HRM in a business context
Contents

1. Managerial and business environment
2. Management – theory & practice
3. Management: power & politics
4. Management & HR
5. Role of HRM
Learning outcomes

This session is designed for you to:

• Understand and consider the relationship between management and HR within a broader environmental context

• Consider the different relations between operational management practice, HR function and HR practitioners.
Management practices and productivity: a conceptual multi-level model

<table>
<thead>
<tr>
<th>Regions</th>
<th>Industries</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Market size (eg.GDPPC)</td>
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</tbody>
</table>

- **Inputs:**
  - Labour, Capital, Land

- **Management**
  - (Executive pay, monitoring, Lists A and/or C)

- **Technology**
  - (R&D patents)

- **Firm Skills**
  - (Labor quality,)

- **Other character.**
  - (Size, Age, CEO ownership, List B)

- **Performance:**
  - Productivity
  - Turnover
  - Profit

- **Dept. performance**
  - Dept A
  - Dept B
  - Dept C
  - Dept D

- **Performance pay, Business re-engineering, Outsourcing, Supply chain partnering, ICT, List A**

- **Performance pay, Team working, Empowerment, Communic, Flexibility, Devp, TQM, JIT, V.M, List C**
Managerial Perspective

Strategic choice

Management style
Major Approaches to Management

- Historical Background
  - Early Examples of Management
    - Adam Smith
  - Industrial Revolution

- Classical Approaches
  - Scientific Management
  - General Administrative

- Quantitative Approach

- Behavioral Approach
  - Early Advocates
  - Hawthorne Studies
  - Organizational Behavior

- Contemporary Approaches
  - Systems Approach
  - Contingency Approach
Classical management thought

- Division of Labor
  - Jobs broken down into simple, routine, and well-defined tasks
- Authority Hierarchy
  - Positions organized in a hierarchy with a clear chain of command
- Formal Selection
  - People selected for jobs based on technical qualifications
- Impersonality
  - Uniform application of rules and controls, not according to personalities
- Formal Rules and Regulations
  - System of written rules and standard operating procedures
- Career Orientation
  - Managers are career professionals, not owners of units they manage
## Types of employment relations policies

<table>
<thead>
<tr>
<th>Investment approach</th>
<th>Cost-minimising approach</th>
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<tbody>
<tr>
<td>Partnership arrangement with trade union/employee representatives</td>
<td>Adversarial relationship with union(s), non-recognition or derecognition</td>
</tr>
<tr>
<td>Job security</td>
<td>Job insecurity/hiring and firing</td>
</tr>
<tr>
<td>Longer-term policies</td>
<td>Ad hoc/fire-fighting employee relations policies</td>
</tr>
<tr>
<td>More selectivity in recruitment, higher pay, investment in training</td>
<td>Casual approach to recruitment, low pay, little investment in training</td>
</tr>
<tr>
<td>More sophisticated/two-way communications</td>
<td>One-way communication (if any) from management</td>
</tr>
<tr>
<td>Application of procedures, e.g. discipline</td>
<td>Procedures not implemented, ‘macho’ management</td>
</tr>
</tbody>
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Source: after Marchington and Parker (1990)
The Evolution of Power: From Domination to Delegation

Degree of Empowerment

High

None

Authoritarian Power
Manager/leader imposes decisions.

Domination

Consultation

Influence Sharing
Manager/leader consults followers when making decisions.

Participation

Power Sharing
Manager/leader and followers jointly make decisions.

Delegation

Power Distribution
Followers granted authority to make decisions.
LEGITIMATE POWER
Authority to command, based on the position

REWARD POWER
Able to award positive, desired outcomes

COERCIVE POWER
Able to threaten, punish or harm

EXPERT POWER
Influence based on knowledge and information

REFERENT POWER
Influence based on charisma, identification and trust
Shift to HRM

Enhanced Competition → Strategic Response

Beliefs and assumptions

Line Managers seize the initiative

Changes in key levers

Attitude and behaviour changes:
- Commitment
- Customer orientation
- Quality
- Flexible working

Competitive performance

Implications for industrial relations
THE HR THREE-LEGGED STOOL

CORPORATE HR:
Individual or teamworking with business leaders in a strategic business partnership to formulate and decide how to implement HR strategy. Co-ordinates HR across the business.

TRANSFORMATIONAL HR:
- Business partners
  - Embedded in the business. Roles vary according to context. In some organisations they work with business unit leaders on how best to implement HR strategy at unit level. In some they work as part of an HR team available to give units operational support on request. In some they act as in-house consultants.
  - HR partners may advise their units to go to a Centre of Expertise before or instead of contracting for work from an external source.
- Centres of Expertise
  - Supply high-level specialised HR knowledge and skills (e.g. in L&D) to help businesses solve business problems. Identify and collect good internal and external practice plus new knowledge, and share these across and between units sourcing innovative ideas. Each acts as a specialised consultancy firm inside the organisation (or sometimes regionally or country-based). Can operate on a profit centre basis.

TRANSACTIONAL HR:
The service centre provides answers to routine questions through standardised work and streamlined processes, with e-technology where feasible. Achieves economies of scale, reduced duplication, greater efficiency, higher volume with fewer staff. Often part of an organisation wide shared services centre.

Operational executors:
These do any work that falls between cracks in the stool.

Source: Drawn from information in Ulrich, D. (2007); Arkin, A. (2007b, c)
Strategic Integration

...degree to which HR issues are part of strategic decision making and the degree to which decisions on HR are linked to business strategy.

Low - High

Traditional | Business-led | Strategic
“reactive” | “dependent” | “integral”
Advert 1

HR BUSINESS PARTNER, INTERNATIONAL FINANCIAL SERVICES GROUP: £50,000 PLUS BONUS AND BENEFITS

The company is a leading financial services group operating in the UK and overseas and is looking for an HR Business Partner for its Customer Service and General Insurance units.

Reporting to the Head of HR and working closely with the directors of the two units, you will occupy a newly-created role with responsibility for driving the people agenda in line with their strategic business plans. You will also be expected to advise, facilitate and deliver HR service requirements across Organisation Change and Development, Resourcing, Reward and Recognition, Performance Management, Learning and Development and Talent Management.

You should be educated to degree level, be CIPD-qualified and have a strong track record of delivering strategic HR. You should be able to demonstrate solid experience of driving cultural change through organisations and working with senior stakeholders to drive commercially focused people agenda. In return we offer excellent opportunities for career progression both within the units and the wider group.
HR BUSINESS PARTNER, ‘X’ BOROUGH COUNCIL: £61,000–£64,851, BENEFITS AND LONDON WEIGHTING

As part of our plans for continued improvement, the HR department is being divided into two distinct areas, a new Shared Service Centre and a strategic ‘Core HR’ function. As a result we need a strategic HR professional to join the Council as HR Business Partner.

In this key role you will work as one of a team of three business partners, strategically leading HR changes for a significant part of the Council with responsibility for a large Directorate. You must be able to translate changes into operationally focused and pragmatic solutions, whilst also leading on areas including workforce planning, performance and talent management and employee relations.

You must be able to demonstrate a strong track record of delivering innovative and effective people management solutions, building relationships with key stakeholders across a large and disparate organisation. Ability to communicate and engage with a wide range of staff is essential as is the provision of leadership for the strategic HR function. Prior experience of public sector and local government HR procedures is desirable but by no means essential, and experience of any Directorate is less important than the ability to apply effective business partner principles to a changing and ambitious Council.

In return this role offers an excellent opportunity to contribute at a strategic level to a forward-thinking and vibrant organisation that is undergoing significant transformational improvement, developing your HR skills at the highest level.
HR Business Partner posts: the two organisations (1) – SIMILARITIES

• Both are restructuring their HR functions to give prominence to strategically-oriented, ‘transformational’ work.

• Both are looking for someone with leadership ability, the ability to work with key stakeholders, and the ability to achieve innovative solutions.

• Both posts involve operating at a senior level and working across key HR areas.

• Neither mentions the HR roles and capability of line managers in the organisations concerned.
HR Business Partner posts: the two organisations (2) – DIFFERENCES

• Advert 1 refers to several traditional HR functional areas. Advert 2 covers three broad-based areas.
• Advert 1 is for a post with a far bigger organisation than Advert 2, involving international operations, yet offers a lower salary.
• Advert 1 shows a clear reporting line for the HR Business Partner. Advert 2 does not, mentioning only the need to operate as one of a team of three partners.
• Advert 1 specifies the qualifications expected in candidates. Advert 2 does not.
• Advert 1 has a strong emphasis on kinds of experience needed. Advert 2 is more concerned with proven ability to achieve several major types of outcome.
The role of HRM in organizations

Legge (1978) suggested the following categories:

- Conformist innovator - encourages the adaption of HR practice, but within the current rules, status quo and management style

- Deviant innovator - encourages the adaption of HR practices, but in ways that go beyond the current rules, status quo and management style

- Problem solver – does not attempt to develop HR practice beyond dealing with problems as they arise
HOW HR CAN MAKE AN IMPACT ON ORGANIZATIONAL PERFORMANCE

- Develop and successfully implement high performance work practices, particularly those concerned with job and work design, flexible working, resourcing, employee development, reward and giving employees a voice.
- Formulate a clear vision and set of values (the ‘big idea’) and ensure that it is embedded, enduring, collective, measured and managed.
- Develop a positive psychological contract and means of increasing the motivation and commitment of employees.
- Formulate and implement policies that meet the needs of individuals and ‘create a great place to work’.
- Provide support and advice to line managers on their role in implementing HR policies.
- Manage change effectively.

Current vs. Future State of HR

Strategic Partner

Change Agent

Administrative Expert

Employee Advocate
• **Change makers** (interventionary/strategic) – close to the HRM model.
• **Advisers** (non-interventionary/strategic) who act as internal consultants, leaving much of HR practice to line managers.
• **Regulators** (interventionary/tactical) who are ‘managers of discontent’ concerned with formulating and monitoring employment rules.
• **Handmaidens** (non-interventionary/tactical) who merely provide a service to meet the needs of line managers.

The changing role of the HR practitioner

Caldwell concentrates on the role of HR managers as change agents and has identified four types:

1. **Change champions** who envision, lead or implement strategic change.
2. **Change adapters** who act as ‘reactive pragmatists’ who adapt the vision to the realities of the organization and view organizational change as a slow iterative process.
3. **Change consultants** who implement a discrete change project or the key stages of an HR change initiative.
4. **Change synergists** who strategically co-ordinate, integrate and deliver large-scale and multiple-change projects across the whole organization.