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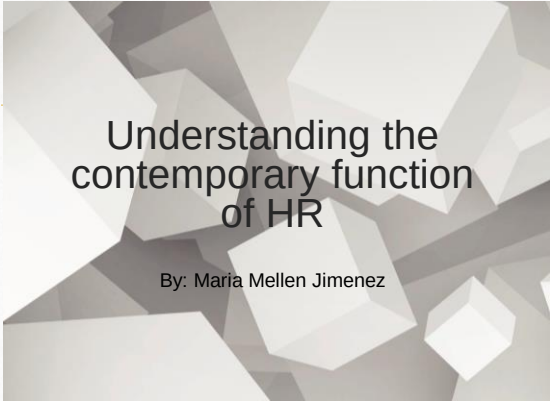
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Signed: Maria Mellen Jimenez

Date: 29/01/21



Understanding the contemporary function of HR

By: Maria Mellen Jimenez

Objectives

- Understanding the HR function and the evolution of its objectives
- Understanding the importance of HR in change management
- Different ways of delivering HR services
- How HR and line managers can support each other
- Ethics in HR management
- How the contribution of the HR function can be evaluated within the organisation

The purpose of the HR function

- Wilkinson and Taylor (2016): To reinforce the delivery of the organisation's strategy and objectives by managing effectively people and performance.
- CIPD: This is achieved by the people professionals who work within the business by recruiting, developing and managing the staff performance.

On the slide we can read the definition of the HR Function by Wilkinson and Taylor (2016). The HR strategy and actions should be associated with the business ones, and it is developed by the people professionals working in the organisation.

In the past, the main functions of HR were related to the employee development in the company, dealing mainly with recruitment, induction and salary administration but nowadays the aim is supporting the company's performance.

Key objectives of the HR function

MAIN OBJECTIVES	ADDITIONAL OBJECTIVES
Recruiting and retaining staff	Staff well-being
Staff development	Ethical recruitment and performance management
Increase their performance	Employment law
Engagement in the organisation's work	Build company's reputation (efficiency)

According to a survey by the CIPD in 2007, the main objectives that the HR professionals identified were recruiting and retaining staff, staff development, increase their performance and engagement in the organisation's work.

But there are further objectives for the HR professionals whose importance varies depending on the business needs or external issues that may affect the employees.

As stated by another CIPD survey (2020), Covid-19 caused a change on the HR objectives, being the main priorities employee well-being, employee engagement and employee retention.

Evolution of the HR function

Personnel Management	Human Resource Management	Strategic Human Resource Management
• Industrial Revolution • People seen as part of a company machine • Employee record-keeping • Performance appraisal • Policies for recruitment, training and wages • Welfare initiatives • Productivity increase by wage rise • Training with trade unions	• End of 20th century • Staff motivation by non-financial factors • People seen as valuable resources • Main concerns: recruitment and development	• End of 20th century • Progress of technology and skills-based trades • People seen as assets • Connect HR to the company strategy • Fixed-term contracts • Talent development • Employee participation • Assessing the value added by HR actions • Compensation and contribution linked

The function of HR evolved from Personnel Management to Strategic Human Resource Management. We can see a more detailed explanation of the functions on the table.

Transactional vs Transformational HR functions

TRANSACTIONAL

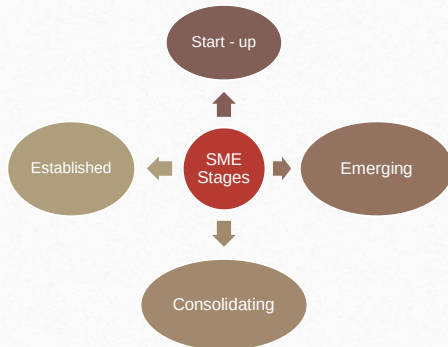
- Administration
- Workplace policies
- Recruitment
- Termination
- Exit interviews

TRANSFORMATIONAL

- HR and business strategies aligned
- Training and development connected to innovation
- Enriching work experience
- Plan Talent development
- Manage Performance and talent against appraisal
- Employee contribution

At the end of the 20th century, Personnel Administration evolved into Human Resources, which is divided also into Transactional and Transformational or Strategic HR. On the table above we can see the different functions of each one.

Functions as per CIPD Map 2013 for SME



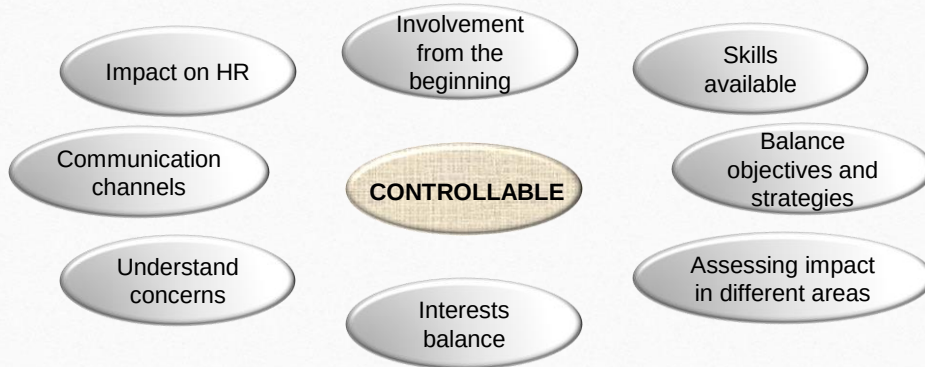
Different functions depending on stage:

- People management procedures
- Areas of development
- Behaviours needed
- Skills to deliver HR services
- New practices to grow
- Activities to manage people

CIPD HRP Map (2013): It contains four different approaches to help the SME to develop themselves in different aspects, depending on the stage of the organisation in terms of growth, transition or maturity.

A detailed explanation of each stage may be found on the following link on the CIPD website: <https://www.cipd.co.uk/learn/profession-map/2013-profession-map/user-guide>

How HR can contribute to effective change management



There are two aspects to consider when speaking about the HR contribution to change management: controllable and uncontrollable.

The Controllable can be defined as any process that can be created and put into action within the organisation. HR can contribute as follows:

- Involvement from the beginning of the project.
- Informing project managers of any existing skills within the company and detecting any needs for training or new ways of working.
- Balance of short term objectives with larger strategic goals.
- Evaluating the impact in different areas of the organisation.
- Balance of different interests depending on the stakeholder.
- Understand concerns to predict problems.
- Choosing the right communication channel depending of audience.
- Assessing the impact of the changes on HR: absence reports, staff turnover, etc.

How HR can contribute to effective change management (cont.)

THE UNCONTROLLABLE

Culture that embraces change

- Employee focus groups
- Satisfaction questionnaires

Communication

- Top-down channels
- Bottom-up channels
- Two-way discussion

HRD Interventions

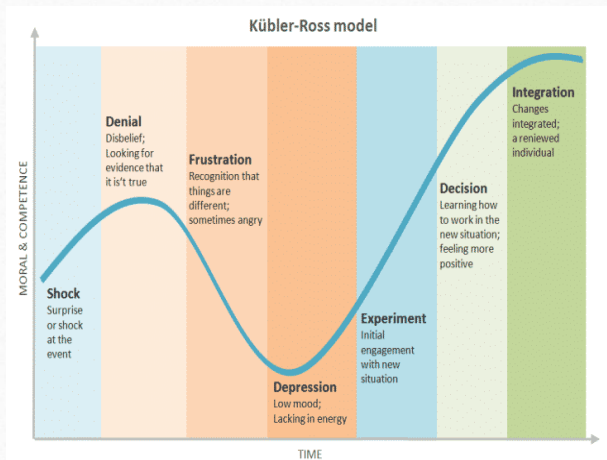
- Coaching and mentoring
- Increasing employee reaction to change
- Increasing the staff's capability of adaptation to change

The Uncontrollable aspects includes the people and their reactions in terms of changes.

HR can contribute to change within the organisation in three ways:

1. Change-orientated culture: With activities such as employee focus groups, satisfaction questionnaires, etc.
2. Communication, in three different ways:
 - Top-down channels: senior managers will speak to the employees directly.
 - Bottom-up channels: employees offer ideas and feel included in the change.
 - Two-way discussion: meeting between the line managers and the staff to discuss any matters and the changes that will take place.
3. HRD interventions, by:
 - Coaching and mentoring the employees who show a negative attitude towards change.
 - Increasing the employee reaction to change, focusing on any skill gaps.
 - Increasing the staff's capability of adaptation to change, explaining how important it is to be aware of any external factors that can impact the

business.



The Kübler – Ross model

The 5 stages of emotional response to change and HR actions

- Denial: Basic information
- Frustration: Increase communication
- Depression: Motivation
- Experiment: Skills development
- Decision: Communicate knowledge

There are a few models that the professionals may use to deal with the way employees respond to change, Lewin's and Kübler – Ross. I will focus on the last one:

As we can see in the chart, according to Kübler – Ross (1969), there are five different stages that people go through when change happens. People move into the stages in no particular order and may return to any stage at any point or stay in one and not move from there.

In each stage, HR can help by developing some actions:

- Denial: Inform of the basic changes to the employees, eluding any information that is not relevant.
- Frustration: Stay calm and clear communication.
- Depression: Motivation, open to suggestions from the employees, offer rewards,
- Experiment: Skills development, exciting training for new responsibilities.
- Decision: Communicate knowledge. Improve the strategy based on the previous stages.

Different models of HR service delivery

TRADITIONAL MODELS

HR Generalist	HR Specialists
Sole HR practitioners Knowledge of all HR areas Variety of tasks Small-size companies	Specialised in specific areas of HR Deep understanding of their area: • Recruitment • Learning and Development • Employee Engagement • Etc. Large companies

As stated by the CIPD (2015), there is more than one model to deliver HR services in the organisations, depending on its strategy, structure, customer's requirements, size and maturity.

The traditional models, or One-Team HR Models, are HR Generalist and HR specialists, whose differences are explained above.

Different models of HR service delivery (cont.)

SHARED SERVICES

Corporate service across large company

Costs reduction

Shared expertise

Better quality of service (efficient, consistent)

OUTSOURCING

Recently common in offices

Better quality of services (specialists)

Company can focus on strategic aspects

Regular evaluation

HR CONSULTANTS

Contracted to advise on specific matters

Strategy development

Contract signed per project

Higher level of experience

According to Taylor and Woodhams (2016), there are also other models. While the Shared Services model team is part of the organisation, both Outsourcing and HR Consultants are external services that have been purchased for different reasons, as we can see on the chart above.

Different models of HR service delivery (cont.)

ULRICH'S "THREE – LEGGED STOOL" MODEL



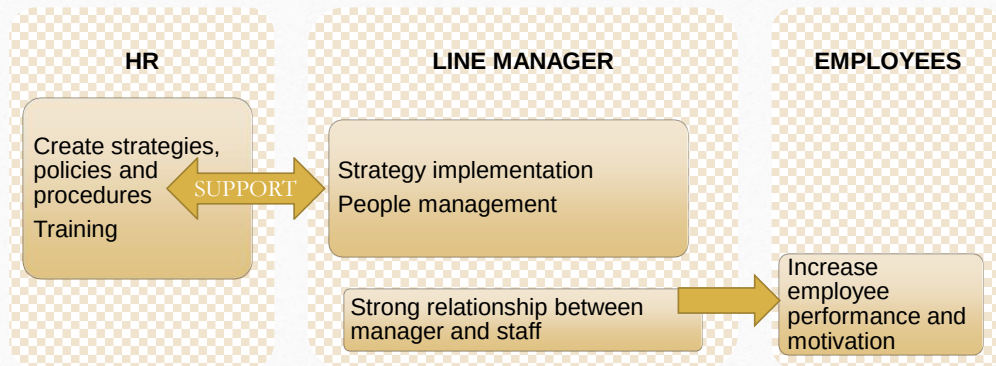
CIPD 2020

Strategic Business Partners	Shared Services	Centres of Excellence
• Senior or key HR professionals • Work with business leaders or line managers. • Strategy implementation • Business focus	• Transactional services (admin) • Might provide advice on ER or policies.	• Recommending solutions to needs • Work with Business Partners • L&D • Employee Engagement • Talent • Rewards

The 'Three – legged stool' model was developed by David Ulrich in 1997, where we find three different types of HR professionals, as we can see above, along with their features.

The organisations following this model tend to be both large private and public sector companies. In 2010, the CIPD published a survey (*HR Survey*), where 30% of the responses from large businesses identified their structure to the Ulrich model.

HR work with Line Managers



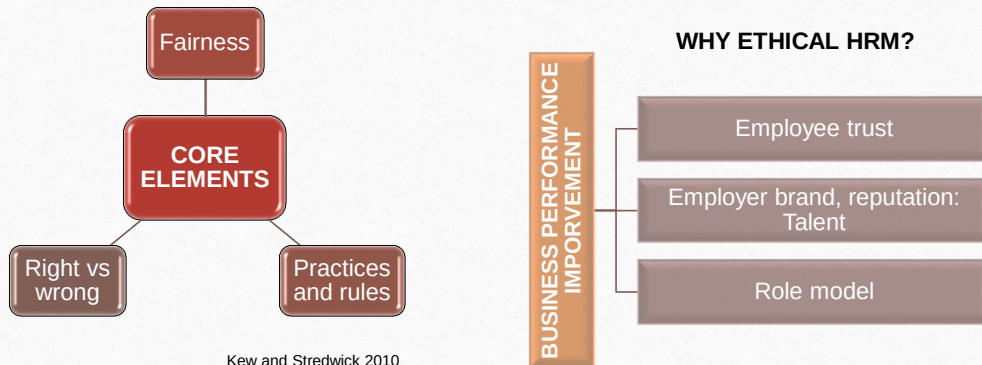
To be able to effectively manage people and deal with performance issues within the business, the HR team has the support from the line managers, whose main responsibilities would be the implementation of HR strategies, policies and practices.

It is also important that the line managers receive frequent training to implement them. At the same time, they need to understand how important it is to rely on the HR team when having doubts on how to deal with complicated matters.

Hutchinson and Purcell (2003) outline the importance of the delivery of HR by line managers, as their behaviour is the key feature in terms of variations in job satisfaction and organisational development. A strong relationship between managers and staff increases employee performance and motivation.

Ethics in HR

'The rules of conduct recognised as appropriate to a particular profession or area of life' (Oxford English Reference Dictionary)



Kew and Stredwick (2010) quote a definition of ethics that has three core components: fairness, determining what is right or wrong, and the practices and rules that underline the conduct between groups and individuals.

The reasons why HRM should be ethical are as follows:

- Ethical behaviour to develop and maintain positive relationships with the employees. HR must act fairly at all times so workforce can trust it.
- Ethical standards have an impact on the employer brand and reputation, which will attract talent.
- Role-modelling.

The Ethical HR practices benefit the organisations by securing employee commitment, their workforce's trust and loyalty and improved organisational performance.

One of the ways that HR have to promote ethical behaviour is through a Code of Ethics. According to Schwartz (2001), this would be a written and formal document which contains moral principles to manage employee or organisational behaviour. This code contains sections which explains the expected behaviours of the employees regarding different matters.

Ethics in HR (cont.)

THE EIGHT ETHICAL LENSES

Fairness

Everyone in an organisation should be able to agree to it, whatever their place in it.

Merit

Jobs and their rewards should track talent and hard work.

Markets

Jobs and their rewards should follow from voluntary market exchanges.

Democracy

No one should be subject to a regime in which they have no say.

Well-being

Work should be good for us.

Rights and Duties

Everyone has rights to do some things and to be free of some things, and everyone has duties not to violate others' rights.

Character

Each of us should work to develop the best ethical character for our roles.

Handing Down

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.

In order to help the HR professionals to make any decision in any context when dealing with unexpected situations, the CIPD has produced the Eight Ethical Lenses. They have different points of view on workplace problems, with questions that the person making the decision must have answers to. Some lenses investigate the effects of our decisions, while others advise on how the results of the decisions should be delivered.

Example of ethical behaviour



COMMUNITY	EMPLOYEES	ENVIRONMENT	MARKET PLACE
• Raising funds for British Red Cross • Donations to local food banks	• Improved H&S practices • Ethnic and cultural diversity • Different cultural background • Flexible working	• Reduce the energy consumption and CO2 emissions (Kyoto Protocol) • Disposal of used products • Recycling materials in store • Waste contractor with EPA licence	• Long trade supplier relationship for good quality products at competitive prices

Tesco developed a Corporate Social Responsibility within its strategy in four main groups: Community, employees, environment and market place, as we can see on the table above.

In terms of legal compliance, Tesco has to follow laws from the United Kingdom, the EU and worldwide, such the Kyoto Protocol in terms of climate change.

The organisation's main priority is still maximising profits, but the corporate social responsibility has also a high significance as its values are also related with the environmental impact, how the employees are treated and the activities that Tesco promotes to support local communities and projects.

This has had a positive effect in the way Tesco is seen as a sustainable company and where its employees have a positive attitude and motivation.

Example of unethical behaviour

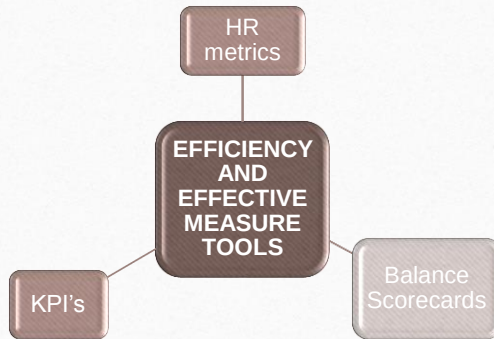
boohoo



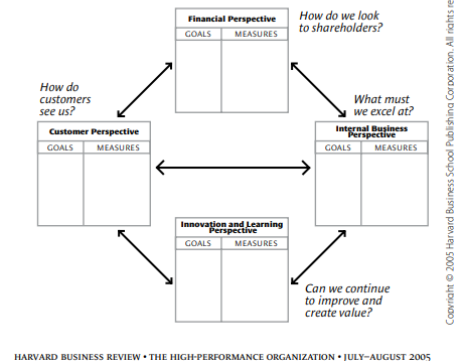
In July 2020, an investigation by The Sunday Times found that the workers in a factory that makes clothes for Boohoo were being paid £3.50 an hour. It also declared that the factory had little measures in place to avoid the spread of Covid-19, especially as the factory was based in Leicester and the city was under local lockdown measures at the time of the investigation.

These actions, whether they were known by Boohoo or not, had a negative impact on the company value itself, as the company's price share fell first a 16% and then a further 12%. Also, Next and Asos, who sell Boohoo's garments, decided to remove these items from their website.

The evaluation of the HR contribution



The Balanced Scorecard Links Performance Measures

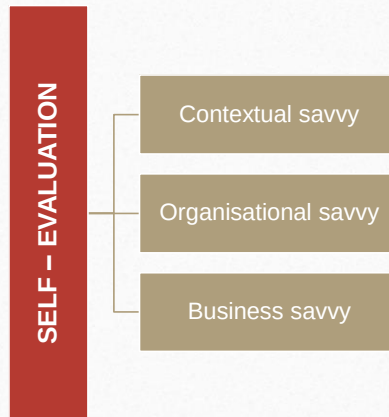


The CIPD (2018) establishes that the only way of promoting the significance of the people professionals in companies is by assessing their work and the value added to the organisations, both for workers and collectively.

We can enumerate three tools:

1. HR metrics: Useful when benchmarking both internally (comparing different areas of the business to point out any problem, or contrasting how the organisation is performing against the previous years. Examples of these metrics could be: absence figures, training hours spent, new starters, etc.
2. KPI's (Key Performance Indicators): The most critical features of the HR performance that are more crucial for achieving the organisation's objectives, which include a target and the assessment of the performance compared to this target. These indicators are SMART.
3. Balance Scorecard: It is a list of agreed of performance measures to achieve the organisation's goals under four perceptions: customer, financial, internal business and learning and growth (innovation and learning).

The evaluation of the HR contribution (cont.)



HR professionals also need to be able to evaluate their skills to check if they own the 'three savvies' involved in 'insight – driven':

- 1) Contextual savvy: Being aware of the external aspects and trends which may affect the organisation in both the present and the future.
- 2) Organisational savvy: Understand the people and cultural facets of the organisation.
- 3) Business savvy: Having an accurate knowledge of how the company shows a profit and the most important aspects when exploring the present and future commercial strengths.

The link between HR and positive organisational outcomes: Published research examples



THE RELATIONSHIP BETWEEN
LINE MANAGER BEHAVIOR,
PERCEIVED HRM PRACTICES, AND
INDIVIDUAL PERFORMANCE:
EXAMINING THE MEDIATING
ROLE OF ENGAGEMENT
KERSTIN ALFES, CATHERINE TRUSS, EMMA C.
SOANE, CHRIS REES, AND MARK GATENBY

- Patterns between HRM systems and line manager behaviour.
- Cross-sectional study.
- 1796 respondents, 2 different companies.
- Strengths: Individual's self reports.
- Weaknesses: Data gathered at one exact point
- Key findings:
 - ❖ Positive link between HRM systems and line manager behaviour with employee engagement.
 - ❖ Employee engagement mediation with self-report individual performance and innovative work.

For years, several studies have been focused on the link between HR and the positive organisational outcomes. I will be evaluating two different research projects.

The first one, 'The relationship between Line Manager Behaviour, perceived HRM practices, and individual performance: Examining the mediating role of Engagement', by Alfes, K.; Gatenby, M.; Rees, C.; Soane, EC. and Truss, C. (2013), observes the job of the line manager as a connection between HRM practices and individual performance outcomes, concentrating it on the performance of tasks and innovative work behaviour. The researchers had an interest in investigating the patterns between HRM systems and line manager behaviour and their connection with engagement and self-report individual performance.

The studies were organised on two different companies in the service – sector in the United Kingdom using structural equation modeling. The method used for research was a cross-sectional study on a sample of 1796 respondents.

The limitations they found with this research method was that the data is

gathered at one exact point, which restricts the conclusions generated from the causal order of the relationship.

Within the strengths we find that, even if the self-reports from the individual's are a common method bias, the results were constant on both organisations.

The key findings from this research are that the perception which the employees have of the HRM systems and the line manager behaviour are linked in a positive way to employee engagement, which facilitates the link with self report individual performance, along with self-report innovative work behaviour.

The link between HR and positive organisational outcomes: Published research examples (cont.)

Understanding the People and Performance Link: Unlocking the black box

John Purcell
Nick Kinnie
Sue Hutchinson
Bruce Rayton
Juani Swart
Work and Employment Research Centre,
School of Management, University of Bath

- To study the link between performance and HR.
- Longitudinal study (face-to-face interviews)
- 20 different companies (Jaguar Cars, Nationwide)
- 6 years to complete
- Strengths: High response rate, reasons for answers.
- Weaknesses: Sometimes unable to interview the same employees.
- Key findings:
 - ❖ High performance policies: employees go the extra mile.
 - ❖ Have a purpose: eager to work harder.
 - ❖ Effective line manager is decisive.

The second example, and probably the most prominent, was performed by John Purcell and some others at Bath University, funded by the CIPD. The purpose of this research was to study the link between performance and HR.

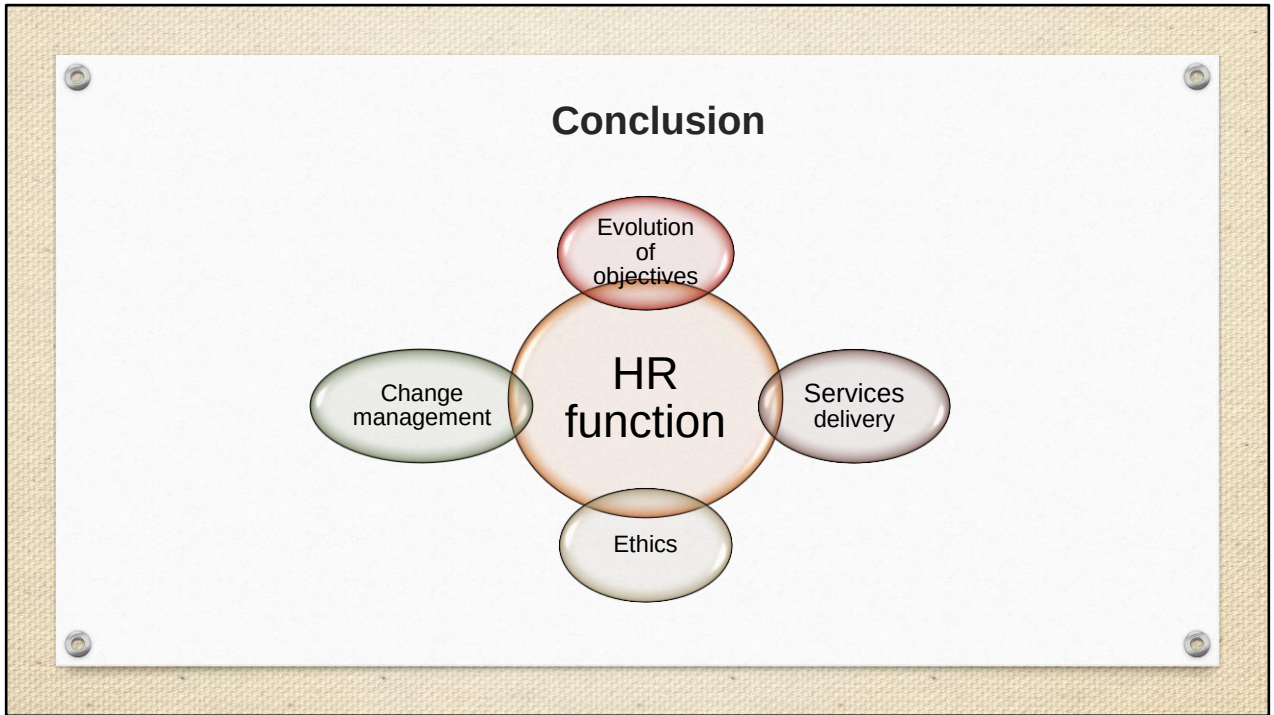
The research took six years to complete. It was done on organisations that had a good quality of human resource management or were in the process of improving that relationship between performance and people management. Twelve companies agreed to take part in the project.

The research method used was a longitudinal study, where employees and managers were interviewed extensively. Only one unit of analysis was chosen on each organisation. The interviews were repeated one year later, trying to interview the same people, but due to staff turnover or absence, they had to interview different members. The interviews lasted 50 minutes approximately and were done face to face to ensure a high response rate and to understand the reasons of specific answers.

The key conclusions that they found were:

1. High performance HR policies has a positive reaction from employees in terms of motivation and commitment, which makes them work harder.

2. Most of the companies share a purpose with its values and aim, and this is implanted in the HR policies. The employees usually support them and they are eager to work harder.
3. Effective line management is decisive to ensure the employees are motivated by their superiors. A weak execution of policies by managers who do not share the company values is worse than not having any kind of policies.



In order to understand how the HR function works in the present, I have explained the evolution of its objectives, from the Industrial Revolution until now. We can also see how HR can contribute to a positive outcome when the company goes through a change process.

In terms of the ways of delivering HR within a business, we have looked into the different models the organisation can adopt, and how the line managers have a key role in supporting HR and vice versa. These actions impact directly on positive organisational outcomes.

And last, I have justified why HR should be managed in an ethical way, with both examples of ethical and unethical behaviours.

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