

Chapter 2

HR In An Organisational Context

Guidance Note For Students

The activities that follow are designed to be used with *An Introduction to HRM: An Integrated Approach*. Read chapter two, which provides both the answers in easy to follow sections and guidance on other areas of the book that can help you with your studies.

Learning Outcomes

After reading chapter 2 and completing the activities in this you should be able to:

- 1. Appreciate how the role of HR is changing in modern organisations.**
- 2. Understand the use and application of integrated HR.**
- 3. Recognise the differing HR requirements of public, private, voluntary sectors.**
- 4. Identify organisational structures and the influence they have on HR.**
- 5. Evaluate how and why HR is adapting to meet the needs of modern organisational management structures.**
- 6. Study Organisational context and environment. *R.E.A.C.T.***
- 7. Evaluate and discuss a range of international research on organisational structure and cultures.**
- 8. Appreciate the relevance of modern HR approaches to not-for-profit organisations.**
- 9. Critically evaluate the challenges and factors influencing HR in the modern workplace.**

Note to Students:

Can You Tell Me All The Answers Please?

In common with the vast majority of students, you want to do really well in your study programme. There are grades to attain and employers to impress...

You may like to believe that there are perfect answers that can give you perfect grades. Indeed, if this were an elementary mathematics handbook you would be correct. However, with people simple sums do not always produce neat solutions.

So, can I reassure you that I do not have all the answers to everything, and neither does anyone else! What I would encourage you to do is engage in discussions with your fellow students, read different writers ideas and listen to your lecturers. Your lecturers have invested many hours, years in doing what you are setting out to do so they are excellent guides to help you succeed. Learn to think for yourself and integrate ideas across disciplines and subject areas. Think outside the boxes.

HRM In Action: The Changing Role Of HR in Organisations

The extracts below come from journal papers I have published on the changing role of HR professionals. I was first invited to write the following article for Network (Nieto 2001) and shortly afterwards the paper was given an international audience by HR.COM on the web.

During lectures and other situations where I have the opportunity to meet senior managers, the diversity of views expressed regarding HR is remarkable. Indeed, it can be quite amusing, and sometimes a little alarming, to ask managers what they *really think* about the Human Resources departments in their organisations.

[On MBA and HR masters courses] I invite postgraduates to make a list of the 'positive' and 'negative' points about their HR departments. Sometimes, the list of negatives offered by managers is just as long as the positive one and occasionally rather longer.... Yet by contrast when I meet practitioners for

my research or consultancy work it is evident that many HR people are working very hard delivering the best services they can, sometimes with limited resources in terms of both numbers of staff and finances.

It may be that the human resources team are working very hard, but are they delivering the kind of services their management colleagues' want?

For example, if an HR team is going to be relevant and effective it must understand the *client* organisation it serves. I use the term *client* because it can be helpful to visualise HR as a service, supporting organisational activities, whether these are commercial or not for profit.

Senior managers may like to consider the following question:

- Is the HR team in your organisation designing services that you would be happy to pay for if they were an outside provider?

Another question, this time for the HR team.

- How confident are you that your HR team could be successful as a stand-alone HR service?

In a competitive services marketplace it seems prudent for internal HR functions to ensure that they are proactively involved in producing solutions or finding outside advisors, who can address their organisation's requirements. This kind of approach draws HR into the core activities of their organisation, yet recognises that realistically, they will not be able to provide a solution for every situation. Instead, the integrated approach makes use of external input as and where it is necessary. It is also sufficiently flexible to enable managers to receive advice from a variety of sources: there can be safety in seeking more than one counsellor.

An integrated approach:

- The practical involvement of HR staff (or specialist external advisors, if the organisation does not have a dedicated HR team) in strategic staff planning.
- A recognition of the organisation's culture and, as necessary, a re-evaluation of policies where they are more a part of 'tradition' than modern practice which meets the organisation's current needs.
- Training and development: Team leaders and managers should receive appropriate training so that they are in a position to make informed decisions regarding their sections/departments staffing requirements. This can include internal courses, and external management development via business schools, or an appropriate management-training company.
- [The use of] External providers such as, recruitment consultancies and law firms.
- [The use of] External advisors such as, business schools, and professional bodies such as the CIPD (Chartered Institute of Personnel Development).

[The use of] experienced professionals who have decided to work part time, such as men/women electing to invest more time with their family, or those who have decided to 'retire' from full time working, but who have many years experience to offer.

Discussion Questions:

1. What are the key differences between traditional personnel/HR departments and modern integrated HR?
2. If you were employed as an HR specialist within a small, integrated HR team how do you think your duties might differ from those of someone in a traditional personnel/ HR department?
3. In what ways do the non-HR manager's roles/ responsibilities change where organisations have a small HR team instead of the larger traditional personnel/ HR department?

4. Why is it arguably more helpful to have HR professionals involved in the top level of strategic management development informing strategic decision making than at a lower level reacting to established policies?

Practicing HRM: R.E.A.C.T

In chapter 11 you will study how to evaluate an organisation's HR requirements. In the **REACT** model below is a plan to begin studying an organisation within its environmental context. This model can also be used to begin a team research activity into an organisation's HR activities.

Research: *By conducting an HR audit (see HR audits in chapter 11) of the organisation to establish the current position and where HR investment is most likely to yield the most productivity benefits.*

Evaluate: *The results from the audit and consider what most needs doing, when and where would investment be best applied, how should the HR initiatives be delivered, who would most benefit from immediate assistance?*

Action: *People expect to see concrete actions and new initiatives in response to the research and evaluation. Are there any areas where action is required to get new initiatives implemented? Consider whether the initiatives can be delivered internally, or if a business school or consultant may be more able to help produce the outcomes required.*

Control: *Does the organisation monitor progress and adapt the new HR initiatives as and where necessary? Even the best-laid plans need fine-tuning. Is the management prepared to respond flexibly to people's needs? Remember, it is results that count if HR is to justify its place in the organisation. So focus on outcomes, not processes. (what actually happens rather than paper trails or 'quality assurance'.)*

Time: *Managers should have realistic; time bound objectives so that colleagues can be kept informed of progress. Staff morale can be boosted by recognition so look for indications of morale. People involved in new initiatives should be praised for improvements and successes throughout the process, not just at the end.*

Guidance Note For Students

This is an exciting opportunity to begin working as a researcher/ consultant or integrated HR manager. Don't be daunted by having to research an organisation. Think about where you can base your research. Do you have a job? Does a friend or a member of your family have a job? It is important to realise that research begins with the possibility of access to an organisation. What is an organisation? Anywhere, where people work, including, for profit, not-for-profit. To understand HR audits read chapter 11. (see HR audits in chapter 11) Although it is perfectly possible to do this kind of research as an individual project it is likely to be much more rewarding and interesting to research an organisation as a team.

HRM In Action: The Advertising Agency

This HRM in Action is based on research with a successful advertising agency. I was researching organisational culture and values during a time when the St Luke's agency was breaking new ground in the advertising industry. They agency became well known both inside the advertising industry, academia and the wider world for its egalitarian management style and alternative approach to managing work in a very competitive industry. St Luke's advertising won the agency of the year award in 1997.

Sometimes HR management initiatives are bolted on to the existing organisational structure and culture. This was certainly not the case at St

Lukes. The main departure from conventional office management at St Luke's advertising was the adoption of a range of alternative management methods. Including the use of co-operative ownership (employees owned the company) team working (Teamwork is discussed in chapter 3) and hot desking (no one has their own desk, people use which ever desk/ computer is available each day) to enable employees to focus on progressing their work, not the organisational bureaucracy.

The chairman (now former chairman Andy Law) told me that the use of technology enabled people to do their work more flexibly than the conventional office practices allowed. The research I conducted indicated that the new approach was also well received by the staff. Several interviewees, both in focus groups and individually, expressed very positive attitudes towards the agency. For example, one respondent noted the importance of nurturing employees by asserted that: ' If people leave we're losing talent and loyalty.' Traditional methods of HR management such as strategic planning (Planning is discussed in chapter 11) were rejected as an outdated paradigm. 'That paradigm is out of date, it isn't useful to this situation.' The research evidence I gathered from the chairman, senior staff and members of St Luke's also indicated that their adventurous experiment into a cooperative form of working was commercially successful. So much so that major organisations as diverse as BT, Ikea and HSBC were part of their client portfolio. The work of St Luke's has since been researched by other academics, management writers and journalists and has consequently received considerable journal and press interest. (St Luke's is cited in Nieto, 2002). According to Coutu (2000) St Lukes vision was to enable workers to relax and employment security long enough to see beyond the short-term (Coutu, 2000 p.148).

However, by 2003 the apparently utopian management dream was being criticised for significant HR failings. Guest, (2003) reported that some major clients had left the agency as well as a number of key personnel including the chairman, who reflected that he might have been more a little bit more dictatorial. Perhaps instead of the emotive term of 'dictatorial' it would be more progressive to use the word assertive. Nevertheless, the difference

between whether a manager is dictatorial or assertive may be more perception than reality. One of the managers who stayed with the agency noted a marked change in HR strategy, reflecting that co-operative ownership led to difficulties in leading the business. This appears to be a complete turnaround of strategy, if one is permitted to use the term strategy, in an organisation, which experimented in a free form of co-operative management. Yet this is completely in harmony with a proposition that argues for situation specific HR that is sufficiently flexible to change in response its environment.

What can the HR student learn from the St Luke's experiment? To begin with, we should recognise the need to be responsive to changing organisational requirements. Even the most innovative of HR initiatives needs to adapt to new circumstances. The case of St Luke's demonstrates how organisations require different HR approaches as they develop. For example, while communication is likely to be easier in a smaller newly established organisations where the pioneering employees may enjoy the exuberance of innovation; this may become more routine as the organisation matures.

The case of St Luke's' therefore raises some interesting issues for HR students and practitioners.

Discussion questions

Consider the following:

1. Nothing fails like success? Why should even successful organisations continually consider new opportunities and approaches to working practices?
2. Why is it important for HR professionals to regularly monitor staff attitudes and morale?
3. How do you think employees who have become accustomed to a co-operative management structure/ culture are likely to react to the imposition of a new 'rigorous systems'?
4. What are the advantages and disadvantages of informal management style?

5. How might an HR audit or culture case study inform and assist in the development of a new management approach?

In sensitive areas of management change, why is employee/ staff consultation important?

HRM In Action: The Voluntary Sector

Names and certain details have been altered to respect the anonymity of individuals and the voluntary organisations from which the research for this case study was derived.

The 'Happy holiday play scheme' was organised for children with educational learning difficulties. The ratio of children to supervisors was very good and improved further by the addition of unpaid volunteers. In general it was accepted that the paid staff would contribute more to the work of the play scheme, although the scheme's co-ordinators valued the volunteers' work. Both paid and voluntary staffs were provided with specific training sessions to meet the needs of the children. The volunteers were also provided with a certificate of attendance.

The scheme was successful in recruiting students studying education and related areas. This was because the work experience helped them develop knowledge and skills, which enhanced their CV portfolio. The ambition of most of the unpaid volunteers was to eventually find full-time paid employment in the voluntary sector. Consequently the scheme's provision of training sessions and the attendance certificates together with the practical experience of working with the children was particularly helpful in recruitment.

This kind of structured approach is by no means universal in the voluntary sector and some volunteers may find themselves doing routine paper work or 'tidying up' tasks. However, that was not the case in the happy holiday play scheme. The feedback evaluations from former volunteers were mostly very

positive and in turn assisted future recruitment of new volunteers. However, given that the volunteers were usually motivated by career development they didn't tend to stay with the scheme for very long. One of the concerns for the scheme's permanent workers was the need to constantly recruit and train new volunteers. Although the training was essential to the effectiveness of the scheme it also represented a cost in terms of staff time.

Another matter for concern was that the relatively low paid employees were acting as training managers, supervisors and mentors to volunteers who were doing aspects of 'their jobs' for no pay. It was therefore arguable that the paid employees might have been in a better position to negotiate improved wages if there was not such a healthy flow of willing unpaid volunteers. The high volunteer turnover also created challenges in relation to continuity of individual contact with needy children. Conversely, the presence of volunteers provided the scheme with an improved staff ratio thereby enabling more day-to-day, individual attention and support for the children.

Discussion Questions

1. Do you think that the students are being provided an opportunity to gain work experience, or being exploited as unpaid workers?
2. To what extent, if at all, do you think pay levels in the care sector are influenced negatively by the use of volunteers doing similar work to the employees, for free?
3. Many of the volunteers were students developing their professional skills for future employment in the sector. Do you think that working on the play scheme be incorporated into their professional training programme, thus providing the scheme with a more regular stream of workers and the potential for more formal accreditation?
4. The turn over of volunteers was highlighted as a concern in the case study. What are the potential problems for continuity and stability in voluntary organisations?

5. What attitudes, knowledge and skills do you think might be developed in voluntary sector student placements that are distinct from being placed in a for-profit organisation?
6. The play scheme provided training, a certificate and an opportunity to gain professional experience. How common do you think that this is in the voluntary sector?
7. Consider the organisational challenges of integrating the work of full-time paid professionals with short-term stay volunteers.

Chapter Summary

This chapter explored the integrated HR approach and the changing role of HR in modern organisations. It discussed organisational structure and cultures and the implications they have to modern HR initiatives. There are differences in approach and form of HR in different sectors. Modern integrated HR recognises the situation specific requirements of the public, private and voluntary sectors.

This includes an awareness of the need for differences in the design of HR for not-for-profit organisations.

The delivery of HR can be drawn from a variety of sources including internal department staff, external advisors and providers. If the right mix is selected and delivered effectively then the net result should be improved performance, whether that is translated as profits, service delivery in the charity and not-for-profit sector.

Managers may also reflect upon the value of recognising the role they play in HR.

That in one sense everyone is involved in HR management because most tasks require the co-operation of other people, which means responding to individual personalities, variations in attitudes, knowledge and skills within a situation specific context.

Guidance Note For Students

The references are a useful guide to seek out other sources for background reading and ideas for your course work. Universities and colleges expect you to read more than just the set text. Although *HRM An Integrated Approach* provides a complete course for you, it is important to recognise that there are many other opinions, ideas on HR and management in general. In your assignments and activities you will be expected to refer to a range of literature. Go to you Learning Resources Centre and read/ view academic literature and expand your knowledge of HR and Management.

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