Introducing human resource management

Objectives

By the end of this chapter you will be able to:

- define what is meant by the term 'human resource management'
- understand the roles of line managers and human resource managers in managing people
- outline the range of activities with which practitioners of human resource management are likely to be involved
- demonstrate how human resource management can make a difference by adding value to an organisation
- outline some of the current issues facing HR managers.

HRM? What's it all about?

This book is designed as an introductory text for students studying human resource management (HRM) either with a view to becoming HR specialists themselves, or for those who are starting or hoping to start a career in management. As you will discover, people management forms a large part of every manager's job, whether they work in a large multinational organisation, a not for profit organisation or a small charity. Organisations also increasingly aim for all employees to be motivated and involved, so an understanding of the subject is important for everyone.

As stated in the preface, we intend that you should become actively involved in your own learning as you progress through the book. Even though you are just beginning this subject, you may already have ideas about some of the topics that you are about to study and you may even have a general idea of the role and functions of the human resource management or personnel department in an organisation. Your ideas may not all be right but, after all, that is why you are studying the subject. Many students talk of studying HRM because they would 'like to work with people,' and they seem to think of human resource management as a cosy job that involves being nice to people at all times. While this view is not entirely accurate, it is certainly a career which provides a wealth of variety and great deal of job satisfaction. It is also a career which is constantly changing as the role

evolves in response to changing social, political, economic and demographic issues and we shall examine some of the ways the profession is developing in response to these later in this chapter.

Did you know?

The Chartered Institute of Personnel and Development (CIPD) is the professional body that represents over 135,000 people who are involved in the management and development of people.

(*Source*: Chartered Institute of Personnel and Development Annual Report, CIPD, 2009a)

According to the Chartered Institute of Personnel and Development (2005) when HR managers were asked whether they would choose a career in HR if they had the opportunity to start again, 'the vast majority (81%) said "yes". The reasons people give for enjoying their HR careers related to variety, challenge and interest, and the view that HR is at the heart of the business and can make a difference.'

We shall discuss in this book the variety of roles and tasks that modern HR professionals cover but it is important to note that it is not just the HR professionals who work in these areas: line managers are also involved. Therefore, this book is also written as an introduction to HRM for them.

Let us start with an activity to help you focus on your ideas about human resource management. You can compare your answers with the answer that we give at the end of the chapter. Later in the chapter we shall also look at what researchers and HR practitioners say HR is about.

ACTIVITY 1.1

What do you think are the main areas in which a human resource manager is likely to be involved? Make a list of these areas. For each of the areas on the list, indicate the type of involvement of the human resource practitioner and whether other managers are also likely to have a role in handling this activity (use Table 1.1). We have completed the first row of Table 1.1 to start you off. Our suggestions for this Activity are given at the end of the chapter in Table 1.3.

Table 1.1 The main activities of human resource practitioners

Main areas of activity of human resource management specialist	Type of involvement of the human resource management specialists	Type of involvement of line manager
Recruitment and selection	Design of policies and procedure for fair recruitment and selection in order to contribute to the fulfilment of the organisation's corporate strategy. Carry out interviews or monitor and give advice on interview technique or on terms and conditions of employment.	Carry out interviews.
Learning and talent development.		

● The main activities of human resource management

The areas that we would list are as follows:

- recruitment and selection
- learning and talent development
- human resource planning
- provision of contracts
- provision of fair treatment
- provision of equal opportunities
- managing diversity
- motivating workers to achieve improved performance
- employee counselling
- talent management
- employee wellbeing
- payment and reward of employees
- health and safety
- disciplining individuals
- dealing with grievances
- dismissal
- redundancy
- negotiation
- encouraging involvement and engagement
- adding value
- ethics and corporate responsibility
- knowledge management
- change management
- managing cross-cultural issues or international HRM.

You may have included some slightly different activities since human resource managers, as you can see from this list, do become involved in a wide range of issues and it is difficult to predict the exact nature of the job in any particular enterprise. We have selected the main topics with which we feel most human resource managers are likely to be involved, but this will vary from organisation to organisation and may also depend on the way the function itself is organised. The type of involvement of the HR specialists will also vary. Some HR specialists operating at a high level in the organisation will be concerned with the provision of clear strategic direction for HR and linking this to the strategic objectives of the organisation. Others will be concerned to provide specialist advice, while still others will focus on the provision of administration and support. All will be concerned in some way to ensure that HRM activities add value by helping the organisation achieve its strategic objectives. They will focus on ensuring that the overall HR policies and procedures support the strategic objectives and that there is consistency in approach and implementation across the organisation.

However, for each activity it is likely that other managers will also be involved to some extent. Line managers will be concerned with the actual implementation of the policies and procedures in so far as they affect their team, whereas the HR specialists will also be involved in the bigger picture, although the extent of the differences in role will vary between organisations.

The fact that aspects of managing the human resource are an element of every manager's or supervisor's job is an important point for you to keep in mind. Many of you will find that your career may take you from line management to human resource management and then back to line management, or vice versa. In a survey of HR managers carried out by the CIPD (2005) 'only about a quarter (26%) of respondents started out in HR' and at some point in their careers 'eighty-three percent of respondents have worked outside HR, the most frequently cited functions being sales, marketing and retail.'

Pause for thought 1.1 A line manager is a person who has direct responsibility for employees and their work. Since line managers seem to have such a large part to play in people management, to what extent do you think they need human resource managers at all?

Obviously, we consider that line managers do need to call on the services and expertise of human resource specialists. If you look at our discussion of Activity 1.1 in Table 1.3 at the end of this chapter, you will see that although a great deal of work can be devolved to line managers, there is also a role for a person skilled in human resource management to establish policies, standards and procedures, to integrate these with the organisation's objectives to ensure that they contribute to the organisation's strategic objectives, to provide expert advice and consistency, and to coordinate and provide training and development. Human resource practitioners will also often be involved in initiating company-wide programmes such as promoting employee engagement, communication and consultation. The exact nature of their involvement will vary from one organisation to another, as will the range of activities they cover. The human resource department may carry out some administrative work and maintain central records on people and may also provide advice and expertise for other managers to draw on. In some organisations the human resource department may carry out all the activities listed above, while in others many or most of these functions may be an important part of the jobs of other managers. Increasingly more and more aspects of the HR function are being carried out by line managers and you will find as you work through the book that we emphasise the roles of line managers in HR activities.

Even among human resource managers there will be differences in the scope of their job, so it is also important to consider the ways in which HR jobs are organised as specialist or generalist roles. Does an organisation employ its own HR practitioners in-house, or is the HR department outsourced and provided by a form of shared services for other divisions of the same organisation or with other organisations? Are the individuals themselves consultants or business partners or do they have some other job title such as employee champion? Is their role dealing with issues just in one country or is it a multinational? We shall deal with some of these issues about the variety of roles in HRM and the ways in which HRM can be organised later in this chapter.

Cross-cultural issues will provide another dimension to be considered in relation to each of these tasks. Multinational organisations have to consider both expatriates and host-country nationals employed by them around the world as well as their home-country-based employees. Recently several of our students who have graduated from the BA Human Resource Management degree at the University of

Huddersfield have taken up first jobs in HR which have involved them working at least for some of their time in other countries and this has meant that they needed an awareness of cultural issues in human resource management quite early in their careers. The expansion of the European Union with the entry of several Eastern European countries such as Poland has also meant an increase in workers from these countries coming to the UK to seek employment, and while in the current economic climate this trend my not be so pronounced it is still important, so an awareness of cross-cultural issues is also of value to HR managers, even if they work exclusively in the UK.

Given the changes to the way organisations are operating in terms of their recruitment, you may find yourself working with migrant workers in this country, recruiting internationally or working in another country yourself in an international organisation. We shall therefore consider later in this chapter some of the cross-cultural or international issues in HRM and in some later chapters we shall also touch briefly on cross-cultural or global dimensions.

The background to human resource management

The role of HR manager has changed in response to social, economic and political conditions and to advances in technology and it is still developing dynamically. The relative importance of many of the activities has changed as external circumstances have affected the needs of organisations and it is still a dynamic area where the roles and ways of organising the HR function continue to change and develop.

It may help you to understand the diversity of roles that are sometimes adopted by human resource managers if we look briefly at the development of the profession. A variety of names have been used to describe those who specialise in managing people. In this book we have chosen to use the terms *human resource manager* or *people manager* as these are increasingly the main terms used but you will also find other terms such as *personnel manager* or e*mployee champion* used and we shall discuss some of these other job titles later in this chapter. However, while it is important to have some idea of the background of HRM it is of even greater importance to examine current roles and issues and to consider possible developments in HR of the future, in the world in which most of you will find yourselves working. We shall discuss recent and possible future developments in more detail later in this chapter.

Industrial welfare

The earliest activity with which the HR practitioner was involved was welfare work. During the nineteenth century the conditions of work for men, women and children in the factories were generally appalling compared to today's accepted standards. There were some enlightened employers who wanted to try to improve working conditions for their employees and adopted schemes to improve the lot of their workforce as part of their company policy. Among these were several Quaker organisations, and it is generally held that the first personnel officer, referred to at that time as an industrial welfare officer, was Miss Mary Wood who was appointed by

Rowntree's in York in 1896. She was appointed to be a type of social worker for the factory, with responsibility for ensuring the wellbeing of women and children in the workforce and watching over their health and behaviour.

Although Mary's first day at work over 100 years ago is very different from the type of work that we associate with human resource managers of today, welfare and the wellbeing of the workforce is still an area in which many HR practitioners will be involved. High levels of absenteeism are expensive, so modern organisations which are proactive in encouraging a healthy workforce have also shown benefits in reduced levels of absence with consequent saving for the organisation.

Recruitment and selection

The early industrial welfare workers met with great success, and Mary Wood and others were soon asked to start recruiting girls, which was the beginning of the development of the role of recruitment and selection. (Remember this was well before equal opportunities had been thought of!) During the First World War there was rapid development in many fields of personnel management, largely as a result of government initiatives to encourage the best possible use of people, and also because of legislation.

Acquisition of other people management activities

In 1921 the National Institute of Industrial Psychologists was established, and its members published results of studies on selection tests, interviewing techniques and training methods so providing an academic rationale for some aspects of people management.

During the Second World War the work spread from welfare, recruitment and selection to training, improving morale and motivation, discipline, health and safety, joint consultation and often wages policies. This expansion of duties required the establishment of an adequate personnel department with trained staff.

Employee relations

Joint consultation between management and workforce spread during the Second World War, and personnel departments became responsible for its organisation and administration. There was an increased emphasis on health and safety and a need for specialists to deal with employee relations, so that gradually the personnel manager became the usual spokesperson for the organisation in discussion with trade unions and shop stewards. This aspect of their role gained further impetus in the 1970s, where in many organisations the personnel manager had executive authority to negotiate deals about pay or other collective issues.

Legislation

During the 1970s the growth in the amount of employment legislation resulted in the personnel function often adopting the role of specialist adviser, ensuring that managers did not fall foul of the law and that cases did not end up at industrial tribunals, as they were then called.

Flexibility and diversity

In the 1990s there was a major trend for employers to seek increasingly flexible arrangements in the hours worked by employees, with a growth in the number of employees who worked part time or on temporary contracts, and an increase in distance working and working from home. This trend has continued in the early years of the twenty-first century. The workforce and patterns of work are becoming increasingly diverse and this presents its own challenges to HR managers.

The development of the human resource management approach

The concept of human resource management first appeared in the 1980s and the use of the term grew in the 1990s. Initially, writers in the field focused on trying to distinguish between personnel management and HRM, but according to Boxall and Purcell (2008) HRM has, in spite of the lack of clarity over definition, become the most popular term to refer to the activities of managers in relation to people management.

The major characteristics of the HRM approach to people management have been identified as follows:

- The importance of adopting a strategic approach is emphasised.
- Line managers play a predominant role.
- Organisational policies must be integrated and cohesive in order to better project and support the central organisational values and objectives. Along with this, communication plays a vital role.
- An underlying philosophy is adopted that emphasises the achievement of competitive advantage through the efforts of people. This can variously be interpreted into actions that are known as hard HRM or those that are known as soft HRM (see page 10).
- A unitarist rather than a pluralist approach prevails in the relationship between managers and employees.
- All people who work in an organisation are important whether they are part-time or full-time employees or not employees of that organisation at all. In this way agency staff and consultants, or volunteers in a charity, are all perceived to be important to the organisation.

Focus on strategy

Throughout the 1980s and 1990s business leaders came to accept more and more that competitive advantage could be achieved only through the efforts and creativity of the people employed by them. In companies that follow through with the logical

conclusions to this statement rather than simply paying lip service to the rhetoric, developing strategies for their human resources will inevitably play a prominent role when they are formulating the corporate strategy, and senior managers will want to call on the expertise of a specialist to get the best input possible. Thus strategic activity becomes a major focus for specialists in HRM, but probably only those acting at the higher levels will be involved in board-level meetings where strategic alternatives are discussed. It should also be noted that in order to have effective input into the corporate strategy, the HRM specialist will require a high level of business acumen in addition to knowledge of people strategies and programmes. It is this recognition that people are a resource to be managed as efficiently and effectively as any other resource that has led to the term human resource management.

Role of the line manager

We have defined strategic involvement as being a key characteristic of HRM and noted that this means a focus on strategic activity for high level HRM practitioners. However, the HRM approach recognises the centrality of the human resource for all business activities, and therefore consideration of the people management aspects would be expected in the strategic planning input from managers in all business functions (e.g. production, marketing, etc.). Likewise, the importance of active management of people matters becomes more clearly an integral part of every line manager's job. Line managers must combine their commitment to the technical aspects of task completion with attention to people aspects and recognise the symbiotic nature of these two elements of the managerial role.

This means that some activities that might traditionally have been undertaken by specialist personnel management staff are now undertaken by line managers. Increased line involvement in training and recruitment and performance management can be cited as areas where this has occurred. There is still, however, a substantial role for human resource specialists, as you discovered when you completed Activity 1.1, in designing strategic HR solutions, in leading, advising and disseminating information about evolving people management programmes to line managers, in ensuring consistency in the treatment of employees company-wide and, in general, in being supportive partners to managers in their efforts to achieve company goals.

The pivotal role of the line manager is one of the most often cited characteristics of human resource management but line managers do not always see things this way. Finding ways of educating and encouraging line managers to take responsibility for the people management aspects of their job is in many organisations still one of the key challenges that face HR specialists though in other organisations it is already seen as the norm. According to the CIPD (2010b) line managers are already making a difference and are often involved and contributing in positive ways to training and coaching, performance management, employee engagement and involvement, work-life balance and performance appraisal, and are also vital to ensure that workers know that their contribution is recognised by the organisation.

Integrated policies and effective communication

Proponents of HRM emphasise that policies across the whole HR spectrum (recruitment, selection, reward, employee relations) must be fully integrated and consistent

with the organisation's culture. This is logically consistent with the strategic, forward planning nature of HRM. Effective communications are a pivotal aspect of this as they constitute a means of conveying senior management's values and commitment to their goals (Legge 1995, p. 75). It is also an important aspect of knowledge management.

Competitive advantage through people

The balanced scorecard

At this point it is appropriate to introduce the concept of the balanced scorecard (BSC). This concept emanates from work done on business strategy by Kaplan and Norton (1992, 1996) in the Harvard Business School which emphasises the role of the human resource in the achievement of business strategy. The BSC has become a well-established technique used extensively not only in the USA, but also worldwide, including some UK companies, for instance Tesco (see Industrial Relations Services 2000).

The essential idea behind the balanced scorecard is the notion that businesses must measure the success of their plans in order to validate their actions, identify and evaluate their successes, and build on them for the future. Traditionally businesses have focused mainly if not exclusively on financial results to evaluate the success of their strategy, but Kaplan and Norton propose that measuring success in only one area is inadequate for a number of reasons. One argument is that financial results are always a retrospective measure of past success and do not necessarily indicate that similar actions in the future will meet with similar achievements. Also, although financial gains may be the ultimate desired outcome, it is imperative to know exactly what factors contributed to this outcome and in what way they contributed.

A more satisfactory approach to formulating strategic initiatives, and subsequently evaluating their success, is to take a more balanced approach, which is represented by the balanced scorecard. The scorecard is a flexible tool, which can be adapted according to the nature of the business adopting it, but the original model proposes four elements that should be evaluated in order to achieve a balanced overview of what contributes to a company's success:

- financial results
- customer relations
- internal processes
- learning and development.

The examination of financial results is, of course, still a necessary part of evaluating business success but, according to Kaplan and Norton, this focus needs to be balanced out by taking the other criteria into consideration. Each of the three other criteria contributes to financial success, and purposively focusing on them helps to shift managerial awareness to the role each plays. Typically, the formulation of a corporate strategy would start with a goal to increase shareholder value, and a strategy that focuses on the customer's perspective is most likely to succeed in achieving this aim (Kaplan and Norton, 2000). A company must then examine its internal processes with regard to their fitness to achieve this customer strategy and adapt them where necessary. This in turn goes hand in hand with the development of the human resource that will deliver the strategy. An organisation's capacity for learning and development is regarded as being one of the key factors contributing to success in today's competitive environment.

Just as the balanced scorecard is used to formulate the overall corporate strategy and measure its success, it can also be used to plan for the component parts and measure their contribution to the achievement of company strategy. Thus, while the examination of internal processes must be carried out throughout the organisation and constitutes one component of the balanced scorecard used to measure the whole company's performance, the BSC can also be used to guide and evaluate each individual's performance. That is, the development of individuals becomes explicitly tied in to the key issues addressed in the BSC at corporate strategy level, and in appraising each individual, the question is asked to what extent the individual contributed to the financial success of the company, to customer relations, to the improvement of internal processes, and to learning and growth. The Halifax is one company in the UK that has used a balanced scorecard to evaluate its employees' performance.

The adoption of the balanced scorecard by Tesco also served to strengthen and redefine the role of the stores' personnel managers. The scorecard highlighted the importance of all employee contribution to the success of the company, and therefore the importance of people management issues. To complement this, personnel managers in Tesco stores are also expected to be fully involved in the day-to-day running of the stores, thus enhancing their business awareness and their credibility (IRS, 2000).

Hard and soft HRM

The basic requirement of HRM to serve the corporate strategy and achieve corporate aims by means of a high-performance workforce can be read in two ways:

- The primacy of business needs means that human resources will be acquired, deployed and dispensed with as corporate plans demand. Little regard is paid to the needs of those human resources and the emphasis is on quantitative aspects. This is known as hard HRM.
- In order to gain a competitive advantage through the workforce, regardless of whether they are full- or part-time, temporary or contract staff, all potential must be nurtured and developed, and programmes that pay due notice to knowledge about the behavioural aspects of people at work are developed. This is characterised as soft HRM.

The emphasis in our text lies mainly with soft HRM, but as Legge (1995, pp. 66–67) argues, the two are not mutually exclusive, and you will detect elements of hard HRM in the discussion of human resource planning.

Unitarist and pluralist approaches to management–employee relations

Human resource management is identified as being a unitarist rather than a pluralist approach (Legge, 1995, pp. 72–73). Briefly, the unitarist stance is characterised as a senior management assumption that all members of the organisation are dedicated to the achievement of a common goal with no conflict from personal interests. Pluralism, on the other hand, recognises that within a large group of people there are inevitably a variety of interests and that these have to be managed. The adoption of one or other of these two philosophies obviously has a major impact on the way that managers treat the workforce.

We explore the concepts of unitarism and pluralism in greater depth in Chapter 3 where we come to the conclusion from observing current rhetoric that we may now be witnessing a merging of the two stances in the development of the partnership theme. This promotes the idea that managers and employees can pursue common goals while still recognising that diverging interests exist. The common purpose of the unitarists is pursued in a pluralist framework.

We refer throughout the text to the key characteristics described here and their links with specific activities. In particular, we emphasise the role of the line manager in all of the activities we discuss, but in addition we focus on the theme of strategy in Chapter 2 where we examine the human resource planning activity, and the topics of employee involvement/engagement and communication as a part of high-performance working in Chapter 3.

Current issues in HRM

The political and economic environment

The state of the national and global economy has a direct impact on all types of organisation and will inevitably influence their people practices and strategies. In the simplest of terms, consumer spending power dictates what goods and services need to be produced, which has an impact on employers' employment decisions and intentions. The CIPD (2009b) emphasise the need for HR practitioners to understand the economy and its impact on the labour market. The economy is affected by the interplay of a wide variety of factors including rates of unemployment, the demand for goods and services as reflected by consumer decisions on spending and saving, the costs of importing and exporting goods, and the policies of the political party in power on issues such as inflation. The ability of the Government to influence employment decisions and consumer spending as strategies to improve the economic outlook has been a matter of debate in recent years.

Pause for thought 1.2	Statistics on factors such as consumer spending choices and employment rates are also open to interpretation, and therefore cannot be taken as direct indicators of the health of the economy. Take unemployment rates as an example! Lower levels of unemployment would normally indicate a healthier economy. But are the figures artificially lowered because numbers of people who would normally be counted as available for work but unemployed have opted for further study instead and are therefore not counted as unemployed?

The global economy became a major focus of everyday news reports and financial analysis in 2008 and the following years. The national economy of many countries in the developed world was affected by the so-called credit crunch. Following a period of growth that had persisted for a number of years, many of these countries, including the UK, went into a recession in 2008. Reporting in the final quarter of 2009 and the first half of 2010 has circled around the possibility of renewed economic growth, with the main questions being how strong the indicators of growth are, and how strong the recovery will be if and when it materialises. Improvements in employment rates are cited as a positive indicator, but some commentators sound a note of

caution, pointing out, for example, that public authorities are expected to reduce their numbers of employees during 2011.

The outcomes associated with an improved economy cannot be taken for granted. A better economy would normally go hand-in-hand with heightened recruitment intentions. The CIPD (2010c) indicates, however, that the expected upturn in 2010 does not translate into expectations of increased recruitment. This ties in with the view expressed in *The Economist* (2009) that the economy is expected to return to growth, but at a lower level and rate than it had achieved prior to the recession. *The Economist* designates this as a 'new normal' which the economy is expected to reflect. There is also a public/private sector difference whereby most reductions in staffing are expected in the public sector while the private sector predicts some increases in recruitment.

There are many mixed messages in the analyses of the current and expected economic situation, so this is a difficult but crucial area for employers to factor in to their decision-making. Business leaders who think strategically must also strive to focus on future needs as well as the demands of current circumstances. This means, for example, that while recessionary effects may require the contraction of business and reduction in the numbers of employees in the immediate term, the organisation also has to be ready for potential future growth in the event of a recovery, and be in a position to seize the opportunities this may bring. This is indeed a difficult balancing act.

As reported by Faccini and Hackworth (2010), it has been a typical reaction in previous recessions for employers to reduce their numbers of employees through redundancies. In the crisis of 2008 and the following years, however, many adopted an alternative approach of wages cost control by reducing the number of hours employees worked and adopting a policy of wage restraint. One of the problems that arise from recessions is that the skills needed to deal with demand in an upturn are lacking due to rising levels of unemployment. Keeping people at work during the recessionary period certainly helps to retain the skills needed for the return to growth.

In terms of human resource management, it has also been affirmed that good practice continues to be important during a downturn since survival becomes crucial and will depend to a great extent upon the efforts of the workforce. The need for a high level of performance and the concomitant quality do not diminish just because the quantity of output diminishes. This ongoing need for quality during a recession together with the potential future need for skills at recovery confirm the crucial role played by HR practices which attract, retain and engage high-quality workers.

We have established in this section the central role that the economy plays in business decision-making and performance, and the need for managers, including people managers, to be aware of economic circumstances and factor their impact into their decision-making. HR appears to have been largely successful in adapting to the changing economic circumstances and in a 2010 IRS survey it was found that overall HR managers felt HR had increased its influence during this period due in part to the fact that their expertise has been essential for restructuring organisations in positive ways and, where redundancies had been necessary, by handling those in as effective and positive ways as possible (Murphy, 2010).

ACTIVITY 1.2

1 Review the cited article by Faccini and Hackworth (2010). The authors give some detail on possible contributing factors to employer decisions to retain employees during the 2008–2009 recession rather than make them redundant. Summarise the arguments presented by Faccini and Hackworth.

2 Review a number of news sources to form a picture of the current UK economy. How is the economy being described? Is it experiencing growth? Is this growth weak or strong? What factors are addressed to explain the state of the economy?

3 What is the impact of the economy on the current labour market and labour market predictions?

Social and demographic trends

Though understandably the economic situation has taken precedence recently there are other social and demographic factors that also have an effect on the HR department and the HR techniques it uses. Most western countries are experiencing falling birth rates which combined with improvements in health and medical advances results in an ageing workforce. The age at which individuals will be able to access their pensions in the UK is due to increase between 2010 and 2020 so that men and women's state pension age will equalise at 65 by November 2018. The previous Labour government wanted to increase the state pension age further by stages and set this out in the Pensions Act 2007 so that by 2046 the state pension age would rise to 68. However, the Coalition government feels that this should happen even sooner and recent legislation has already abolished the default retirement age and made it illegal to dismiss workers just because they reach a certain age. The pension age for everyone increases to 66 on 6 April 2020. According to Churchard (2010) the Pensions Policy Institute has indicated that the state pension age would need to rise even further to 72 by 2030 to maintain the balance between the numbers of retirees and those still working. According to the Office for National Statistics (2009) by 2033 the working population aged 40 or over will outnumber the under 40 working population by 1.4 million.

There are now several different generations of workers who, it is claimed, have different attitudes to work and who will consequently be motivated by different things. Writers have used various terms to describe these groups. The following are the terms used by Allen (2010):

- *Baby boomers* who are those who were born after 1946, or according to some definitions after 1948. This group currently amounts to 30% of employees and it is claimed that they are loyal and long-serving.
- *Generation X* consists of those born between 1964 and 1978 and amounts to 32% of the workforce. They are supposed to be used to uncertainty as they moved into the workforce at the worst time for jobs since the Depression. It is claimed that they are very focused on achieving results.
- *Generation Y* were born between 1979 and 1991 and amounts to 27% of the UK workforce. According to Allen (2010) this is the most technologically aware generation and they are highly desirable to employers. Penna and CIPD (2008) also found this generation to be more technologically aware and more ethnically

diverse than previous generations and they are also multi-taskers who like to work collaboratively. They also need rapid two-way communication, fairness and flexibility and are concerned about the organisation having a meaningful policy for corporate and social responsibility.

However, while Generation Y should be desirable to employers, they are also the group which has suffered most from the recent recession which impacted disproportionately on employment for the under 25s. While it is understandable that those in this generation, who have experienced periods of unemployment or have been unable to find a job at all, are likely to be highly dissatisfied it also appears that those who are working are a particularly unhappy group who experience low levels of job satisfaction (CIPD, 2010d). This dissatisfaction appears to be the result of contributing factors: this generation has not experienced economic problems before as they grew up in times of relative affluence; they are also unhappy with the provision of opportunities to learn new skills and lack of progress at work, but a stagnant job market also limited opportunities for progression (CIPD, 2010d).

While these are all stereotypes of different generations of workers if there is any truth at all in them it does mean that HR and managers will need to be very flexible in their approaches if they are to lead, motivate and retain these groups and they will need to adapt their HR processes accordingly. In the rest of the text we shall briefly address the impact of a changing political and economic, and social and demographic climate on the specific aspects of HRM as they occur in each chapter.

Employee retention

Even with the difficult economic circumstances discussed here some 69% of employers were still experiencing problems with the retention of their employees, with managers and professionals being the most difficult to retain (CIPD, 2010a). Organisations keen to keep their staff so that they could benefit from their skills and expertise as the economy improved frequently took action to boost retention of staff. In the CIPD survey (2010a) the most frequently cited retention strategies included increasing opportunities for learning and development (47%), making improvements to the organisation's induction programme (45%), increasing pay (42%) and making improvements to the selection process (42%). Moreover, 72% of the participants in the survey felt that improving the HR skills of line managers was also an effective retention technique but there was a mismatch between what they said and did, with only 39% of the sample actually doing this.

Clearly there needs to be a mixture of techniques used if the stereotypes of the different generations are to be believed with Generation Y in particular needing fast access to information technology and good Corporate Social Responsibility (CSR) if they are to be motivated and encouraged to stay working for an organisation while for older workers more flexible approaches to work are needed.

Information technology

If you glance through any journal relating to human resource management nowadays, you will find countless advertisements relating to the various ways that information technology (IT) can assist those in the HR department to do their jobs. These

include: systems for e-recruitment, online shortlisting of applicants, online performance management and appraisals, e-learning, online psychometric testing, as well as IT systems to help with payroll, employment data, recruitment administration, references and pre-employment checks. There are also some large organisations which use HR shared service centres where they bring many of the HR services together and use technology such as email, a company intranet or telephones to provide HR information in order to deal with HR queries and provide expert advice for people working at various sites, sometimes in different countries.

More recently developments with web 2.0 have meant more involvement is possible from employees and this too is having an effect in some organisations on approaches to recruitment and selection, and learning and talent development, with organisations using Facebook or second life as a part of their HR approach. As well as being a means for controlling or reducing costs through using IT there is also the potential to get better quality information, better decision-making and with the latest developments, increased involvement and engagement of the workforce which may also prove attractive to Generation Y workers.

Pause for thought 1.3	How do you think the increased use of information technology will affect the job of the HR manager and line manager? Will it enable them to get rid of the routine jobs by delegating them to IT systems or by outsourcing them to specialist organisations, or will it mean that more people end up in routine jobs working with computers? What effect will blogs or social networking sites have?

The increasing use of information technology is already having all of these effects, at least to some extent. For many HR managers, using IT for routine tasks frees them from more mundane tasks, so they have more time to think strategically. Increasing use of IT has also ensured a much greater amount of information is available on which to base decisions and to plan for the future.

Teleconferencing and teleworking mean that people no longer have to be in the same place to hold a meeting or to work in the same building. E-learning means people are often able to learn at their desks or via their smart phone. All such developments raise issues and pose different problems about the ways staff should be managed and these will be of concern to both the HR manager and line manager.

Some people will be in high-value jobs, using their expertise to design these labour-saving IT systems. Others may find that, perhaps for part of their career, they are dealing with completion of basic tasks using computers; or, on the other hand, they may use their knowledge and expertise in people management to deal with HR queries from around the world, via computers or telephones in shared service centres.

Human capital

By the early 2000s several new areas were starting to be of concern to those involved in managing people. The term 'human capital' was being discussed and, in particular, ways to measure human capital was an area of concern to some employers. The government set up a strategy group to examine the concept of human capital and created the Accounting for People Task Force to investigate it.

Professor Scarborough and the CIPD Human Capital Task Force (2003) defined the term 'human capital' as 'the contribution of people [their skills and knowledge] in the production of goods and services.'

An article in *People Management* (2003) by Professor Scarborough discussed the TV series *Jamie's Kitchen* and said, 'we witnessed "human capital" in action, when a group of unemployed young people were transformed on TV into top-class chefs.' Jamie Oliver tried to pass on many of his culinary, business and professional skills to a group of unemployed 16 to 24-year-olds and used a variety of methods from coaching to hectoring and pleading to achieve this. He was successful with many members of the group and created within them a desire to perform at a high level, although in the TV series it often seemed to be harder than he had imagined it would be. However, according to Scarborough 'this blending of new skills and attitudes into high performance sums up exactly what human capital can be and why it is so important to business.' In 2007 Channel 4 showed a sequel to the original programme, *Jamie's Chef*, which followed four of the initial trainees as they went on and tried to start their own businesses. Since the first programme there have been five intakes of trainees from unemployed or disadvantaged backgrounds to the restaurant *Fifteen London* and similar projects and restaurants have been established in Amsterdam, Cornwall and Melbourne, Australia (Oliver, 2010).

The concept of human capital also encourages organisations to move beyond just training people to do their jobs, although doing the job they are employed to do is of course still important. It is about encouraging organisations to make use of the whole range of abilities that people bring to the organisation and, as such, it is also linked to ideas about performance management discussed in Chapter 8 and about learning and talent development discussed in Chapter 9. Measuring human capital is an attempt to measure the difference that people make to the organisations and those facing tough economic decisions need to make these on the basis of sound information.

Added value

Another related concept that has gained in popularity in recent years is that of 'added value'. This is also concerned with making a difference and in difficult economic times this may be of even greater importance. This concept aims to show how the HRM function or other related functions make a difference to the organisation and how they can help to shape the organisation's business strategy. Once again one of the concerns is for measurement of the difference the people initiatives have made. According to Harrison (2002), in order to add value, HRM or human resource development (HRD) must 'achieve outcomes that significantly increase the organisation's capability to differentiate itself from other similar organisations, and thereby enhance its progress. It must also achieve these outcomes in ways that ensure, through time, that their value will more than offset the costs that they incurred.' So, they have to make a difference to the organisation but do so in a way that is also cost-effective.

Green (1999) had criticised HR professionals for not having sufficient awareness of the effects that new HR interventions would have on the organisation, and maintained that in order to provide added value, people professionals needed to provide three things:

- *alignment* – pointing people in the right direction
- *engagement* – developing belief and commitment to the organisation's purpose and direction

- *measurement* – providing the data that demonstrate the improved results achieved (Green, 1999).

We can also use the TV series *Jamie's Kitchen* and the later series *Jamie's Chef* as examples of added value. Jamie Oliver put his life savings into a venture to establish a top-class restaurant in London called *Fifteen*. In doing so he wanted to create a business with a very strong sense of corporate and social responsibility that would make a difference to unemployed and disadvantaged young people by giving them the opportunity to train as chefs. He added value to the trainees themselves by using, perhaps without knowing, the series of techniques which Green (1999) referred to as alignment, engagement and measurement.

Alignment

Both in *Jamie's Kitchen* and later in *Jamie's Chef,* Jamie tried to point the trainees in the right direction in several ways. These included conventional on-the-job training, off-the-job training and team-building exercises on outward-bound programmes. He also used many student-centred approaches such as coaching, mentoring, counselling and sometimes cajoling, hectoring or pleading, and he drew attention to the fact that the business aim was to create a top-class restaurant and that all the trainees needed to work effectively in order to achieve this.

Engagement

Jamie tried to develop belief in and commitment to the organisation's purpose and direction. He tried to instill in the unemployed youngsters some sense of purpose and the idea that they had responsibilities to themselves, the team and the organisation. He tried to point them in the right direction; in this case to become experts in culinary skills so the restaurant would be successful. A further aim of his efforts to engage the group was that they would work effectively together as a team to achieve the excellent standards required by what he hoped would be a top restaurant.

Measurement

For the first group of 15 trainees the measurement was partly undertaken by the TV programme itself as it provided a visual record of their developing skills. The trainees and the viewing public could clearly see the extent to which some individuals changed, but many other measures such as restaurant reviews by food critics, numbers of bookings and repeat bookings, numbers of complaints and amount of praise also helped to quantify the added value. In the later TV series some of the original trainees even went on to set up and run their own restaurants which provided a further visible indicator of the skills that had been developed and the value that had been added.

A further longer-term measure of success is that the experiment has been successfully repeated again and again and, as stated above, there have now been five intakes of trainees to the *Fifteen* restaurant in London. Jamie established the Fifteen charity and puts profits from his 2006 cookbook *Cook with Jamie* into the Foundation so that unemployed and disadvantaged youngsters can continue to receive training

to become top chefs. Several of the trainees have been very successful, in spite of their initial unpromising backgrounds, and all of the restaurants have gone on to meet with great success (Oliver, 2010).

Jamie Oliver was successful in adding value to most of the young people he took into his kitchen. They developed from being unemployed youngsters who had very little sense of purpose into highly trained and skilled workers who were able to work together to achieve the level of cookery skills required by the organisation. From the original group of 15, four went on to work in top restaurants and one opened his own catering business in Australia. However, in spite of the high-profile nature of the experiment there were still some youngsters who did not become motivated by any of the techniques used and preferred to drop out, showing that it can be difficult to always add value in all circumstances and emphasing the point that HR managers have to be flexible in their approach to motivating and engaging different groups of workers.

Knowledge workers

In the UK there has been a decline in traditional manufacturing industry and a growth in areas of work such as the service sector or knowledge economy, where the workers are sometimes referred to as knowledge workers. The management guru Peter Drucker (1999) identified the growth and management of knowledge workers as being one of the key issues for the twenty-first century. According to the IRS (2006) knowledge workers will be very selective about who they want to work for and will want to establish, before joining any organisation, whether it will be suitable for them and whether their work will be valued and they, like applicants from Generation Y, will be concerned to know whether or not the organisation's ethos and values are similar to their own. The way organisations share and manage knowledge and motivate their knowledge workers may be a critical factor in attracting and retaining this group and will also be crucial in determining the success of organisations in the twenty-first century. This is likely to be an issue for many involved in managing people. However, as we said earlier, all workers are vital for an organisation if it is to be successful and all workers should be managed in ways that will motivate them and help them to contribute to the achievement of their organisation's objectives.

There are varying views about the importance of knowledge workers and how they should be managed. Suff (2006) says that 'knowledge workers can be highly challenging to manage effectively'. She says that the defining feature for knowledge workers is their attitude to work and the value their employer attributes to them. They are primarily motivated by career and personal development and need full involvement in issues that affect them and their work or they may become alienated and leave to join an organisation that appreciates them more.

Talent management

Talent management has been defined by the CIPD (2010e) as 'the systematic attraction, identification, development, engagement/retention and deployment of those individuals who are of particular value to the organisation, either in view of their "high potential" for the future or because they are fulfilling business/operation-critical roles.' This definition shows that talent management is a process that uses many

different HR techniques and as such it will be discussed in more detail in several chapters of this book, in particular recruitment, selection, performance management, reward and learning and talent development.

The definition also seems to imply a fairly exclusive approach to talent management as being just for those who have been identified as of particular value to the organisation and when there are tough financial constraints it is easy to see the attraction of this rather limited approach. However, a broader interpretation of talent management can be and is used in many organisations as all employees should be making a contribution to the organisation and should have talents: if the employee wants to develop in ways that will contribute to the organisation, there should be opportunities for that development. While the term talent management does nowadays seem to have a variety of interpretations, according to Clake and Winkler (2006), there is broad agreement that 'talent management is not just about upward career moves. Horizontal career moves that broaden an individual's experience are also an integral part of many processes. For many, detailing a talent management strategy has seen a deliberate increase in the "sharing" of talent within an organisation and opportunities to gain experience in other departments or to work shadow are comparatively cheap ways of giving people opportunities to develop.'

The number of organisations which were involved in some form of talent management activities decreased slightly between 2006 and 2009 due to the recession, but one trend that emerged from the survey showed that those organisations using it were doing so in a more effective way and were linking talent management clearly to the organisation's strategic objectives (Sheppard, 2009). A year on and more organisations appear to be seeing the business case for talent management and according to CIPD (2010e) this is in response to a 'potent mix of external supply issues and internal organisational demands such as increasingly competitive global markets, skills shortages, demographic trends and corporate governance and business strategy.' The term 'talent management' is now widely used and even where there is currently a high level of unemployment many organisations still complain of being unable to fill their vacancies and the idea of attracting and keeping talented workers as a way of achieving the organisation's strategic objectives is becoming increasingly important. In this sort of economic environment it is important not only to attract but to develop and retain talented workers and the war for talent and talent management affects all aspects of HR from recruitment and selection to reward and motivation, and learning and development. Generation Y workers in particular may feel that the opportunity to develop their talent is vital if they are to be attracted to an organisation and to stay with it, but it is also important to ensure fairness and consistency and that relevant stakeholders are asked to contribute to designing the process.

Knowledge management

Another related area of concern nowadays is in knowledge management. All workers possess a great deal of knowledge which can be easily lost to the organisation when systems change or when there is a reorganisation and, of course, when people leave an organisation. HR specialists today also therefore have a role to play in trying to ensure that knowledge is shared and retained since this knowledge is a great source of competitive advantage. This presents issues about the best ways of communicating and sharing knowledge but also raises other issues about retention of workers.

Cross-cultural issues in HRM

Some organisations are multinational and produce and sell their goods or services in other countries. Others may use overseas workers in call centres to deal with queries in the UK or in other parts of the world. Even when there is unemployment there are still many jobs which prove unattractive to local workers and consequently are difficult to fill. There are also many jobs where there are skills shortages and just insufficient people with the right skills.

Evidence of the extent to which some parts of the UK are now multicultural was provided on 7 July 2005 when terrorists in London killed 52 people who were in the main just on their way to or from work and who happened to be using the London transport system. Those killed came from 13 different countries including the UK. While not all areas of the UK can claim to have as culturally diverse a population as London, it is the case that many areas are becoming increasingly culturally diverse, so issues around cross-cultural management are important. In the twenty-first century, managing people who come from a culture different to their own is likely to be a part of every manager's job even if they do not consider themselves to be working in an international organisation. According to French (2007), 'it is now possible to present a strong case that all managers should possess cross-cultural sensitivity at the level of managing people at work.'

> ### Did you know?
>
> According to He (2009) 'The Germans like to start the day with a handshake, the French a kiss on the cheek. In Muslim countries one wishes peace be upon you, while in many countries the humble "hello" suffices. A rather unusual new greeting is taking root among workers in the Pearl River Delta: "Have you stolen vegetables yet?"
>
> This new form of greeting is the result of an on-line game called Happy Farm where workers can cultivate, irrigate, harvest and sell virtual vegetables on their own virtual farm. However, they can take short cuts by stealing vegetables from others and such was the obsession with the game that many set their alarm clocks to get up early to steal their neighbours' vegetables and this it is claimed spawned the new form of greeting.
>
> (*Source*: *South China Morning Post*, 12 December 2009)

There is no one theory of cross-cultural management that covers all issues but certain approaches have been very influential. Professor Gert Hofstede's (1980, 1997) research has been instrumental in helping organisations and individuals to understand cultural differences and, according to him, 'For those who work in international business, it is sometimes amazing how different people in other countries behave. We tend to have a basic human instinct that "deep inside" all people are the same – but they are not. Therefore, if we go into another country and make decisions based upon how we operate in our own country – the chances are we'll make some very bad decisions.'

Hofstede conducted a study of values in the workplace and how these are influenced by culture. He used the following dimensions: power distance index, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance and, later, long-term orientation versus short-term orientation. All of these have some effect on how people behave in organisations and will impact on the ways HR managers need to manage people.

These categories are listed and described in Table 1.2, together with some examples of which countries tended towards high or low scores on the various values.

Hofstede's work is not to be applied as a model which will solve all problems that stem from intercultural differences, but it does serve to highlight various issues which may affect work relationships. At the very least, an awareness of these differences as potential sources of misunderstanding or conflict provides a basis from which to work towards more effective relationships. For instance, Western approaches towards performance management rest heavily on managers and subordinates being very

Table 1.2 Hofstede's cultural characteristics

Power distance		Uncertainty avoidance		Individualism/Collectivism		Masculinity/Femininity		Long-term orientation/ short-term orientation	
The extent to which people accept authority structures, i.e. acceptance that it is right for some to make decisions and for others to follow their lead.		Tolerance of ambiguity. The extent to which people desire certainty about what to do in various circumstances or about future events. People with high uncertainty avoidance would welcome rules and regulations.		The extent to which people's actions are determined with reference to their own individual benefit or benefit of the community.		The importance that is placed on material outcomes (masculinity) versus the quality of relationships (femininity).		This relates to values associated with a long-term orientation such as thrift and perseverance as opposed to values more frequently associated with a short-term orientation such as respect for tradition, fulfilling social obligations and protecting one's 'face.'	
High power distance	Low power distance	High uncertainty avoidance	Low uncertainty avoidance	High individualism	High collectivism	High masculinity	High femininity	High long-term orientation	Low long-term orientation
Malaysia Philippines Mexico India France Japan	USA Great Britain Sweden	Greece Portugal Japan Germany	India Malaysia Great Britain Sweden	USA Great Britain Sweden France Germany	Japan Greece Malaysia Pakistan	Japan Great Britain USA India	Sweden Portugal France	China India	UK USA

open with each other in analysing plans for the future and possible weaknesses on the employee's part. Indeed, upward and 360-degree appraisal require constructive criticism of managers by their subordinates. A person from a high power distance country would probably experience extreme discomfort if asked to do this.

In a multicultural society like that in the UK, one is likely to encounter elements of different ethnic cultures even in the domestic workplace, and the influx of migrant workers with the expansion of the EU has added to this cultural diversity.

Cross-cultural issues are becoming increasingly important not just in multinational organisations but also in organisations that recruit to fill skills gaps from workers in the expanded EU and elsewhere. Other issues relating to the treatment of migrant workers in the UK and of workers in third world countries are equally important. In the UK we have become used to comparatively cheap clothes and food but this also has implications for the way in which we pay and treat workers both within the UK and the third world (Lawrence, 2007; McVeigh, 2007). The issue of pay and conditions for migrant workers in the UK and also for suppliers of products from third world countries has been raised in national newspapers and will be discussed in more detail in later chapters. There is clearly a strong moral and ethical issue here which links with the next topic, corporate social responsibility.

Corporate social responsibility (CSR)

This is an area that is becoming of increasing interest and importance to organisations and to the people in them. Frequently the interest has been generated by public

scandals and mismanagement such as in the world of finance, or by the great disparity in salaries of directors in some organisations who get hefty rewards even though their organisation has not done well under their leadership. It also includes issues about fairness and ethics as well as environmental concerns about the threat of global warming and about ways organisations can help to minimise their carbon footprint. According to the CIPD (2009c), 'CSR covers all aspects of company governance. It is about how companies conduct their business in an ethical way, taking account of their impact economically, socially, environmentally and in terms of human rights.'

As such it affects everyone and not just those who are the core stakeholders in the business: the shareholders, the workforce, suppliers and customers. There are other stakeholders such as local communities which may be affected by the action or inaction of businesses and their impact on the community or its environment. If some of its goods are produced in another country the organisation may have global responsibilities towards the workforce in terms of their fair treatment as well as to its suppliers and the local communities. An organisation's actions can even affect future generations.

There are a great many areas in CSR in which HR can become involved, although clearly others will also need to be part of any form of organisational culture change such as this. HR can play an important part in initiating and coordinating ideas or by providing a forum for discussion as many of the best ideas will come from the workforce. HR can also contribute through training, communication and support and by setting objectives for change. For CSR ideas to be acted upon, they also need to make business sense and many simple ideas (for example switching off lights in offices or installing time controls on water coolers to switch them off at night) help the environment and also save organisations money.

CSR is increasingly of importance to people when choosing which organisation they want to work for and for some of you this may be a strong guiding factor in your choice. According to the CIPD (2009c) CSR helps by 'building credibility and trust with current and potential customers and employees. It can help significantly with recruitment, engagement and retention of employees.' People, especially generation X and younger, don't want to work where there is a clash with their personal values. Present and future employees are placing increasing value on the credibility of an organisation's brand. Employers are using the positive aspects of their brand in recruiting, motivating and retaining highly skilled people.'

Clarke (2006) goes further and suggests that 'there is evidence that tapping into this interest and engaging staff is also likely to benefit the company brand and reputation. The recent Carbon Trust survey showed that more than three quarters of employees considered it important to work for a company that had an active policy to reduce its carbon emissions.' As organisations increasingly incorporate their ideas about CSR into their company brand image, using it in effect as a marketing tool, it is important that HR professionals utilise the benefits too in all aspects of people management. However, it is not sufficient just to have policies about the environment and corporate social responsibility if they are not implemented. According to Emmott (2005), 'Companies that want to build or protect their brand also need to think about their employer brand, and there is evidence that more and more people want to work for organisations that they respect. No company competing in the "war for talent" can afford to ignore this advice.'

Other approaches to HRM

● Roles of HR specialists

Another way to try to establish what is meant by HRM and what roles HR managers and line managers take in managing people-related issues is to look at research into possible roles that HR practitioners have. Ulrich and Brockbank (2005) have been very influential in trying to clarify the roles of HR specialists and some large organisations have restructured along the lines of the Ulrich model of HRM. He originally envisaged the HR function in large organisations as having four main streams in order to deliver value to the organisation. According to Arkin (2007) these were:

- transactional HR carrying out administrative work through service centres
- embedded HR working directly with business leaders
- centres of expertise providing specialist advice
- corporate HR, which oversees the whole function, implementing organisation-wide initiatives and working with the top business leaders.

Ulrich's earlier work listed four roles to go with these structures: the business partner, administrative expert, employee champion and change agent, and according to Arkin (2007) 'a growing number of CIPD members now describe themselves as "HR business partners", a title sometimes prefixed with the word "strategic". A quick survey of the titles used in job advertisements in *People Management* in early 2010 revealed that the most popular titles advertised were for HR managers, Heads of HR, HR directors and then Business Partners but there were also smaller numbers of advertisements for HR advisers, coordinators and consultants and for a few HR administrators. This was virtually the same result as in 2007. It does appear that the title HR Business Partner is popular but it still has not overtaken the titles of HR Manager or Director in popularity, at least in the editions of the magazine reviewed.

In 2005 Ulrich and Brockbank updated these HR roles for the twenty-first century saying that their new descriptions reflected the changing roles in the organisations in which they occur. They said that 'all HR professionals aspire to add value but it is not always easy for the provider of a service to see what contribution they are making. To help our profession to get a better handle on this, we have tried to explain it in terms of the mastery of certain roles.' They list these as follows: employee advocate, functional expert, human capital developer, strategic partner and HR leader.

Did you know?

In March 2009 the CIPD conducted a mini poll of its members to establish which competencies were regarded as most important. The group included Heads of HR, business partners, learning and development managers, HR managers, HR officers and assistants and independent consultants and not surprisingly considering the economic situation at that time the competencies rated as most important included the following:

1 Managing change effectively
2 Thinking strategically
3 Business knowledge

There were some differences within the group and heads of HR identified strategic thinking as the most effective competence followed by management of change.

(*Source*: CIPD, 2010f, *Taking the Temperature for HR Skills for Survival*)

A survey by IRS in 2010 showed some clear differences between the views shown in the CIPD survey about the relative importance of these activities and the time actually spent doing them. It found that in a working week the median score for activities was as follows:

- Only 15% of HR time is taken up with strategic activities such as human resource planning, benchmarking or employee development.
- 40% of their time is spent on business consultancy such as giving advice to line managers.
- 30% of time is spent on administration including form filling and maintaining paper trails for audit purposes.
- 10% of time is spent on updating themselves about issues such as changing legislation or procedures.
- The remaining 5% of the working week involves a miscellaneous range of activities.

(*Source*: Murphy, 2010)

1 Employee advocate

This role focuses on the current needs of the workforce and on employee relations issues. Caring for, listening to employees and understanding their viewpoint is important in this role. However, the employee advocate also has to understand the points of view of other stakeholders and be able to communicate these to employees so they can in turn contribute to achieving value. Developing policies and procedures for fairness and diversity and rooting out discrimination are also key to this role and they could also be involved in developing policies for corporate and social responsibility. Keeping employees in touch with competitive realities and dealing with issues such as discipline or dismissal in a fair way are also important. Increased involvement in employee relations issues and negotiations about pay and conditions of employment are also likely to be important as government imposes constraints and as the economy recovers. According to Ulrich and Brockbank (2005) this role consumes about 19 per cent of the HR professional's time.

2 Functional expert

This role is one where the role holder concentrates on increasing the administrative efficiency of the HR department by using his or her expertise to design HR policies and procedures. The use of technology has been influential in changing this role from that of the administrative expert of the 1990s. Ulrich and Brockbank (2005) say that this role involves HR professionals in accessing a body of knowledge so that they act with insight and make well-informed and more effective decisions. They divide the role of the functional expert in two and say that it involves knowledge of both foundational and emerging HR practices.

Foundational HR practices are described as the practices for which HR departments have direct responsibility such as recruitment and selection, learning and development and reward, in fact many of the things that you will have associated with HR when you completed Activity 1.1 earlier in this chapter. They describe as emerging HR practices the types of things that will have a big impact on HRM but which may not be directly under the influence of the HR department. These are things such as process design, internal communications, sharing information and organisational design and restructuring. According to Ulrich and Brockbank (2005), 'By mastering the concepts and research of these foundational and emerging practices and ensuring their alignment with the key business priorities HR professionals will optimize their impact on business performance.' Besides possessing knowledge and expertise in HR areas, HR professionals also need to be knowledgeable about other areas of the organisation in order to be able to see things from other managers' points of view and to be able to discuss their specific business needs with them. This role may also fit with the concept of knowledge management, which we mentioned earlier.

3 Human capital developer

This role is about developing the workforce so that they are successful in the future. This could involve developing individual workers but also could involve the development of teams so the focus is on learning and talent development and on identifying approaches that can help people to learn appropriate skills, knowledge, behaviour and attitudes using approaches such as coaching in a cost-effective way to contribute to the organisation's strategic objectives.

4 Strategic partner

This role operates at a high level within the organisation and could involve several things such as being an expert in the business, thinking and planning strategically, or it could be someone who acts as a consultant or is a knowledge manager. Ulrich and Brockbank (2005) say that 'In their role as a strategic partner, HR professionals bring know-how about business, change, consulting and learning to their relationships with line managers.' They basically see the role as divided into three main areas: strategy formulators, strategy implementers and facilitators.

Ulrich and Brockbank (2005) see the sub-role of strategy formulator being divided into three areas also. First, HR strategic partners should act as devil's advocate and ask awkward questions about an organisation's strategy and about its ability to fulfil it. This, however, while important, is a purely reactive role.

Second, they should play a more proactive role in which they design the strategies based on their own knowledge of existing and future customer needs and ensure resources are aligned to those needs. Finally, according to Ulrich and Brockbank (2005), they should play a role in developing and improving the standards of strategic thinking among managers.

In terms of strategy implementers and change agents, they are involved in ensuring that all the HR systems and policies and procedures are aligned with the organisation's vision and goals so that they help these to be fulfilled. They plan for the future and make the future happen.

In the third variant of the role of strategic HR manager, they facilitate the work of managers and teams to help them achieve their aims and this also involves them in sharing knowledge and spreading it between people. Once again this links with the idea of knowledge management as explained earlier.

5 The HR leader

This involves all of the other four roles and also involves leading the HR function and working with other business functions in setting standards for strategic thinking and corporate governance. However, Ulrich and Brockbank (2005) envisage the leadership role as being so important that it needs to be a role in its own right. The effective HR leader will establish goals and will communicate these clearly to all; they will manage change and show results in relation to the added value for workers, shareholders, customers and the managers. Ulrich and Brockbank also emphasise the fact that it is not just those at the top of HR who should be leaders but that every HR manager should also exercise personal leadership.

Ulrich and Brockbank (2005) do emphasise the point that not everyone operates at a strategic level and that all the roles are important within an organisation, although it appears to have been the role of business partner or strategic business partner that has captured the imagination of HR practitioners. While all HR managers need to be aware of the need to think strategically and to align HR policies and procedures with the organisation's strategic objectives, many, particularly when starting out in their careers, are likely to act in roles such as employee advocate. As Ulrich and Brockbank (2005) say, 'Some argue that HR should move exclusively to strategic partnering, to help business leaders define and deliver financial and customer goals. We disagree. Employee advocacy is not merely window dressing: it contributes to building the human infrastructure from which everything else in the organisation flows.'

● The people and performance model

A different approach was adopted by John Purcell and a team of researchers from the University of Bath who carried out studies sponsored by the CIPD over a three-year period to try to ascertain what aspects of HRM actually make a difference to performance within organisations (Purcell *et al.* 2003).

They found that on their own, good HR policies were not sufficient to create an effective organisation but excellent policies about recruiting, developing and retaining the people in the organisation were important. Purcell *et al.* (2003) referred to this as the 'human capital advantage'. Much of this book will address ways to achieve this type of human capital advantage. However, the other key factor that distinguished effective organisations from those that were less effective was the way they 'worked together to be productive and flexible enough to meet new challenges'. We also emphasise this approach throughout this book.

The researchers identified two vital ingredients in effective organisations. According to Purcell *et al.* (2003) these are:

● First, they had strong values and an inclusive culture.
● Second, they had enough line managers who were able to bring HR policies and practices to life.

Strong values and an inclusive culture

Purcell and his team of researchers found that organisations that developed a strong and inclusive culture usually had what they called a 'big idea'. This was always something that was clearly communicated to everyone in the workforce and that could be easily understood.

The big ideas the researchers identified were ideas such as the 'pursuit of quality' at Jaguar cars, 'living the values' at Tesco and the 'principles of mutuality' at Nationwide Building Society. Everyone shared and understood these ideas and they became the foundation for all the HR policies and procedures, enabling everyone to see why they were necessary.

Line managers who could bring the policies to life

We have already mentioned the importance of line managers in the HRM approach to the management of people and here we have recent research that substantiates this view. In the research by Purcell and his team (Purcell *et al.*, 2003) the line managers were found to be the other vital ingredient in making an effective organisation. The line managers had not only to see the relevance of the HR policies and procedures to themselves, but also to see how they could use them to contribute to an effective organisation.

Pause for thought 1.4   The researchers from Bath University said, 'It's better to ensure that HR policies are properly implemented than to try to develop new policies' (Purcell *et al.*, 2003). As you work through this book and learn more about HR policies and procedures, remember that the way they are introduced into an organisation is also very important and worker involvement and excellent communication are also crucial to the effectiveness of the organisation.

The ACAS model

Donaghy (2005) makes a similar point in the foreword to the ACAS model workplace and says that 'Our experience tells us that the way you do something is just as important as what you do. Having the right policies and procedures is vital but they won't work properly unless they are introduced and used in the right spirit.' ACAS have developed a model to help organisations improve the effectiveness of their people management. This shows some similarities to the findings of Purcell *et al.* but is based on 30 years of experience on the part of ACAS in assisting organisations with people management issues. They list the following as key issues:

Formal procedures for dealing with disciplinary matters, grievances and disputes that managers know about and use fairly.

Ambitions, goals and plans that employees know about and understand.

Managers who genuinely listen to and consider their employees' views so everyone is actively involved in making important decisions.

A pay and reward system that is clear, fair and consistent.

A safe and healthy workplace.

People to feel valued so they can talk confidently about their work and learn from both successes and mistakes.

Everyone to be treated fairly and valued for their differences as a part of everyday life.

Work organised so that it encourages initiative, innovation and people to work together.

An understanding that people have responsibilities outside work so that they can openly discuss ways of working that suit personal needs and the needs of the business or elsewhere.

A culture where everyone is encouraged to learn new skills so they can look forward to further employment whether in the business or elsewhere.

A good working relationship between management and employee representatives that in turn helps build trust throughout the business.

(Advisory Conciliation and Arbitration Service, 2005)

Many of the principles outlined in the ACAS model workplace were also identified by Purcell and his team as of importance in achieving high performance and they are also to be found in organisations that have been judged as some of the best places to work. According to Will Hutton, Executive Vice-Chair of the Work Foundation (2010), the work of researchers means that we now know much about 'what makes for good work and good workplaces. It is in the mix of performance, engagement and fairness: a steely commitment to excellence and quality; a sense of integrity and high trust in working relationships; and developing the practices, structures and (whisper it) terms and conditions of employment that help people feel valued and well-treated and facilitate their participation in the life and objectives of organisations.'

It should not be surprising that organisations that have been judged by their employees to be excellent places to work have also been among some of the most successful organisations to survive or even expand during the recent recession (Paton, 2010).

In the following chapters we examine many of the key HR policies, practices and procedures that can contribute towards making an effective workplace that will

Did you know?

In 2010 Baringa Partners, a management consultancy specialising in the energy and utilities markets and financial services industry, won the award of the best workplace in Britain. Its success was due in part to its ability to support and grow talented and motivated staff but it also had a friendly recruitment process, a non-hierarchical organisation structure with excellent sharing of information and a sustainability programme which enabled employees to become actively involved in CSR programmes.

(*Source*: Finn, 2010)

hopefully also be one of the best places to work, and we have tried to emphasise the roles of both the specialists in HR and line managers in implementing these in ways which will benefit the organisation. We have already shown how the role of HR practitioners has evolved and the importance of the role of line managers in HRM issues.

● The changing HR function

Reality does not always match the theories, as a two-year CIPD-sponsored research project led by Reilly (2007a) into *The changing HR function* showed. According to Reilly (2007b), 81 per cent of the 781 organisations that responded said that they had recently reorganised or restructured their HR departments but less than 20 per cent had adopted the Ulrich model in full. A quarter of the organisations surveyed had a single HR team, but the remainder had central teams with operational HR staff aligned to specific business units. In this sample shared service centres were only found in large organisations that employed more than 5,000 employees and in most instances these were not outsourced to other organisations, although they were sometimes in-sourced to separate parts of the organisation.

There was a widespread use of HR business partners but the survey found a wide variation in their roles. Some were solo operators, concentrating on strategic issues, while others were team members, focusing on operational work: some reported to HR directors while others reported to heads of business units.

Some organisations created centres of HR expertise. The most common centres of expertise specialised in learning and development followed by those centres that focused on recruitment/resourcing, reward and employee relations/employment law. If there was no centre of expertise then the work was usually done within the business unit so it could reflect specific challenges to that unit, although sometimes the work was done in the corporate centre itself.

The research showed that many organisations were trying to make the HR function more strategic and in larger organisations many of the administrative functions were being consolidated and often routine functions are becoming automated. More recent research shows increasing success in making the HR function more strategic. A survey of 253 HR practitioners conducted by IRS 2010 showed that increasingly HR departments had clearly documented HR strategies that had been developed as an integral part of and at the same time as the organisation's main strategy, rather than later as a result of it (Murphy, 2010).

The IRS survey also showed HR departments becoming more effective at putting in place HR processes and then identifying ways to measure their success and two-thirds of those surveyed felt that the influence of the HR department had increased during the last two years. This increased influence was due in part to success in restructuring and handling redundancies and in meeting the business challenges caused by the recession. There had also been greater representation of HR at board level, an improvement in relationships between HR and management and HR initiatives having been successful in making a difference in tangible ways to the organisation. Of the HR professionals surveyed 68.3 per cent measured the efficiency of their HR departments and used a range of measures. These included using metrics from absence

management, staff turnover data and results of staff surveys to measure improvements in HR effectiveness (Murphy, 2010).

The CIPD (2010g) have also conducted recent research into the changing roles of HR and have developed what they refer to as a profession map as a tool for helping HR professionals identify what they need to know, do and deliver at various points in their career. They have focused on 10 professional areas but at the heart of these are two areas that they see as of vital importance to all. They too have focused on strategic issues and the role of HR and have identified 'strategy, insights and solutions' and 'leading and managing the human resource function' as two key areas of importance to the future of HR. Both will be of importance in the current economic climate and for organisations to make a strong recovery: the CIPD (2010g) see them as being 'central to understanding the organisation and delivering an HR function that believes in success.' The focus is still very much about the added value HR can deliver and the contribution it can make to the organisation's strategic objectives. There is also a recognition that HR needs to lead as well as manage; this is increasingly important with age diverse and culturally diverse workforces and will affect the different HR strategies that are needed to motivate workers which we shall discuss in the other chapters of the book.

The other eight areas of the HR profession map show what the CIPD (2010g), from their research, have identified as the activities HR professionals performed or supported others such as line managers in performing, and each of these areas is described at four different levels so people just starting in a career, or those further into their careers, know what they have to do as a part of their own career development. These areas are:

1 Resourcing and talent planning
2 Learning and talent development
3 Performance and reward
4 Employee engagement
5 Employee relations
6 Service delivery and information
7 Organisational design
8 Organisational development.

Not all HR managers will be involved in all aspects of these and we have chosen to focus in this book on the topics most likely to be of importance to those starting to study HR with the intention of either becoming HR managers or managers in other functions who will have an increasing level of responsibility for HR. The CIPD (2010g) underpin their 10 professional areas with eight underlying skills, behaviours and knowledge. They say that those working in HR should be or become curious, decisive, skilled in influencing, driven to deliver, collaborative, a role model for others, brave enough to challenge issues and personally credible. We hope that working through this book will help you to start to develop some of these underpinning skills, behaviours and knowledge.

Conclusion

In this chapter we have briefly discussed the background to HRM and introduced some of the areas in which HR managers are currently working, and introduced you to some of the discussions and debates about the ever-changing roles of HR

specialists. We have chosen to focus on current thinking and research about HRM and the extent to which various HRM strategies contribute to the organisation being effective. We have also emphasised the fact that line managers nowadays play important roles in many aspects of managing people.

In reality, HR roles are very diverse and no one model explains them completely. In small or medium-sized organisations there will be HR practitioners who will deal with all aspects of HRM and who will regard themselves as generalists. In larger organisations there may be a much greater degree of specialisation and some will use business partners and may adopt a shared services approach alongside this. The survey *The Changing HR Function: Transforming HR?* led by Reilly (2007a) showed the wide variety of roles being adopted as HR departments adapted to meet new demands and continued to search for ways to add value to their organisations and contribute to their strategic objectives. This will continue as organisations find and adapt different HR strategies to help them to achieve success in response to the economic circumstances in which they find themselves and as ways of leading and motivating their own often diverse workforces in situation specific ways.

In the next chapter we focus on some of the issues relating to strategy. Since each organisation will have different strategic objectives, it is actually not surprising that they do not just adopt one approach to the way they organise and provide leadership in their HR departments, and rather than looking to one model of 'best practice' we should be considering different approaches to 'good practice' depending on what works for specific organisations in the context in which they operate. We shall continue in the next chapters to explain the key aspects of areas of HRM and will take into account when doing so other important issues in the way these topics are handled, such as economic circumstances, social and demographic trends, cross-cultural issues and issues relating to ethics and corporate social responsibility.

REVIEW QUESTIONS

1 We include here a pictorial representation of this chapter in the form of a mind map (Figure 1.1). Use the key words we have included to refresh your memory of what we have covered in this chapter. Add your own key words or drawings to this mind map to reinforce your learning.

2 Identify at least three issues that currently engage the attention of people managers. Explain why each of these is important.

3 Examine three job advertisements for HR specialists. Compare these with the roles listed by Ulrich and Brockbank (2005) of employee advocate, functional expert, human capital developer, strategic partner and HR leader. To what extent do the job advertisements relate to Ulrich and Brockbank's roles?

4 Interview a human resource specialist about their job and main duties. Does this person think of themselves as a business partner to the organisation? How do the results from your interview compare with the roles and main duties we described in this chapter?

Figure 1.1 Mind map of Chapter 1

THE EFFECTIVE MANAGEMENT OF PEOPLE

![SELF-CHECK QUESTIONS icon]
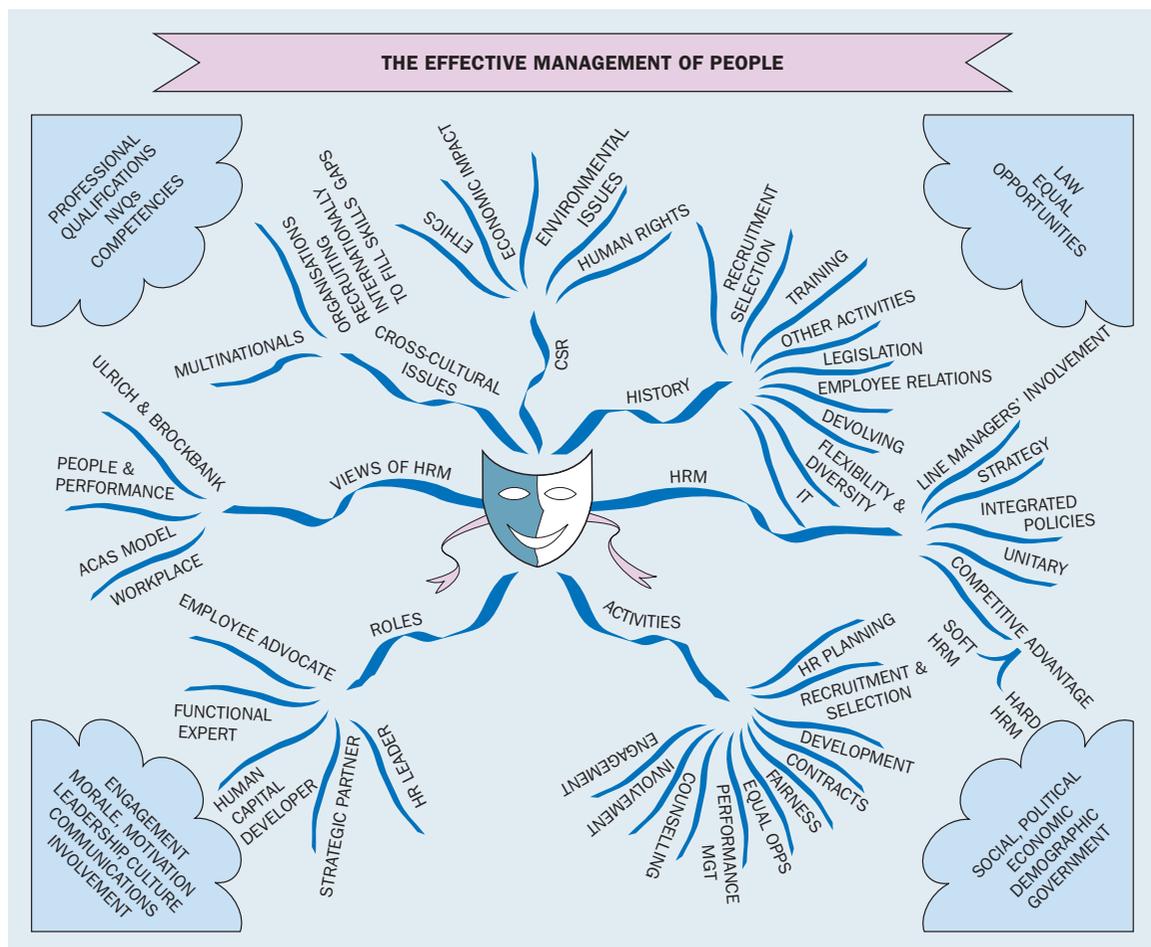
SELF-CHECK QUESTIONS

Answer the following multiple-choice questions. The correct responses are given on page 487 for you to check your understanding of this chapter.

1 To which of the following do the letters CIPD refer?
   (a) The Chartered Institute of Professional Development.
   (b) The Constitutional Institution for the Progress of Devolvement.
   (c) The Chartered Institute of Personnel and Development.
   (d) The Community Institute of Personal Development.

2 Which of the following is not identified in this chapter as a current issue of major importance in the field of people management?
   (a) The need to attract and retain good employees.
   (b) The need to demonstrate how people management activities add value.
   (c) The need to apply advances in IT to improve people management.
   (d) The need to keep wages low to improve competitive advantage.

→

3 Which of the following statements best sums up the role of the human resource manager in managing people?

(a) The human resource manager is the sole person who should be involved in all people management activities.

(b) Both the human resource manager and line manager are likely to be involved in differing ways in managing people.

(c) The line manager always acts alone in all organisations in dealing with people management activities.

(d) The human resource manager is only concerned with people management at the day-to-day level.

4 Which of the following statements would be true of the human resource management approach to managing people at work?

(a) It tackles issues in a piecemeal way.

(b) It relies on traditional forms of communication.

(c) There is not much involvement of the workforce in decision making.

(d) It is strategic.

5 Which of the following sums up an underlying theme in the philosophy of HRM?

(a) People are important whether they are full-time or part-time employees, permanent or temporary, or contract workers who are actually employed by another company.

(b) People are important only if they are full-time, permanent employees.

(c) People are important whether they are full-time or part-time employees so long as they are permanent and are employed by your company.

(d) People are important whether they are full-time or part-time, permanent or temporary so long as they are employed by your company.

HR IN THE NEWS

FT

A good name is beyond price

By Sarah Murray

This year's Business in the Community's Awards for Excellence are accompanied by research revealing that companies managing and measuring their corporate responsibility appear to be able to recover from recession faster than their FTSE 350 peers.

Yet the financial meltdown and, more recently, the BP oil spill in the Gulf of Mexico have shaken trust in the ability of companies to behave responsibly.

The oil spill has increased pressure for tighter regulation of the private sector, with BP coming under attack for its safety record and its handling of the accident.

Meanwhile, the global financial crisis shook public trust in companies, particularly those in the banking sector.

According to the 2010 Trust Barometer produced by Edelman, the public relations company, trust in UK banks fell 20 points between 2007 and 2010.

Such developments have called into question the effectiveness of the voluntary approach to corporate responsibility that is being celebrated by the BITC awards.

Nevertheless, if the awards are anything to go by, many companies are making sincere efforts to behave responsibly.

The awards – which rank businesses' impact on the community, the environment, the market-place and the workplace – have found that of the 117 companies participating in the Corporate Responsibility Index, 111 won a place in the annual ranking.

However, while accolades are one thing, demonstrating that good behaviour is rewarded with higher profits is another. BITC has taken steps to do so. In research conducted by Ipsos Mori for the organisation, it has emerged that companies with strong environmental, social and governance standards have outperformed the FTSE 350 and the FTSE All-Share indexes on total shareholder return for seven of the past eight years.

The research also found that total shareholder return for these 28 companies recovered more quickly in 2009, compared with that of their FTSE 350 and FTSE All-Share peers.

The BITC rankings take two forms. While the CR Index assesses companies on their overall management approach and processes, the awards are focused on the impact of specific pro-grammes, such as environmental leadership or skills development.

Meanwhile, two separate awards celebrate the company of the year and small company of the year.

Utilities claim half of the top 10 positions in the Platinum Plus rankings of the CR Index this year.

Two of these accolades go to accounting and consulting firms, KPMG and PwC. Also in the top 10 are BT Group, the telecoms company, the Co-operative Group, the UK retailer and Unilever, the Anglo-Dutch consumer products group.

Within the CR Index and the Big Tick awards, different areas of focus emerge. A strong theme this year is the corporate role in employability, with BITC recognising companies that are contributing to the employment prospects and the employability skills of the communities in which they operate.

Marks and Spencer, for example, has employed more than 3,500 people via its Marks & Start programme. Part of Barclays' Business Action on Homelessness initiative is to build employability skills and find work placements for homeless individuals.

Corporate performance on health and wellbeing in the workplace is also featured in the awards, with BITC reporting that 65 per cent of the companies completing the CR Index say they report publicly on this.

Mori research commissioned by BITC agrees, showing that in FTSE 100 companies, public reporting on the health and wellbeing of employees has risen sharply from 68 per cent in 2007 to 85 per cent in 2009.

Attention to this issue appears to pay off for companies. Research in Motion, the maker of the BlackBerry, has a healthy workplace programme called Healthy@RIM. It has found its annual employee turnover rates in the region studied are less than 6 per cent, compared with an indus-try average of 15 per cent.

Meanwhile, Northern Foods' Fit4life campaign – which includes a free annual health check – has contributed to falling absenteeism and a cut of 15 per cent in the company's sick pay costs.

Perhaps unsurprisingly, the drive towards a low carbon economy is a prominent part of com-panies' strategies as the corporate sector recognises the link between carbon efficiency and financial efficiency, with seven companies receiving awards in the climate change category.

A new theme in the awards this year is the role of companies in accelerating progress to-wards meeting the Millennium Development Goals, the list of eight targets drawn up by the United Nations in 2000.

In recognising companies for this, BITC is acknowledging growing interest from the corporate world in contribution to the health, education and economic independence of some of the world's poorest people through business strategies rather than with philanthropic efforts.

Two of the companies in the Platinum Plus ranking provide good examples of how this can be done.

Unilever has long pursued a strategy of bringing smallholder farmers in developing countries into its supply chains.

Meanwhile, at the Co-operative Group, a policy of stocking supermarkets with a large number of Fairtrade products helps give smallholders access to UK consumers, boosting rural incomes. Fairtrade products are an example of another trend highlighted by this year's awards – influencing consumer behaviour.

When asked whether they engaged with customers on the social and environmental impacts of the company and its products and services, 83 per cent of participants in this year's CR Index affirmed that they did this across the business, with a further 80 per cent saying they encourage positive customer behaviour on these issues.

This, argues BITC, brings companies several benefits, including differentiation from competitors, increased customer loyalty and the creation of new markets for sustainable products and services.

BITC points to the case of J Sainsbury, which worked with the Marine Conservation Society (MCS) on a customer tool to rate the sustainability status of the different fish species that it sells. Using a traffic light ranking system, it removed red-rated fish from its shelves.

It also set itself a target of doubling sales of MCS-certified fish by 2009. As a result, the company has found its share of cod sales rise from 19 per cent to 21 per cent, and haddock from 26 per cent to 28 per cent.

Such initiatives may be behind the findings of the 2010 Edelman Trust Barometer, which – with the exception of the banks – found trust in companies up slightly, with the credibility of chief executives recovering from the previous survey, rising by 13 points in the UK.

Yet, winners in this year's BITC awards should not be tempted to brag to their customers. In 20 countries, Edelman found that corporate or product advertising remains the least credible source of information about a company.

And anyone doubting this result should take note from BP's present woes. Neither the company's numerous environmental awards – nor its logo, advertising campaigns and web pages celebrating the environment – are having much effect, as it struggles to minimise the fall-out from the disastrous Gulf of Mexico oil spill.

(*Financial Times*, 7 June 2010. Reproduced with permission.)

Questions

1 Which approaches to building corporate and social responsibility are listed here?

2 What are the main benefits for those organisations that are actively involved in developing strong attitudes towards corporate and social responsibility?

3 In your view should corporate and social responsibility be voluntary or should there be some form of compulsion from governments?

4 To what extent would the corporate and social responsibility record of an organisation determine whether or not you would buy something from that organisation?

5 To what extent would the organisation's record on corporate and social responsibility influence your decision as to whether or not to apply to work for that organisation?

6 Do you think that it is true that this is a particular concern for those known as Generation Y, those born between 1979 and 1991, rather than for other generations?

WHAT NEXT?

Now that you have read the first chapter and completed the exercises, you may want to go further and test your understanding.

1 There are exercises that will help you to do this on our website at **www. pearsoned.co.uk/foothook**.

2 Listen to the following podcasts to gain a further understanding of the social, political and ethical issues that face HR managers as they try to build capacity and competence in a global economy. Go to **www.cipd.co.uk** and listen to

Podcast 36: Next Generation HR and Podcast 45: Building HR Capability. Each of these involves HR managers discussing the changing role of HR.

If your library, or organisation, subscribes to the XpertHR database, listen to Noelle Murphy discussing the results of the IRS 2010 survey into the roles of HR and compare this with the views expressed in the two CIPD podcasts. Go to **www.xperthr.co.uk** and search for IRS podcasts in the 2010 list.

3 Go to **www.acas.org** and examine in more detail the ACAS Model Workplace mentioned earlier in this chapter. Use the model as a checklist. Think of an organisation you know well and compare the way they manage people with the ACAS checklist.

4 Go to **www.greatplacestowork.co.uk** and read about the organisations that have been judged to be great places to work. How many of the criteria used compare with the ACAS model workplace or with Purcell's work?

5 Students in the UK can view *Jamie's Kitchen* and *Jamie's Chef* on 4oD at **www.channel4.com**. See for yourselves the extent to which you think Jamie Oliver adds value to the trainees in these programmes and discuss the extent to which you think that the *Fifteen* restaurants were created to have a sense of corporate and social responsibility. Do you think that is a part of the reason for their success?

Table 1.3   The main activities of human resource practitioners (Activity 1.1 answer)

Main areas of activity human resource/people management specialist	Type of involvement of the human resource/people management specialist	Type of involvement of line manager
Recruitment and selection	Design of policies and procedure for fair recruitment and selection in order to contribute to the fulfilment of the organisation's corporate strategy. Commission online recruitment activities. Carry out interviews or monitor and give advice on interview technique or on terms and conditions of employment.	Prepare and carry out interviews and other selection tests. Participate in selecting the successful candidate(s).
Learning and talent development	Involved in planning learning and development opportunities for the whole organisation, to meet the needs of the organisation as expressed in its strategic plan and to meet the needs of individuals. These could be formal training courses, online materials or less formal approaches such as coaching or mentoring. May design and organise training courses for groups and sometimes run them. May keep training records centrally and request information from line managers as part of planning exercise or to monitor success of training and development.	May also be involved in planning and provision of training and talent development opportunities to meet the needs of individuals and their departmental needs linked to the organisation's strategic plan, primarily for employees in their own department. May provide training and may also keep records of training and provide information to central HRM department.
Human resource planning	Depending on the level of appointment they are likely to be involved to various degrees in contributing to the strategic plan. Collection and analysis of data, monitoring targets for the whole organisation. Providing information to managers. Conducting exit interviews and analysing reasons for leaving.	Collect information on leavers and provide information on anticipated requirements for employees for their department.
Provision of contracts	Provide written statement of particulars for new employees and issue them to these employees, having checked that the detail is correct. Keep copies of all documentation relating to the employee and advise on any alterations to the contract.	Possibly issue documents and get signature of new employee.

Table 1.3 Continued

Main areas of activity human resource/people management specialist	Type of involvement of the human resource/people management specialist	Type of involvement of line manager
Provision of fair treatment	Involvement in design of policies and procedures for the whole organisation to encourage fair treatment at work. Inform and train people in these policies and procedures. Monitor the success of these policies.	Responsible for fair treatment of people in their department to ensure all treat others in a fair way. Listen and respond to grievances as an initial stage in the grievance procedure or informally before someone gets into the grievance procedure. May contribute suggestions about design of policies.
Equal opportunities	Involvement in design of policies to encourage equal opportunities. Train and inform managers and all employees throughout the organisation in these. Monitor the effectiveness of the equal opportunities policies by collecting and analysing information.	May also be involved in, and contribute to, the design of policies. Will be responsible for ensuring that all employees for whom they are responsible do not suffer from any form of unfair discrimination while at work.
Managing diversity	Developing policies about diversity and promoting and ensuring a diverse workforce so that the organisation can benefit from ideas generated by individuals from a range of different backgrounds.	Line managers need to actively encourage diversity to be valued within their own team or department.
Motivating workers to achieve improved performance	Involvement in design and implementation of techniques to assess effectively performance of employees in a way that links clearly with the organisation's strategic plan. Review all HR policies to ensure strategic integration with the strategic plan. Train, inform and involve people in performance management techniques and encourage line managers to work towards a high-performance workplace. Monitor the effectiveness of the procedures. May maintain central records about performance of individual employees.	Contribute to achievement of a high-performance workplace by taking an active role in people management and performance management of their own department. Assess performance of those in own department. Involve teams and individuals in setting and agreeing targets and monitoring performance. Monitor their success and give feedback.
Employee counselling	Establish appropriate system, either in-house or by external consultants, for employee counselling or for employee assistance programmes. May be involved in counselling employees with problems or may have to refer them to specialised counselling service.	May be involved in the initial counselling of employees in their own section, or may need to suggest alternative sources of counselling if they do not feel qualified to deal with the situation.
Employee welfare	Establish appropriate systems for employee welfare in accordance with the objectives of the organisation. Monitor the cost and effectiveness of this provision.	Ensure the well-being of employees in their department and draw their attention to, and encourage use of, any provisions designed by the organisation to improve their welfare.
Payment and reward of employees	Establish appropriate payment and reward systems for all employees in order to support achievement of aspects of the organisation's strategic plan. Monitor the success of these. Collect comparative data for other organisations in area or nationally. Deal with individual problems about pay. May be involved in negotiation about payment or reward systems. Tell individuals of their level of pay when they join the organisation or change jobs. May deal with individual problems or complaints about pay.	May be involved in, and contribute views about, appropriate systems of payment or reward to be used in the organisation. May be involved in negotiation to some extent over issues relating to own department. May deal with problems concerning pay raised by employees in their department in the first instance.

Table 1.3 Continued

Main areas of activity human resource/people management specialist	Type of involvement of the human resource/people management specialist	Type of involvement of line manager
Health and safety	Involvement in design and implementation of the organisation's health and safety policy in order to contribute to the organisation's strategic plan and ensure policies are integrated with other HR policies. Monitor the effectiveness of this. May sit on safety committee or may have line management responsibilities for safety officer or organisation's nurse. Involvement in promotion of health and safety and encouraging the involvement of others throughout the organisation.	Responsible for health and safety of employees working in their department. Encourage the involvement of individuals and teams in health or safety promotion activities. Monitor activities of own staff. Carry out regular safety inspections in own department. May take initial disciplinary action against those who infringe health and safety rules.
Disciplining individuals	Design of disciplinary procedure. Monitor the effectiveness of the procedure. Give advice to line managers on disciplinary problems. Organise training for line managers and employees about disciplinary issues to ensure they comply with organisation's policy and with the law. In some organisations they may still issue warnings in later stages of disciplinary procedure. Maintain central records of disciplinary action taken.	Conduct informal disciplinary interviews with own staff if necessary. Issue formal warnings as outlined in disciplinary procedure. Maintain records of warnings issued. Ensure compliance both with the organisation's policy and with the statutory discipline, dismissal and grievance procedures.
Dealing with grievances	Participate in the design of grievance procedure and encourage the involvement of others in this. Inform and train people in grievance handling and in the requirements of the statutory procedure. Monitor the effectiveness of the grievance procedure. May deal with some stages in the grievance procedure or appeals.	Deal initially with grievances raised by employees in their department. This may be handled informally at first or as part of the formal grievance procedure. Deal with grievances within specified time limits and ensure that these are dealt with in accordance with the organisation's policy and the statutory procedures.
Dismissal	Review procedures for dismissal to ensure that they comply with legislation. Provide advice and guidance on fair dismissal procedure. Provide training for all who may be involved in the dismissal process. May dismiss employee.	In many organisations the actual dismissal will be handled by someone from the HR department with the manager being present. However, nowadays managers in many organisations will also be fully trained to take full responsibility for dismissing an employee in their section in a fair way.
Redundancy	Is likely to be involved in consultation with appropriate people with regard to redundancy. Is likely to be involved in selection of those to be made redundant. May inform employee of redundancy and amount of pay and rights. May organise provision of more generous redundancy payment if this is in line with organisation's policy. May organise provision of outplacement facilities either in-house or by consultants.	Is likely to be involved in selection of those to be made redundant from their department. May be involved in telling them of the decision to make them redundant.
Negotiation	Is likely to be involved in negotiation on a wide range of organisation-wide issues.	Is likely to be involved in negotiation on a wide range of issues that affect employees in their department.

➜

Table 1.3   Continued

Main areas of activity human resource/people management specialist	Type of involvement of the human resource/people management specialist	Type of involvement of line manager
Encouraging involvement and engagement	Will have an extremely important role in creating a culture within the organisation in which employees are encouraged to be involved in decision-making and engaged in working towards the organisation's objectives. Will be involved in designing policy and procedures to encourage employee involvement in line with strategic plan. Will also provide training to encourage employee involvement.	Will contribute to organisation's policies and will encourage involvement of employees in their department.
Adding value	Ensuring that all HR activities help to add value to the organisation by helping it achieve its objectives and become a high-performance workplace.	Ensuring that all HR activities help to add value to their department or section by ensuring they contribute to its objectives.
Ethics and corporate responsibility	HR managers are concerned with all issues relating to fairness whether or not this is covered by legislation. Increasingly they are becoming involved in design of policies and procedures which take account of the impact of their business economically, socially, environmentally and in terms of human rights. They may challenge the way things have been done to draw attention to the corporate and social responsibility issues. They are likely to play an important role in support of environmental issues.	Ensure that all activities in their own section comply with the organisation's policies on corporate and social responsibility and that they always act in a way consistent with these.
Knowledge management and talent management	HR specialists are likely to be involved in devising polices and strategies to encourage the sharing of knowledge within the organisation and to try to ensure that the organisation keeps its knowledge workers and has communications systems that facilitate the sharing of knowledge so it is not lost to the organisation if someone leaves. They will also play a key role in identifying talent and nurturing it within their team.	Line managers will need to manage knowledge workers in sensitive ways to ensure they stay with the organisation. They should encourage the sharing or knowledge within their team. They will also be concerned to identify and develop talent.
Change management	HR specialists will deal with the people aspects of change and will have a role to design policies and procedures to support change. They will also ensure that there is clear communication, consultation, involvement and engagement with the workforce with any changes that are planned. They are likely to be involved in designing learning and development initiatives to support the changes.	The line manager will be involved in implementing the changes but will also play an important part in communicating issues relating to the changes to their team and in communicating concerns about the changes upwards to senior management. They will run learning and development activities to support the changes.
Managing cross-cultural issues or international HRM	The HR specialist may be involved in recruitment drives in other countries or in managing cross-cultural issues within this country as workers from many differing ethnic origins are employed. Policies and procedures will need to take account of cross-cultural issues and if working in a multinational organisation there will also need to be decisions made about the way HR policies are implemented within each country. They are likely to have involvement in learning and development initiatives to support this.	The line manager will deal with day-to-day issues arising form cross-cultural issues in the workplace, whether they are working in their home country or working in another country with host country nationals and expatriate workers.

References

Advisory, Conciliation and Arbitration Service (2005) *The ACAS Model Workplace*, ACAS, 4–5.

Allen, A. (2010) Generational divide, *UK's Best Workplaces: Special Report*, May, Great Place to Work Institute UK, 28–29.

Arkin, A. (2007) Street smart, *People Management*, 5 April, Vol. 13, No. 7.

Boxall, P. and J. Purcell (2008) *Strategy and Human Resource Management*, 2nd edition, Houndsmills: Palgrave McMillan.

Chartered Institute of Personnel and Development (2005) *Survey Report 2005. HR: Where is Your Career Heading?* CIPD (www.cipd.co.uk; accessed 6.4.07).

Chartered Institute of Personnel and Development (2009a) *CIPD Annual Report 2008–2009*, CIPD (www.cipd.co.uk; accessed 18.8.10).

Chartered Institute of Personnel and Development (2009b) *Understanding the Economy and Labour Market*, CIPD (www.cipd.co.uk; accessed 08.03.10).

Chartered Institute of Personnel and Development (2009c) *Corporate Social Responsibility*, CIPD.

Chartered Institute of Personnel and Development (2010a) *Overview of CIPD Surveys: A Barometer of Social Trends*, CIPD (www.cipd.co.uk; accessed 16.8.2010).

Chartered Institute of Personnel and Development (2010b) *The Role of Front Line Managers in HR*, CIPD (www.cipd.co.uk; accessed 21.8.2010).

Chartered Institute of Personnel and Development (2010c) *Labour Market Outlook. Quarterly Survey Report*, *Winter 2009–2010*, CIPD (www.cipd co.uk; accessed 20.03.10).

Chartered Institute of Personnel and Development (2010d) *Gen Y or Gen Lost? The Effect of the Recession on Our Future Workforce*, CIPD (www.cipd.co.uk; accessed 21.8.2010).

Chartered Institute of Personnel and Development (2010e) *Talent Management: An Overview*, CIPD (www.cipd.co.uk; accessed 18.8.2010).

Chartered Institute of Personnel and Development (2010f) *Taking the Temperature on HR Skills for Survival*, CIPD (www.cipd.co.uk; accessed 16.8.2010).

Chartered Institute of Personnel and Development (2010g) *The HR Profession Map*, CIPD (www.cipd.co.uk; accessed 19.8.2010).

Churchard, C. (2010) State pension age of 72 'would balance costs'. *People Management Magazine Online*, 20 August (www.peoplemanagement.co.uk).

Clake, R. and V. Winkler (2006) *The Change Agenda: Reflections on Talent Management*, CIPD (www.cipd.co.uk; accessed 9.4.07).

Clarke, E. (2006) Power brokers, *People Management*, 18 May, Vol. 12, No. 10.

Donaghy, R. (2005) Foreword to *ACAS Model Workplace*, ACAS.

Drucker, P. (1999) *Management Challenges for the Twenty-first Century*, Harper Business.

Emmott, M. (2005) CSR laid bare, *People Management,* Vol. 11, No. 16, 11 August, 38–40.

Faccini, R. and C. Hackworth (2010) Changes in output, employment and wages during recessions in the United Kingdom, *Bank of England Quarterly Bulletin*, Q1, Vol. 50, No. 1, 43–50.

Finn, W. (2010) The winner Baringa Partners, *UK's Best Workplaces: Special Report*, May, Great Place to Work Institute UK, 8–9.

French, R. (2007) *Cross-cultural Management in Work Organisations*, CIPD.

Green, K. (1999) Offensive thinking, *People Management*, Vol. 5, No. 8, 27.

He, H. (2009) Stealing cyber veggies thrives in a lonely world, *South China Morning Post*, 12 December.

Harrison, R. (2002) *Learning and Development*, CIPD.

Hofstede, G. (1980) *Culture's Consequences: International Differences in Work Related Values*, McGraw-Hill.

Hofstede, G. (1997) *Cultures and Organisations: Software of the Mind*, revised edition, McGraw-Hill.

Hutton, W. (2010) Foreword, *UK's Best Workplaces: Special Report*, May, Great Place to Work Institute UK, 4.

Industrial Relations Services (IRS) (2000) In-store personnel managers balance Tesco's scorecard, *IRS Employment Trends*, May, 13–16.

Industrial Relations Services, (2006) Recruiting knowledge workers, *IRS Employment Review*, 859, 17 November, IRS.

Kaplan, R.S. and D.P. Norton (1992) The balanced scorecard – measures that drive performance, *Harvard Business Review*, January–February, 71–79.

Kaplan, R.S. and D.P. Norton (1996) *The Balanced Scorecard: Translating Strategy into Action*, Harvard Business School Press.

Kaplan, R.S. and D.P. Norton (2000) Having trouble with your strategy? Then map it, *Harvard Business Review*, September–October, 167–176.

Lawrence, F. (2007) The miracle of cheap fresh food depends on illegality, *The Guardian*, Comment and Debate, Thursday 17 July.

Legge, K. (1995) *Human Resource Management: Rhetorics and Realities*, Macmillan Business.

McVeigh, K. (2007) Asda, Primark and Tesco accused over clothing factories, *The Guardian*, Monday 16 July.

Murphy, N. (2010) HR roles and responsibilities: the 2010 IRS survey, *IRS Employment Review*, 22.2.2010, IRS (www.xperthr.co.uk accessed 11.8.2010).

Niven, M. (1978) *Personnel Management 1913–63*, IPM.

Office for National Statistics (2009) Statistical bulletin, *National Population Projections: 2008 Based*, 21 October, 2–6. (www.statistics.gov.uk; accessed 18.8.2010).

Oliver J. (2010) *The Jamie Oliver Webpage* (www.jamieoliver.com; accessed 22.8.2010).

Paton, N. (2010) Preparing for the upturn, *UK's Best Workplaces: Special Report*, May, Great Place to Work Institute UK, 6–7.

Penna and the Chartered Institute of Personnel and Development (2008) *Gen Up: How the Four Generations Work Together*, Joint survey report, September, Penna (www.cipd.co.uk accessed 21.8.2010).

Purcell, J., N. Rinnie, S. Hutchinson (2003) Open minded, *People Management*, Vol. 9, No. 10, 31–33.

Reilly, P. (2007a) *The Changing HR Function: Transforming HR?* CIPD.

Reilly, P. (2007b) HR transformation: Facing up to facts, *People Management*, Vol. 13, No. 19.

Scarborough, H. (2003) Recipe for success, *People Management*, Vol. 9, No. 2, 32–35.

Scarborough, H. and the CIPD Human Capital Task Force (2003) Human capital: external reporting framework, *The Change Agenda*, CIPD (www.cipd.co.uk; accessed 16.9.04).

Sheppard, G. (2009) The rise and fall of talent management, *Personnel Today*, 27 October, RBI (www.xperthr.co.uk accessed 5.8.2010).

Suff, R. (2006) Managing knowledge workers, *IRS Employment Review*, 861, 15 December, IRS (www.xperthr.co.uk accessed 22.8.2010).

The Economist (2009) The long climb. A special report on the world economy, 3 October, 2–28.

Ulrich, D. and W. Brockbank (2005) Role call, *People Management*, 16 June, Vol. 11, No. 12, 24–28.

Further study

Books

Armstrong, M. and A. Baron (2007) *Human Capital Management: Achieving Added Value Through People*, Kogan Page.

This is an extremely useful book for those interested in finding out more about human capital and added value. Describes how human capital management provides a bridge between human resource management and strategy.

Journals

Human Resource Management Journal.
Quarterly, contains articles on a wide range of HRM issues of interest to practitioners and academics alike.

International Journal of Human Resource Management.
A monthly publication that focuses on the changing role of HR in a fast-changing global environment.

People Management.
Twice-monthly journal produced on behalf of the CIPD with topical articles relating to personnel management issues.

Personnel Review.
Journal produced six times per year with in-depth articles on personnel topics.

Personnel Today.
Contains topical articles on personnel management but is now only available online at www. xperthr.co.uk.

Articles

Rickard, C. and A. Boroughs (2009) Dos and Don'ts in a downturn, *People Management*, 15 January, 38–9.

One of *People Management*'s 'How to . . .' series: concise overviews of topical issues.

Internet

There are numerous useful sources of information from around the world relating to human resource management. We have found the following to be particularly useful:

The Advisory, Conciliation and Arbitration Service   **www.acas.org.uk**
Useful articles, news and lists of ACAS publications.

The American Society for Human Resource Management   **www.shrm.org**
The website for a US body that represents HRM managers. This includes topical people-related issues in America and video clips and podcasts.

The Australian Human Resource Institute   **www.ahri.com.au**
Many articles relating to human resource management in Australia.

Chartered Institute of Personnel and Development   **www.cipd.co.uk**
This is the website of the professional body that represents most personnel and development professionals in the UK. It includes a wide range of information, including podcasts, but some of the information is only accessible to CIPD members.

Department for Business, Innovation and Skills   **www.bis.gov.uk**
Many useful publications, discussion documents and booklets can be found on this site, particularly in the 'Employment Matters' section.

The Government   **www.direct.gov.uk**
Useful information site covering a wide range of employment-related topics such as holiday entitlements, disability issues etc.

Great Places to Work UK   **www.greatplacestowork.co.uk**
This organisation has a set of criteria that it feels makes for a great place to work and it reviews UK and European workplaces against these criteria, making annual awards to organisations.

Incomes Data Services Limited   **www.incomesdata.co.uk**
Some very useful articles on a range of HRM topics, including a section on management pay and remuneration, plus lists of contents for IDS publications.

People Management   **www.peoplemanagement.co.uk**
Journal produced on behalf of the CIPD with topical articles relating to personnel management issues.

Trades Union Congress   **www.tuc.org.uk**
This gives the TUC's views on many current HRM issues and new legislation in Britain.

Workforce online (US)   **www.hrhq.com**
Another American site that provides useful information about HRM in the USA.

Xpert HR   **www.xperthr.co.uk**
This is an extensive database of HR resources and includes some publications that are now only available on-line such as the *IRS Employment Review* and *Personnel Today.*