al., 2016b p.369-371). They proposed a model which argues that perceived HR practices such as resourcing, training, rewards and relations have an impact on employee reactions such as motivation, commitment, work engagement and organisational behaviour. This link is mediated by processes such as distinctiveness, consistency and consensus.

They argued that employee reactions have a positive impact on performance outcomes such as productivity, growth and creativity.

All three outcomes were based on employees perceptions and measured at the individual level but then employee responses were aggregated to reflect the collective perceptions of the HRM system, reactions and performance. By distributing 1,250 questionnaires to employees working in 133 public and private organisations they found that employee reactions positively and partially mediate the relationship between perceived HR practices and performance.

The advantage to this approach is that they asked employees to take part in the questionnaire from public and private organisations. They also found a positive link between perceived HR practices and performance. The advantage is that cross sectional studies are inexpensive, the researcher can gather plenty of information quickly and it's useful to see patterns/make comparisons between groups/scenarios.

The disadvantage to the study is that it was cross sectional (“data collected in a standardised form from groups/individuals at a single point in time”). The questionnaire itself was distributed to 1,250 employees in 133 organisations and therefore not representative of the population of Greece.

Summary:

- ▶ “Support the delivery of Organisation’s strategy and objectives”.
- ▶ PM to HRM to SHRM.
- ▶ Controllable and uncontrollable.
- ▶ DREC model.
- ▶ Centralised, decentralised ,account management, shared Services, outsourced, the Ulrich Model.
- ▶ HR and line managers (advice, support and building capabilities).
- ▶ Responsibility to act ethically.
- ▶ HR’s contribution can be evaluated through HR statistics, KPI’s and balanced scorecards.
- ▶ Ashtar et al (2008) and Katou et al (2014).

In summary, the purpose of the HR function is to “support the delivery of organisation’s strategy and objectives”. HR has evolved from personnel management to HRM to SHRM. It is important that HR respond to change by addressing both the controllable and the uncontrollable and understand the emotions employees go through with change. Different models of HR service deliveries include centralised, decentralised, account management, shared services, outsourced and Ulrich. HR can work with line managers to deliver services through advice, direct support and helping with building line manager capabilities. It is also important that HR act ethically throughout all processes. HR’s contribution to the organisation can be evaluated through KPI’S, HR statistics and balanced scorecards. Two research studies linking HR to positive organisational outcomes are Ashtar et al (2008) and Katou et al (2014).

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