



Business Issues and the context of Human Resources

Intermediate Certificate/Diploma
in Human Resources Practice

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Version 2 02/08/2016

Housekeeping



- Fire Exits
- Toilets
- Breaks
- Mobile Phones
- Timings of the session
- Ground Rules

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Learning Outcomes



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

- Understand key contemporary business issues affecting the HR functions with private, public and third sector organisations
- Understand the main external contextual factors impacting on organisations and the HR function
- Understand the role of HR in the management of contemporary business issues and external contexts
- Understand how organisational and HR strategies and practices are shaped and developed
- Know how to identify and respond to short-term changes in the business and external contexts

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Learning Outcomes



Learning Outcome 1:
Understand key contemporary business issues affecting the HR functions with private, public and third sector organisations

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Sectors and effect on management



Private

- Law firms, Banking, Private enterprises
- Work hard play hard culture, aim of maximising profits

Public

- NHS, Colleges and Higher Education Universities
- Process driven, effective application of funding to maximise services

Not for profit

- Charities, pressure groups
- Driven by organisations mission, sensitive to environmental change (i.e. Fewer donations from the public during times of economic downturns)

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Sector specific issues



- What are some of the issues that might occur in some sectors but not others?
- How can HR change its approach to support organisational needs?



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Organisational Performance



- Sustaining organisational performance is key for success
- This is supported by developments such as TQM and Kaizen
- Without having accurate and up-to-date data, these practices are ineffective



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The Balanced Scorecard



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The Balanced Scorecard and HR



- Uses qualitative and quantitative information
- Means with which to evaluate organisational performance
- Provides a strategic overview
- Can feed in to continuous improvement processes
- Can uncover issues

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Applying The Balanced Scorecard



Using the Balanced Scorecard for McDonald's, consider how they manage their:

- Appearance to shareholders
- Customer's views
- Business processes
- Sustaining growth and improvement

Discuss in your groups for 15 minutes and then feedback to the rest of the class

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Applying The Balanced Scorecard



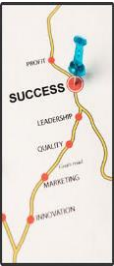
- Financial: "If we succeed, how will we look to our shareholders?"
- Customer: "To achieve our vision, how must we look to our customers?"
- Process: "To satisfy our customers and shareholders, at which processes must we excel?"
- Learning and Growth: "To achieve our vision how must our organisation learn and improve?"

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Using data effectively



- Data allows us to identify business issues
- Feeds in to corporate and HR strategy
- Data allows for most effective use of resources
- This makes it easier to maintain market position, support growth and the success for the organisation



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Group Discussion



- How does the data HR provides help us understand key business issues?
- In turn, how does this help the organisation in achieving its objectives?

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One Business Issue:
Change



How can the HR function support change issues within an organisation?



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Change Management
Issues



- What are some of the problems that occur poorly managed change?

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Successful change management



- What are some of the benefits to an organisation when change is managed effectively?



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Fears when change occurs



- Creates insecurity
- Damage motivation
- Can be costly

- Yet change is the only thing guaranteed to happen in business, so at some stage as a HR Professional you will be involved with some form of change management issues.

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HR & Change Management



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CIPD Viewpoint on
how HR helps



- Advising project leaders on skills available within the organisation
- Helping people cope with change, performance management and motivation.
- Balancing out goals with broader strategic needs.
- Negotiating with various stakeholders.
- Understanding stakeholder concerns to anticipate problems.



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Supporting Business
Partners



By fulfilling these roles HR:

- Allows more effective deployment of resources
- Easier to meet organisational goals
- Support stakeholder needs
- This is valuable to all organisations regardless of sector



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Learning Outcomes



Learning Outcome 2:

Understand the main external contextual factors impacting on organisations and the HR function

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SWOT



- Strengths
- Weaknesses
- Opportunities
- Threats

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SWOT analysis



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SWOT analysis



The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from Fortune 500 companies.

- **Strengths:** attributes of the organization that are helpful to achieving the objective.
- **Weaknesses:** attributes of the organization that are harmful to achieving the objective.
- **Opportunities:** *external* conditions that are helpful to achieving the objective.
- **Threats:** *external* conditions which could do damage to the business's performance
- Can be used for Business planning decision making, problem solving, strategic planning, project planning, Career development

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Development SWOT analysis



Strengths	Weaknesses
• What are you good at? • What do you know about?	• Where are your gaps? • What do you need to learn about?
Opportunities	Threats
• What resources could you use? • What people could you speak to? • What activities could you do to learn? • What will be the benefits?	• What will happen if you don't learn these things? • How could this impact you?

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PESTLE



- Political
- Economic
- Social
- Technological
- Legal
- Environment

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PESTLE



- Political**
Current and potential influences from political pressures, such as UK or EU government policy or changing political climates.
- Economic**
Local, national and world economy impact, for example changes in inflation or house prices, or world recession.
- Social**
The ways in which changes in society affect the organisation. This might include changes in demographics or changes in social trends/fashions.
- Technological**
The effect of new and emerging technology such as computers, software and mobile phones, use of wireless technology and so on.
- Legal**
The effect of national and world legislation on organisations, for example: new employment legislation or changes in company law.
- Environmental**
Local, national and world environmental issues such as pollution and climate change, and changing attitudes towards these issues.

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PESTLE Analysis



The outside world in which an organisation operates can be examined by using a PESTLE Analysis.

The six areas which might affect an organisation can be seen as:



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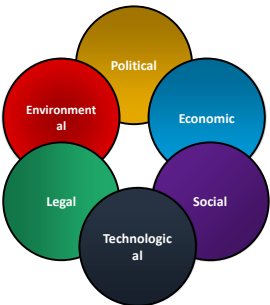
PESTLE Analysis of an Organisation



A PESTLE analysis is a useful tool to help you consider the potential impact of influences in the macro-environment.

It allows you to identify possible key changes in the outside world, in a structured manner.

That external environment is broad and complex, so any tool to help you assess existing and future influences on your organisation is worth using.



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Porter's 5 forces



- With more and more sources of information available, being able to effectively process and analyse information is crucial for an organisation's success.
- Michael Porter developed a framework known as the 'Five Forces' or 'Porter's Five Forces'.
- The purpose is to examine five forces that determine the competitive intensity and therefore attractiveness of an industry, with attractiveness referring to the estimated profitability of a market.
- An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability.
- A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven down to zero.

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Porters 5 forces



The forces are:

- Bargaining Power of Customers
- Bargaining Power of Suppliers
- Threat of New entrants (competitors)
- Threat of Substitute Products
- Competitive rivalry within an industry

You Tube Summary of Porters Model:

<https://www.youtube.com/watch?v=RmKbd0zLezQ>

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External Factor:
Globalisation



- International domain has become more relevant to employers and HR alike
- Technological and social developments have made the world more connected
- Examples of this include: financial markets, use of social media, growth in CSR



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Globalisation



What changes have occurred with globalisation for your organisation in these areas:

- Developing and implementing organisational strategy
- Organisational practices (work life balance etc)
- Workforce demographics



Discuss in your groups and feedback in 15 minutes

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Case Study: Apple Inc.



- Co founded by Steve Jobs in 1976
- Revolutionised IT and music markets
- Overtook Microsoft stock value in May 2010
- Did you know....

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Apple in the PESTLE



- Examine the Apple organisation in a PESTLE
- What are some of the factors that have supported its success, and what might be the challenges ahead?

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Legislative Concerns

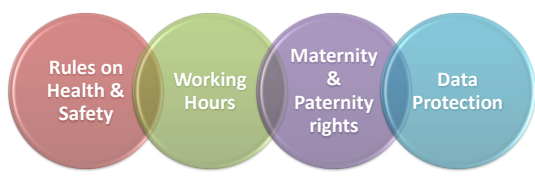


- Organisations need to consider more than just their shareholders and employees
- Regulatory bodies such as Government and the EU have an affect on business practices
- Legislation has an affect on a variety of areas...



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Examples of how
it affects business



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The role of the EU



- Membership of the EU means implementation of different legislation
- Creates broad regulations which are directly applicable to member states
- Member states given 2 to 3 years to pass this in to law



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Returning to the
example of Apple...



Taking in to account what we have discussed about the EU and Government:

- Can you think of ways in which government of EU legislation have affected Apple's work practices?
- Use examples in the format of a PESTLE analysis

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Information Technology



- Technology is vital in sharing information
- Crucial to maintain competitive advantage
- Can you think of examples when this might be of use to HR?



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Technology supporting HR



It could be used in:

- Reward Structures
- Talent Management
- Workforce planning
- Absence management
- Recruitment & Selection
- Just about any HR issue!

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Value of keeping up with change



Watch this video:
<http://www.youtube.com/watch?v=pm7FyShb7Bk>

- Make a note of when different organisations came to exist
- What does this tell you about how quickly technology develops?

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Learning Outcomes



Learning Outcome 3:

Understand the role of HR in the management of contemporary business issues and external contexts

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Strategic HRM



- Integration of strategy and operations
- HR Planning must be integrated with the corporate strategy
- Through integration you can improve organisational performance

- Vital those at operational level understand the strategy



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Best Fit Vs. Best Practice



Best Fit SHRM

- Developed at Michigan Business School
- Assesses the integration between strategy, activities, policies and practices
- Employees are resources in the same way as any other business resource

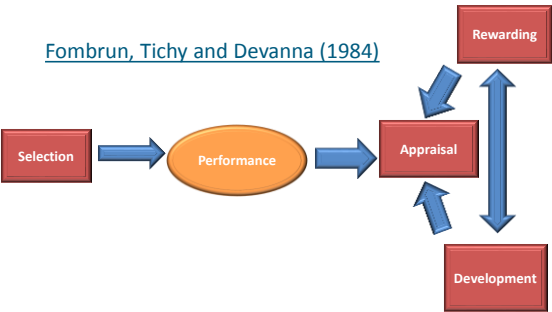


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The Michigan Model



Fombrun, Tichy and Devanna (1984)



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Best Practice Vs. Best Fit



Best Practice SHRM

- The 'best-practice' theory is based on the assumption that HR practices observed in high-performing firms can be transformed to other companies with the same results



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Pffefer's 7 'Best Practices'



- Employment Security
- Selective Hiring
- Self managed teams
- Sharing information
- Reducing status differences
- Extensive training
- Organisational performance = high pay



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Group Discussion



Thinking back to Best Fit and Best Practice:

- Which of these models does your organisation use?
- Which sectors or industries are better suited to one model than the other?

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The value of Business Ethics



Corporate
Social
Responsibility



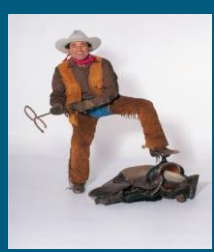
What does it mean to you and your organisation?

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Ethics and employer branding



- Once 'branded' a businesses reputation is hard to change
- Live in a digital age where information travels fast
- Organisations are more accountable than previously was the case



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Group Discussion



• How does CSR and business ethics shape the relationship between HR, senior and direct line managers?

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Learning Outcomes



Learning Outcome 4:
Understand how organisational and HR strategies and practices are shaped and developed

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Different forms of integration



What is your understanding of Horizontal & Vertical integration in SHRM?

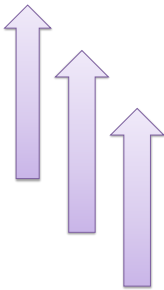


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Vertical Integration



“If there is harmony between the business strategy, the HR strategy and the rest of the organisation then it is said that the organisation has vertical integration”

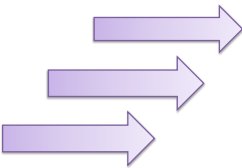


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Horizontal Integration



“Horizontal integration looks at how there needs to be integration of the activities of one function. Therefore, there needs to be integration between the various HR practices”



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Strategy Formulation



- How is strategy formulated within your organisation?
- Discuss within your groups and feedback to the class in 15 minutes



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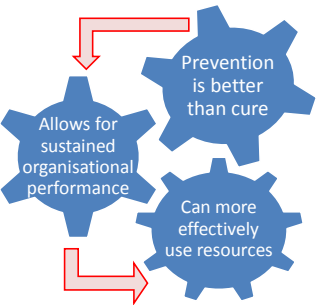
Learning Outcomes



Learning Outcome 5:
Know how to identify and respond to short-term changes in the business and external contexts

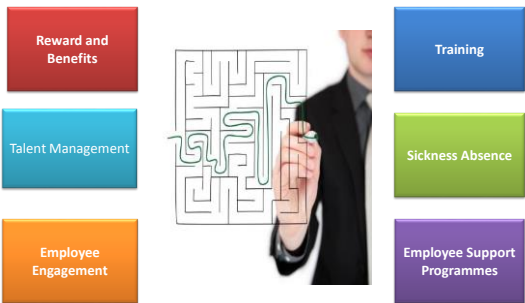
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The value of identifying risk



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The value of HR's involvement



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Identifying the need for change



- By identifying the need for change HR reaffirms its position as being a business partner and helping set the agenda



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Environmental Scanning



- This makes it vital to be able to ‘scan’ your environment and react to change
- Information is the prerequisite for this
- This needs to be applied to long and short term aims to support organisational performance



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Group Exercise



Take one of the following organisations:

- Twitter
- Adidas
- Cancer Research UK

What would be some of the key issues when “scanning” their business environment? Discuss in your groups for 15 minutes and then feedback to the class.

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Plagiarism



What do you think this means?

"Plagiarism is the act of presenting the ideas or discoveries of another as one's own. To copy sentences, phrases or even striking expressions without acknowledgement in a manner which may deceive the reader as to the source is plagiarism, to paraphrase in a manner which may deceive the reader is likewise plagiarism." University of Kent (2015). See Student Handbook Page

Examples of Plagiarism:

- Copying colleagues or friends work – with or without their permission.
- Using published text from the Internet, Books, magazines, journals or newspapers – not sourced.
- Asking or paying other people or organisations to produce your assignment work.

Note - It is acceptable to collaborate with fellow students, but the work you submit must be significantly different and your own.

Thank You!
