



# Human Resource Strategy

*making the most of people*

## What do HR people do?

To the outsider, HR practices can appear to be pretty narrowly focused - recruitment, training, development, organisation, industrial relations, compensation and benefits, equal opportunity, diversity, health and safety etc., each with its own priorities and set of experts. What has this got to do with the 'real' business, and can't we outsource it all?

HR Departments are usually organised around specialist functions like these for historical reasons, or in response to the changing priorities of the organisation, new legislation or other external or social pressures. This focus is reinforced when work to improve policies, practices and processes is undertaken by the experts within each function. A 'silo' mentality can easily creep in where the needs of the function sometimes appear to take a higher priority than the needs of clients and users.

There are some real and continuing dilemmas for HR professionals (and for their employers and clients in the organisation). One is how to balance functional expertise with business awareness. Another is how to handle complex inter-personal and organisational dynamics within the framework of stated policy and standardised procedures, whilst continuing to reflect the values of the organisation.

There are many strands of people management activity that need to be addressed in parallel. Most of them are inter-dependent. Some are routine or administrative in nature, many are behavioural and some go to the very heart of what makes one organisation operate so much more successfully than another.

The attached simplified model provides an overview of what happens in the process of managing people. It summarises how the different HR practices have typically developed and indicates how they depend on each other. Of course, in practice it is much more complex and inter-active.

- In the enthusiasm of start-up or growth of an organisation, the first priorities tend to be about getting and keeping people and staying within the law.
- Next comes a concern to focus people on understanding and delivering what the organisation wants from them - and the focus shifts to induction, training and incentives.
- The need to identify and develop individual talent and prepare the next group of leaders, managers and supervisors drives the next level of practice.
- Recognition of the impact of inter-personal and group dynamics on motivation and on the effectiveness of the organisation often comes next, with a focus on fixing organisation problems and difficulties within teams and between key individuals.
- At the peak is the realisation that fixing the problems is not enough. How we manage the organisation and ourselves together in one common interest is the key to success. Without that capability the best products, services or business models are undermined. The business and people processes are interdependent and we have to develop them together.



## A Model of HR Practice



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The potential for adding value at each activity or intervention increases as we work up the pyramid, though the greater volume of work tends to be nearer the foot of the pyramid. This bears a resemblance to Maslow's Hierarchy of Needs and the conclusion is the same. If we cannot satisfy the basic and intermediate levels of expectations, we are unlikely to stimulate the higher added-value behaviour at the top.

Not only does an organisation need a clear and appropriate HR strategy under-pinned by common values, it also needs sound, effective, relevant HR policies and procedures that enable to strategy to work.

So strategy, policy and procedures are all interconnected, deriving as they do from the same corporate purpose, strategic goals, values and behaviour that should drive all of the other activities of the enterprise.

So, how do people in HR roles contribute to the success of the organisation? Like in finance, marketing, engineering or any other support function, different roles require different kinds of capabilities: strategic, developmental, procedural and dealing with change.

- HR Strategy and goals clearly contribute to corporate strategy, with a potentially high impact on the whole organisation. They require a sophisticated level of business awareness from the practitioner and an ability to relate effectively and constructively to the board and other senior executives. The roles involve interpreting the purpose of the organisation in terms that people can understand and contribute to.
- HR professionals make high value-added operational or tactical contributions with, for example, organisation development interventions or when they deal with inter-personal and group dynamics. These are complex and require sound judgement. Done well, they lead to organisation

behaviour change. This is about making the organisation work more effectively and facilitating inter-personal relationships.

- At the same time, the greatest volume of activity and contact between the HR function and the rest of the people in the organisation is procedural or administrative in nature or involves legal and compliance work. Like the other support functions, that work is sometimes perceived to be relatively low in value, except when it goes wrong. This is about delivering the right services efficiently.
- The organisation and the context in which it operates are constantly changing. Managers in all functions and in the line should be able to lead change but understanding and facilitating change is a particularly important capability for HR managers. This is about providing direction and support.

The volume of administrative work associated with the services lower down the pyramid encourages the use of integrated computer systems to improve accuracy and find economies of scale. Sometimes they are outsourced. That solution can work well provided the systems and the way the services are delivered reinforce the corporate values of the user organisation and support its strategic goals.

The danger is they may be seen simply as a way of reducing cost and over time begin to reflect a different ethic from the organisation they are serving. If that happens, it will undermine the HR Strategy of the user organisation and put at risk the benefits of getting the right people fully engaged in delivering the goals of the business strategy.

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