

Chapter 3¹

Delivering HRM systems and roles

3.1 Introduction

The framework for delivering HRM is provided by the HR architecture of an organization, which consists of the HR system, HR practices and the HR delivery model adopted by the HR function. Within that framework the provision of advice and services relating to human resource management is the responsibility of the HR function and the HR professionals who are members of the function. Ultimately, however, the delivery of HRM is up to line managers who put HR policies into practice.

HR techniques such as organization development, selection testing, talent management, performance management and total reward play an important part in the delivery of HRM. But there is the danger that new and seemingly different techniques become 'flavours of the month' only to be quickly forgotten when they fail to deliver. Some time ago McLean (1981: 4) observed that:

The history of the management of human resources is littered with examples of widely acclaimed techniques enthusiastically introduced by managers who are keen to find solutions to their 'people' problems, only to be discarded and discredited by the same disillusioned and increasingly cynical managers some time later.

Times have not changed. The effective delivery of HRM depends on using techniques which are tried, tested and appropriate, not ones which have been promoted vigorously as 'best practice' without supporting evidence.

3.2 HR architecture

HR architecture consists of the HR systems, processes and structure, and employee behaviours. It is a comprehensive representation of all that is involved in HRM, not simply the structure of the HR function. As explained by Becker et al (2001: 12): 'We use the term HR architecture to broadly describe the continuum from the HR professionals within the HR function, to the system of HR related policies and practices, through the competencies, motivation and associated behaviours of the firm's employees.'

¹Armstrong, M. (2014). *Armstrong's handbook of human resource management practice* (11th ed.). London: Kogan Page.

It was noted by Hird et al (2010: 25) that: 'this architecture is seen as a unique combination of the HR function's structure and delivery model, the HR practices and system, and the strategic employee behaviours that these create'.

Purcell (1999: 38) suggested that the focus should be on 'appropriate HR architecture and the processes that contribute to organizational performance'. Becker and Huselid (2006: 899) stated that: 'It is the fit between the HR architecture and the strategic capabilities and business processes that implement strategy that is the basis of HR's contribution to competitive advantage.'

3.3 The HR system

The HR system contains the interrelated and jointly supportive HR activities and practices which together enable HRM goals to be achieved. Becker and Huselid (1998: 95) observed that: 'The HRM system is first and foremost a vehicle to implement the firm's strategy.' Later (2006) they argued that it is the HR system that is the key HR asset. Boselie et al (2005: 73) pointed out that in its traditional form HRM can be viewed as 'a collection of multiple discrete practices with no explicit or discernible link between them. The more strategically minded system approach views HRM as an integrated and coherent bundle of mutually reinforcing practices.'

As illustrated in Figure 3.1, an HRM system brings together HR philosophies that describe the overarching values and guiding principles adopted in managing people. Taking account of the internal and external environments in which the organization operates, the system incorporates:

- HR strategies, which define the direction in which HRM intends to take each of its main areas of activity.
- HR policies, which set out what HRM is there to do and provide guidelines defining how specific aspects of HR should be applied and implemented.
- HR practices, which consist of the HRM activities involved in managing and developing people and in managing the employment relationship.

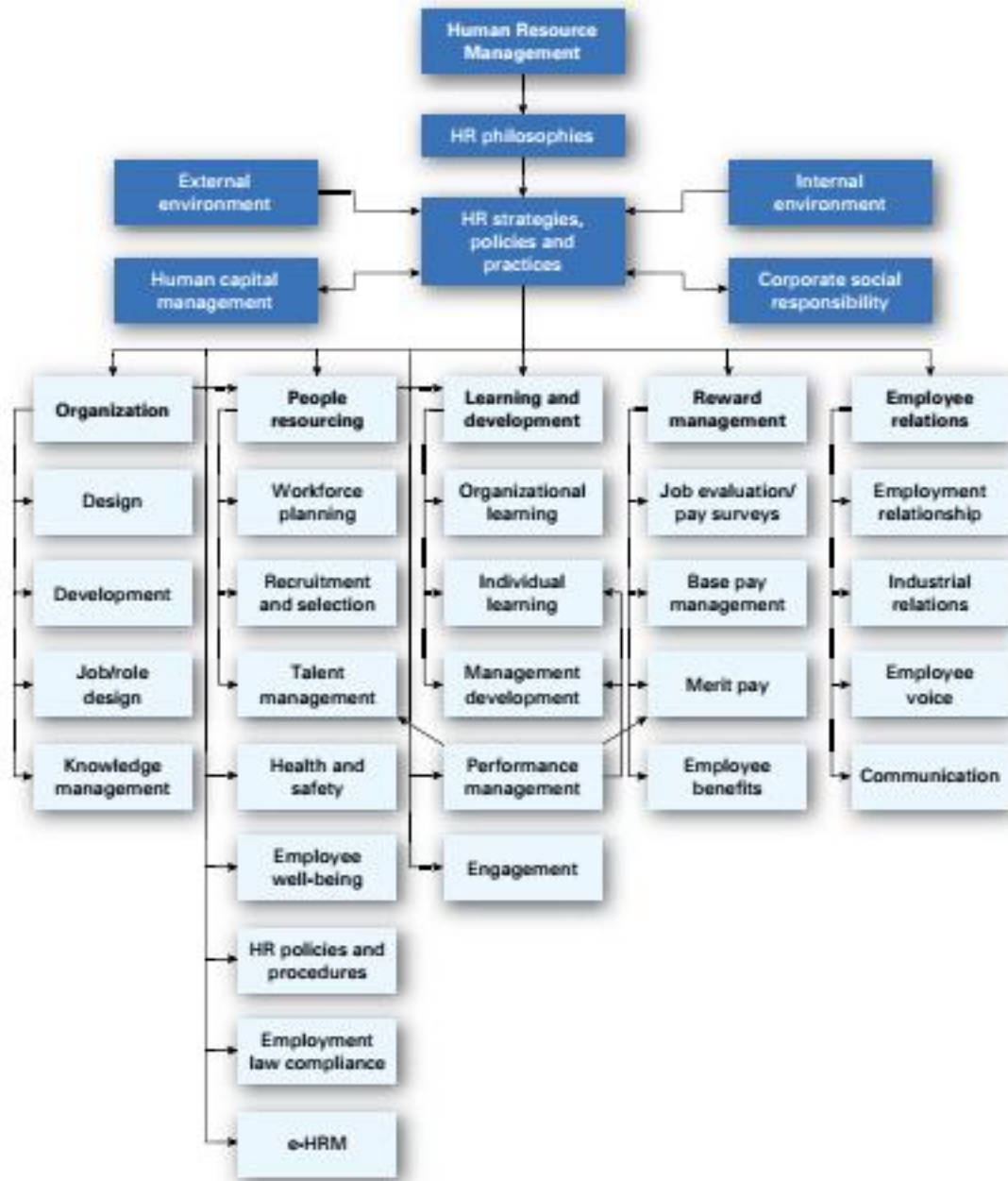


Figure 3.1: The HRM system

3.4 The HR function delivery model

In a sense the HR function is in the delivery business – providing the advice and services that enable organizations and their line managers to get things done through people. The HR delivery model describes how those services are provided. These methods of delivery take place irrespective of the degree to which what is done corresponds with the conceptual HRM model described in Chapter 1.

The most celebrated delivery model was produced by Dave Ulrich. In his influential Harvard Business Review article (1998: 124) he wrote that: 'HR should not be defined by what it does but by what it delivers results that enrich the organization's value to customers, investors, and employees.' More specifically he suggested that HR can deliver in four ways: as a strategic partner, an administrative expert, an employee champion and a change agent. This first model was later modified by Ulrich and Brockbank (2005), who defined the four roles as employee advocate, human capital developer, functional expert and strategic partner. The role and organization of the HR function in delivering HRM is explored below.

3.5 The role and organization of the HR function

Members of the HR function provide insight, leadership, advice and services on matters affecting the management, employment, learning and development, reward and well-being of people, and the relationships between management and employees. Importantly, they contribute to the achievement of organizational effectiveness and success (the impact of HRM on performance is considered in Chapter 4). The basic role of HR is to deliver HRM services. But it does much more than that. It plays a key part in the creation of an environment that enhances engagement by enabling people to make the best use of their capacities, to realize their potential to the benefit of both the organization and themselves, and to achieve satisfaction through their work.

Increasingly, the role of HR is seen to be business-oriented – contributing to the achievement of sustained competitive advantage. Becker and Huselid (1998: 97) argued that HR should be 'a resource that solves real business problems'. But one of the issues explored by Francis and Keegan (2006) through their research is the tendency for a focus on business performance outcomes to obscure the importance of employee well-being in its own right. They quoted the view of Ulrich and Brockbank (2005: 201) that 'caring, listening to, and responding to employees remains a centrepiece of HR work'. The HR function and its members have to be aware of the ethical dimensions of their work.

3.5.1 HR activities

HR activities can be divided into two broad categories: 1) transformational (strategic) activities that are concerned with developing organizational effectiveness and the alignment and implementation of HR and business strategies; 2) transactional activities, which cover the main areas of HR service delivery: resourcing, learning and development, reward and employee relations. A CEO's view on the HR agenda as quoted by Hesketh and Hird (2010: 105) was that it operates on three levels: 'There's the foundation level, which we used to call personnel, it's just pay and ratios, recruitment, all that sort of stuff that makes the world go round, transactional work. Level two to me is tools, it could be engagement, reward, development, those sort of things. Level three is the strategic engagement.'

3.5.2 The organization of the HR function

The ways in which HR operates vary immensely. As Sisson (1990) commented, HR management is not a single homogeneous occupation – it involves a variety of roles and activities that differ from one organization to another and from one level to another in the same organization. Tyson (1987) claimed that the HR function is often 'balkanized' – not only is there a variety of roles and activities but these tend to be relatively self-centered, with little passage between them. Hope-Hailey et al (1997: 17) believed that HR could be regarded as a 'chameleon function' in the sense that the diversity of practice established by their research suggests that 'contextual variables dictate different roles for the function and different practices of people management'.

The organization and staffing of the HR function clearly depend on the size of the business, the extent to which operations are decentralized, the type of work carried out, the kind of people employed and the role assigned to the HR function. A survey by Incomes Data Services (IDS, 2010) found that the overall median number of HR staff in the responding organizations was 14: in small and medium-sized companies (with 1–499 staff) the median number was 3.5, and in companies with 500 or more employees it was 20. While, as would be expected, large organizations employed more staff than small and medium-sized enterprises (SMEs), they had on average fewer HR staff per employee. For SMEs the median ratio of employees to HR staff was 62:1; in large employers it was 95:1. The overall ratio was 80:1. The IRS 2012 survey of HR roles and responsibilities found that the median ratio of employees to HR practitioners was 80:1.

A traditional organization might consist of an HR director responsible directly to the chief executive, with functional heads dealing, respectively, with recruitment and employment matters, learning and

development, and reward management. Crail (2006: 15) used the responses from 179 organizations to an IRS survey of the HR function to produce a model of an HR department. He suggested that this 'might consist of a team of 12 people serving a workforce of around 1,200. The team would have a director, three managers, one supervisor, three HR officers and four assistants. It would include a number of professionally qualified practitioners, particularly at senior level'. However, there is no such thing as a typical HR function, although the 'three-legged stool' model as described below has attracted a lot of attention.

3.5.3 The three-legged stool model

The notion of delivering HRM through three major areas centers of expertise, business partners and HR shared service centers emerged from the HR delivery model produced by Ulrich (1997, 1998), although, as reported by Hird et al (2010: 26): 'Ulrich himself has gone on record recently to state that the structures being implemented by HR based on his work are not actually his idea at all but an interpretation of his writing.' They noted that the first reference to the three-legged stool was in an article by Johnson (1999: 44), two years after Ulrich published his delivery model. In this article Johnson quoted David Hilborn, an associate of William Mercer, management consultants, as follows:

The traditional design [of an HR department] typically includes a vice president of HR, then a manager of compensation and benefits, a manager of HRIS and payroll, a manager of employment and so on. However, the emerging model is more like a three-legged stool. One leg of the stool includes an administrative service center which processes payroll, benefits and the like and focuses on efficiency in transaction functions. The second leg is a center of excellence (or expertise) in which managers and specialists work. These employees concentrate on design rather than transactions and will have line managers as their customers. HR business partners make up the third leg. They are generalists who usually report to line managers and indirectly to HR. These employees don't get involved in transactions, but instead act as consultants and planners, linking the business with appropriate HR programmes.

This exposition provided the blueprint for all subsequent versions of the model, which has evolved as follows:

- Centers of expertise – these specialize in the provision of high-level advice and services on key HR activities. The CIPD survey on the changing HR function (CIPD, 2007) found that they existed in 28 per cent of respondents' organizations. The most common expertise areas were training

and development (79 per cent), recruitment (67 per cent), reward (60 per cent) and employee relations (55 per cent).

- Strategic business partners – these work with line managers to help them reach their goals through effective strategy formulation and execution. They are often 'embedded' in business units or departments.
- HR shared service centers – these handle all the routine 'transactional' services across the business, which include such activities as recruitment, absence monitoring and advice on dealing with employee issues such as discipline and absenteeism.

Collect and Rearrange By Marndarath