



Foundation Diploma in Human Resource Practice (FDHRP)

Module

**UNDERSTANDING ORGANISATIONS
AND
THE ROLE OF HUMAN RESOURCES**

Module : Understanding Organisations and the Role of Human Resources / Learning and Development

Introduction

This module begins with a short consideration of why understanding the organisation is a critical aspect of any HR/L & D practitioner's role. It goes on to look at organisations from a number of different angles and considers different factors that shape and characterize them. We also explore some popular ways of analysing organisations and some different ways of categorizing and describing them – including type, structure and culture. The module then moves on to look in general terms at the role of HR.

Learning Outcomes:

Upon completion of this module, you should be able to:

- Explain the importance of understanding organisational context
- Describe and explain vision, mission, values and strategy statements
- Use at least two methods for analysing factors which impact on organisations
- Discuss key factors which characterize organisations
- Describe different HR functions and how they support organisations
- Explain how the HR/L & D function contributes to the achievement of organisational plans and goals.

Why organisational context is important

For HR/L & D professionals who are employed or contracted by an organisation, there is a double focus – the needs of the individual and the needs of the organisation. Both are equally important and must be balanced.

If we base HR/ learning initiatives wholly on the needs of individuals, we may be overlooking the business priorities and constraints of the organisation. So even if the individual is satisfied, it may not meet the needs of the organisation to 'fulfill the short and long term ambitions of the organisation'

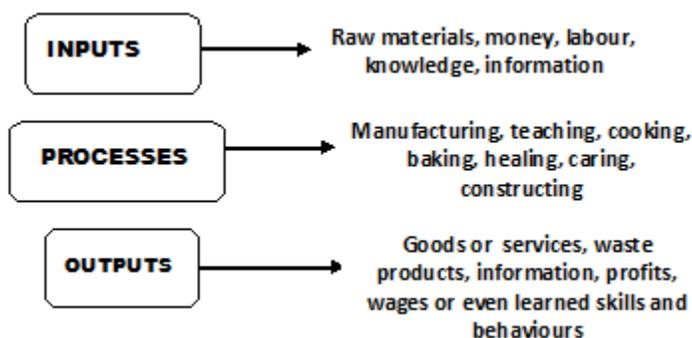
If we base initiatives on the needs of the organisation, we may not be considering the wider needs and preferences of the individuals involved and do not 'motivate them to learn, grow and perform'.

If HR/L & D is to be effective, it is essential that, it does not operate in isolation from the business but works in partnership with it, aligning HR/L & D activities to organisational goals and strategies.

UNDERSTANDING ORGANISATIONS – IN PRACTICE

The Organisation as a System

One way to understand organisations is to view them as simple systems, with *inputs*, *transformation processes* and *outputs*.



For example, the main elements of a food processing factory might be those shown in the table below:

Inputs	Processes	Outputs
	Measuring	
Raw Ingredients	Mixing	Chilled ready meals
Labour	Cooking	Wages
Premises	Refrigeration	Profit
Energy	Packing	Waste products

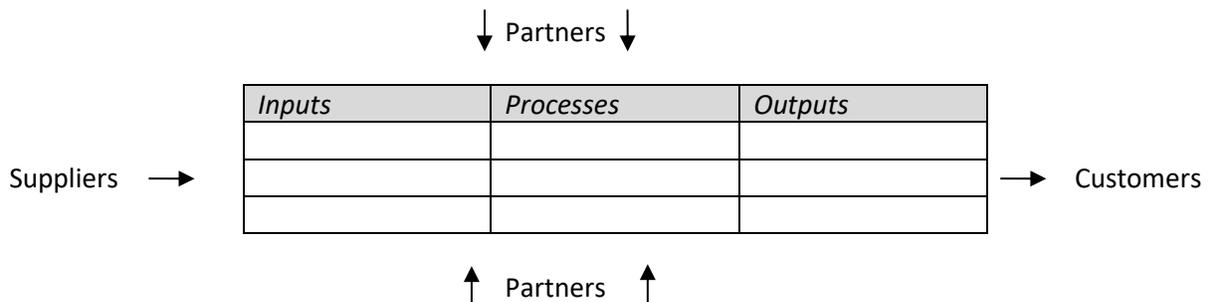
A similar analysis for a small training consultancy company is shown as an example below:

Inputs	Processes	Outputs
	Communicating	
Knowledge	Writing	Enhanced capabilities
Labour	Teaching	Qualifications
Learning materials	Coaching	Learning resources
Money	Assessing	Wages/profits
	Advising	
	Selling	

REFLECTIVE ACTIVITY

Consider the key inputs, processes and outputs of your own organisation or one that you know well.

Take this analysis a step further by looking at what happens around the immediate environment of the organisational system. For example, who are the organisation’s suppliers, key partners (eg advisers, manufacturing, service or delivery partners) and perhaps most importantly of all, the organisations customers?



Vision, Mission and Value Statements

As organisations become more complex and competitive, there has been an increased emphasis on clarifying organisational purpose, in the form of Vision, Mission and Value Statements.

This clarification has several purposes including:

- Demonstrating organisational transparency and openness – ‘who we are, what we do, what we stand for’
- Creating the ‘start point’ for the focus and drive of the organisation
- Positioning the organisation in ‘the market’ and clarifying its ‘uniqueness’ amongst the competition.
- Enabling others to quickly understand the organisation and gauge how far it aligns with their own values.
- Attracting and engaging staff who are likely to be aligned with the organisation’s values
- Attracting and engaging customers and building brand loyalty.

Statements		
Vision	Mission	Value
A future based ideal of what the organisation intends to become. It is intended to be motivational by painting a picture of a desired state for people to work towards.	A formal written statement of an organisations key purpose.	A declaration of the main life, business or behavioural principles which reflect the character of the organisation and which underpin and guide the way it undertakes its activities.

REFLECTIVE ACTIVITY

Look at the vision, mission and value statements of an organisation you know well. To what extent do those statements show in the actual work of the organisation?

How do the HR functions of the organisation reflect and 'live' the vision, mission and values?

Business Strategy and Objectives

In order to achieve their vision and mission, organisations usually need to take specific action in a specific direction. Business strategy is about determining the high level detail of the direction and action to be taken. Whilst some organisations may declare an overarching permanent strategy, strategy is more usually time-bound, and determined in relation to particular circumstances.

Strategy is a particular long term plan for success.

Collins Concise Dictionary

Organisational strategy can involve a whole range of projected organisational activity, for example:

- Expanding or reducing the size of the organisation
- Developing new products and services
- Re-focusing of services or specialization
- Consolidation of existing products, services or practices
- Particular development of existing products or services
- Developing or moving into new markets or client groups
- Organisation re-structuring
- Addressing specific current issues or failures
- Acquisitions, mergers and partnerships
- Changed supply chain arrangements
- Transformation of image or market position
- Changed ethical, environmental or customer relations approaches
- Changed financial or funding approaches

When broad strategic aims or goals have been determined, these can be broken down into more specific objectives, and ultimately more detailed business plans. When the overall aim and purpose of the organisation are clear (vision and mission), and there are key strategic aims to be achieved, the role of the HR and L&D function is to create and implement the policies and practices that will enable the achievement of the business within the stated values.

Using Analysis Models

Exactly what a particular organisation determines as its strategy will depend on a number of factors, both internal and external to the organisation. Internal factors might include: the organisation's stage of life-cycle – a new organisation is likely to require different strategies to a more established one, organisational size, structure, culture and management style, financial resources and projections or stability of funding sources, and current business results, successes and failures. External factors might include, for example: competitor activity, sector activity, political context, demographic and social trends and national and legal requirements.

There are a number of analysis models to help organisations identify key factors and determine best strategies. These include SWOT Analysis, PEST or PESTLE Analysis, Michael Porter's Five Forces Model, Igor Ansoff's 'Product-Market Matrix' and Boston Consulting Group's 'Boston Matrix'.

SWOT ANALYSIS

SWOT stands for: Strengths, Weaknesses, Opportunities and Threats.

Strengths and weaknesses are generally factors that are existing and internal to the organisation. Strengths are the things that an organisation is good at and which help it to achieve its goals. Weaknesses are the things that are less good and may get in the way of the organisation's success.

Opportunities and threats are generally factors that are external to the organisation and may not yet have come about. These are factors which could still help or hinder organisational success and need to be considered as the subject of specific action. Opportunities are those things that an organisation could take advantage of to help towards achievement. Threats are factors which may require action to avoid them, or to prepare for them, in order to limit any adverse impact on the business.

A SWOT analysis can be applied to a department or business function, such as the Learning & Development function, as well as to the whole organisation.

PEST ANALYSIS

PEST provides another simple framework for highlighting factors which might impact on the organisation and so help identify appropriate strategic directions.

PEST stands for Political, Economic, Social and Technological. Occasionally the model is written as PESTLE where L = Legal and E = Environmental, however these areas are often already covered in political, economic and social considerations.

Some commentators feel it is more useful to undertake a PEST analysis before a SWOT analysis as the PEST analysis will bring out factors which can then be considered as potential threats or opportunities.

REFLECTIVE ACTIVITY

Complete a SWOT and a PEST analysis of an organisation that you work for, or one you know well.

What factors are likely to have the biggest impact on the organisation?

What will need to be tackled by HR?

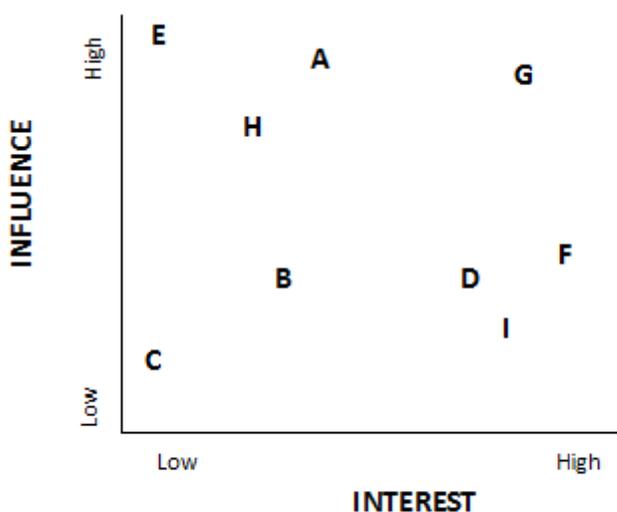
Stakeholders

An organisational analysis would not be complete without a consideration of the organisation's stakeholders.

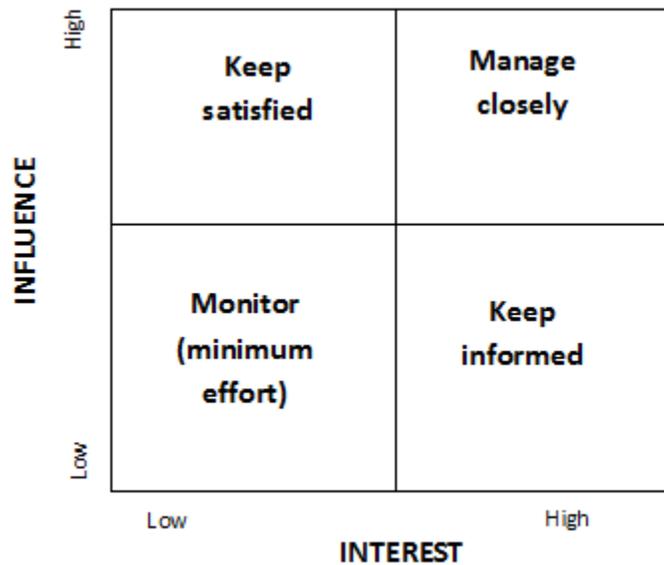
Stakeholders, as the name indicates, are people who have some kind of interest in the organisation or business and how it is run. Stakeholders might, for example, be owners, directors, managers, staff, customers, suppliers, donors, neighbours, local community. Their interests could be financial or about the availability and quality of goods and services or about the way in which the organisation conducts its business, for example its environmental approach.

There are a number of useful models and stakeholder mapping grids available to help us analyse stakeholders and their interest in an organisation. One of the most widely used is the Stakeholder Interest-Influence Grid, which encourages us to consider the strength of a particular stakeholder's interest as well as the amount of influence the stakeholder can exert on the organisation.

In plotting stakeholders against the two axes, they are loosely divided into four boxes or groups and the model gives an indication of how to interact with stakeholders in each of the 4 groups.



Stakeholder Interest-Influence Grid - 1 (letters represent particular stakeholders)



Stakeholder Interest-Influence Grid – 2

At high level, an organisation might use stakeholder analysis to help it communicate or interact with its stakeholders in different ways.

Organisations will also consider their different stakeholder groups when making strategic decisions – either proactively by consulting with them or reactively by considering the impact certain decisions will have on them.

Different Types of Organisation

It is difficult to find one single way of classifying organisations which encompasses everything, as each organisation has its own diverse nature and set of dimensions. However there are several ways in which organisations can be, and are, classified.

Legal status – in legal terms, organisations might be categorized as sole-traders, partnerships, co-operatives, limited companies or public limited companies.

Financial factors – organisations can be defined by how they are funded and how they use their funds.

Organisation size – organisations which employ more than 10 people are often referred to as multi-nationals or global organisations, depending on their spread. However, as smaller and virtual organisations extend their reach of operations across the globe these titles have become more blurred.

Of course, organisations can be classified by the sector in which they sit, for example, construction or health and social care, and by the nature of their business, such as manufacturer, retailer, service provider, regulator, etc.

All of these factors will have an influence on the culture of an organisation and the ways in which it carries out its activities.

Functions, structure and culture

The functions within an organisation will depend on the organisation type and purpose. Typical functions we might find within organisations include:

Finance or Accounts

– responsible for managing the financial aspects of an organisation; invoicing; managing cash-flow; monitoring business expenditure; preparing financial reports.

Purchasing or Procurement

– ensuring the availability of necessary supplies and resources required for the organisation to fulfil its purpose. Negotiating and managing best value.

Research and Development

– responsible for researching new developments in the market; designing and developing new products and services and improving current ones; ensuring the currency and sustainability of the business' products and services.

Production or Operations

– managing and ensuring the effective manufacture of an organisation’s products or delivery of services.

Sales and Marketing

– Responsible for finding, developing and sustaining markets for the organisations products and services and selling, directly or indirectly, to the organisations customers.

Distribution

– Responsible for ensuring products reach customers in line with sales contracts, managing distribution channels and operations.

Customer Services

– Responsible for customer liaison and dealing with customers’ requests, enquiries and complaints. Maintaining customer satisfaction and developing customers’ relationship with the organisation.

Human Resources and Learning and Development – with specialist responsibility for ‘people issues’ such as recruitment, payroll and training.

Admin (Back Office) and IT

– Managing, processing and recording organisational information and activity and providing administrative support to other functions.

Presenting these functions separately like this suggests that they naturally exist as discrete departments within organisations. In many cases they do exist like this allowing clear role definitions, efficient use of resources and the build-up of expertise and specialism. However it is not always the case and depends substantially on the size, type and culture of the organisation in question.

Smaller organisations are unlikely to have the resources to operate highly delineated organisational structures and are more likely to have cross-over between functions and roles.

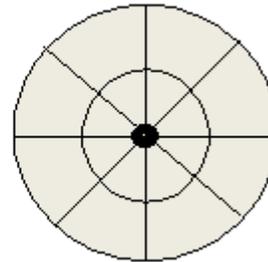
Size though is not the only factor here and some larger organisations may tend towards more informal structures and more fluid overlap between different functions. There are good business reasons why organisations may be structured in other ways than a simple functional basis.

Structural arrangement of an organisation links strongly to organisational culture – the way the organisation is led, the level of formality within the organisation, the amount of autonomy enjoyed by workers and the way people within the organisation generally interact.

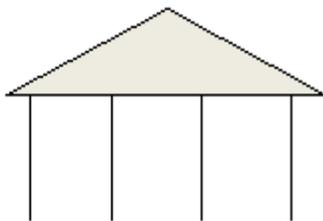
Charles Handy in “Understanding Organisations” (1985), developing Roger Harrison’s work, discusses four types of organisational culture and related structure.

The Power Culture – frequently found in small owner-managed organisations where there is a central figure, or figures, controlling the organisation. Handy pictures this culture as a spider’s web, with the controlling figure (the spider) in the centre. Organisations with this culture are likely to have very formalized roles and procedures and are shaped by the day-to-day choices of the central power. As such organisations get bigger and extend away from the power source there is a danger that they will start to ‘break up’ in the same way an overly large spider’s web will also break.

**Power Culture
(The Web)**



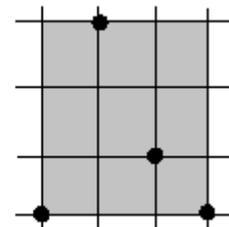
**Role Culture
(Greek Temple)**



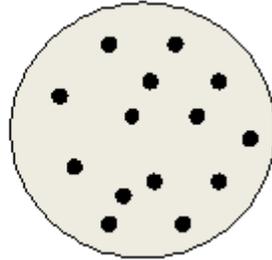
The Role Culture – refers to a more formal organisational culture where the organisation is arranged in a rational and logical structure and employees have clearly defined roles and procedures. Handy pictures this structure as a Greek temple, with pillars (departments) and an overarching pediment or roof (head office). In a role culture, fulfilling the role is more important than showing special or extra initiative which could be disruptive and power comes from the particular role and position held. Such organisations are strong as long as their environment is stable but may be unable to adapt quickly to a changing environment, which could ultimately cause their downfall.

The Task Culture – is job or project oriented and its accompanying structure is pictured as a net or matrix. In this culture, team structure is not entrenched but involves different people coming together, in different arrangements, to meet the requirements of different tasks and projects. Power and influence is more widely dispersed than in other cultures and employees generally have a high degree of control over their work. Handy describes task cultures as highly flexible and adaptable to the changing environment but less capable of producing economies of scale or great depths of expertise.

**Task Culture
(Lattice)**



Person
Culture
(Cluster)



The Person Culture – Handy describes this culture as ‘an unusual one’ where the organisation exists to serve the individuals who work within it. Its structure, if there is a structure, is a ‘cluster’ or galaxy of stars. This type of organisation is most likely to exist where a number of individuals have decided to ‘band together’ in order to better fulfil their individual purpose – for example, an architects’ partnership, a small consultancy firm or doctors in a group practice

Organizational culture may be strong, easily identified, recognized and upheld by people within the organisation or weak and hard to define. It may also differ between different areas or departments of an organisation, depending on leadership style and all the factors discussed above.

Senior managers may think they are the ones who set and lead the culture of an organisation. And to some extent, especially if there are well communicated Vision, Mission and Values, this may be true. This is often known as the ‘espoused’ culture.

It is also useful to know about the ‘underlying’ culture, or ‘the way that things are around here’. This is more about a learned set of behaviours that are common knowledge to all employees and which represent the reality of the culture.

A third level, or strand, is the ‘perceived’ culture – how people outside the organisation view it. It is useful for the internal L&D professional to understand these different types of culture, so that the espoused culture can be supported and promoted, the underlying culture can be acknowledged and responded to, and the perceived culture challenged and made more realistic.

The Wider Human Resources Function

Over the last 50 years HR has seen many changes. The Personnel function has slowly shifted in name to HRM and Staff Training to HRD or more commonly Learning and Development. Whilst traditional responsibilities of the Personnel and Training Department remain, many new areas of work have evolved and been added to the HR remit within organisations.

Areas of the HR function might include:

<p>Resourcing Talent</p>	<p>Ensures the organisation has enough people of the right calibre and profile to fulfil the labour needs of the organisation, including job definition, description and advertising; management of the selection of personnel; processing of recruitment requirements, such as references, legal checks, contracting, and often, induction to the organisation.</p>
<p>Employee Reward</p>	<p>Ensures that pay and salary schemes are effectively balance the needs of the organisation and its employees; formerly often known simply as payroll or wages department, but the remit has now widened to include all aspects of employee reward, such as pension schemes, childcare and travel vouchers, fitness schemes, bonuses and special rewards. This function is sometimes also referred to as 'compensation and benefits'.</p>
<p>Employee Relations</p>	<p>Maintains a healthy and constructive relationship between the organisation and its employees and avoiding factors which might impact negatively on operations, including managing negotiations between the organisation and employee representation, such as trade union; dealing with conflict issues within the workforce; advising or representing on redundancy exercises and discipline and grievance matters.</p>

<p>Employment Law</p>	<p>Ensures organisational compliance with national and international employment legislation, including advising managers and other HR professionals on legal requirements; checking or creating compliant operational policies; assisting in employment relations issues and employment tribunals.</p>
<p>Health and Safety</p>	<p>Helps to ensure the safety and well-being of people at work, including providing specialist advice on working conditions and working arrangements; monitoring and ensuring a safe workplace; ensuring employee safety and promoting employee well-being.</p>
<p>Organisation Design/ Development</p>	<p>Creates and maintains an organisational structure which best supports achievement of organisational goals. Organisation development is about ensuring ongoing organisational effectiveness and sustainability, and designing, planning and managing the change processes involved in this.</p>
<p>Employee Engagement</p>	<p>Concerns with the level of alignment, connection and commitment employees feel to the organisation and particular area of work. This supports low staff turnover, quality of work performance and employee satisfaction levels.</p>
<p>Talent Management</p>	<p>Concerns with identifying, recruiting, developing and retaining people with the key skills and abilities required by the organisation and who are seen to be of the highest value to the organisation.</p>
<p>Knowledge Management</p>	<p>Identifies areas of knowledge that are crucial to the organisation and the development of systems and processes for maintaining, sharing and making best use of it within the organisations operations.</p>

As with other functions in the organisation, the structural position of HR depends on the type of organisation in which it sits. However, there have also been prevailing - largely economic – trends which have influenced arrangements, either centralizing, de-centralizing, or out-sourcing the HR function. We have also seen the development of more shared service arrangements, where organisations such as governmental departments, combine their HR resources into a single centralized HR service.

Along with changes in terms, activity and structure, the relationship between HR and the rest of the organisation has also shifted. Once relatively isolated functions which undertook aspects of people management not required of managers, both Personnel and L&D have gradually moved towards the business, becoming partners with managers and advisors and facilitators of manager-led human resource practices.

Indeed, the title ‘Business Partner’ is now frequently applied to HR and L&D professionals working alongside the business areas, providing advice and services to support the achievement of business plans and goals.

The Learning and Development Function

As automation and communication processes develop it is increasingly difficult for organisations to offer unique products and services. Instead it is often how they deliver their products and services that gives any uniqueness and that enables them to gain competitive advantage. More than ever, therefore, the quality of performance of the people delivering products and services is crucial to organizational success.

This factor has heightened the importance of L&D over the last few decades and increased the contribution we can make to the achievement of organizational goals and business objectives.

Learning and Development function has a key responsibility to ensure that people at all levels of the organisation possess and develop the skills, knowledge and experience to fulfill the short and long term ambitions of the organisation.

How the L&D function undertakes this responsibility depends partly on how it is arranged. Whilst some organisations have a wholly internal L&D team delivering all staff training and learning internally, and some have no internal training function at all, allowing line managers to buy in training as needed, it is now more typical for organisations to have a combination of internal and external provision.

This approach allows the use of specialists for particular areas of learning, whilst still having the benefits of an internal function which knows the business in some depth and can co-ordinate learning across the organisation to best meet organizational needs. This approach also requires L&D professionals to undertake wider roles. They must be expert in identifying needs and establishing best solutions, able to negotiate the provision of solutions with external providers and be effective monitors of training provision.

Debate continues as to how much L&D is part of an integrated HR function or whether it stands alone as a separate function within the organisation. To a great extent the debate is academic and the positioning of L&D depends on the type, size and specific arrangement of each organisation.

There are some advantages and disadvantages of both positions, and, as the needs of the organisation change, so too will the structure and positioning of L&D.

Integrated with HR - Advantages	Stand alone L&D - Advantages
<p>'Strength in numbers' – HR and L&D are a unified force in the 'people' side of the business. Can offer a one-stop-shop for all people needs. Can build a combined professional reputation and work in partnership across the business.</p>	<p>L&D can be tailored to the individual functions that it supports. Allows L&D to be regarded as a profession in its own right, rather than a subset of HR. Can allow for more specialist interventions.</p>
Integrated with HR - Drawbacks	Stand alone L&D - Drawbacks
<p>Can become a 'generalist' function and lack specialist knowledge. Could be slow to respond to needs of some smaller departments. Might be seen by some employees as 'too corporate'.</p>	<p>L&D can build a deeper understanding of the parts of business that it supports.</p>
	Stand alone L&D - Drawbacks
	<p>Could be a disjointed approach with a lack of corporate focus. May result in inconsistency of coverage. May be disproportionately affected by budget cuts.</p>

As with other HR functions, L&D has seen a shift over the last few years, towards greater partnership with line managers – either working with them to meet team and individual learning needs or assisting them to develop their own skills as coaches or learning facilitators.

Particular ways in which we can support line managers in the delivery of learning processes include:

- Working with line managers to identify their team’s learning needs
- Providing and co-ordinating learning opportunities which are integrated with the workplace, involving managers and including approaches such as work based learning, computer-based (at-desk) learning, coaching and mentoring
- Training and supporting managers to be coaches and mentors and helping managers to develop confidence in these processes
- Involving managers in the review and assessment of individual learning
- Supporting performance management processes and influencing the alignment of individual objectives with organizational goals

Whether working directly with learners or via the management line, the key purpose of L&D to ‘ensure that people at all levels of the organisation possess and develop the skills, knowledge and experiences to fulfill the short and long-term ambitions of the organisation and that they are motivated to learn, grow and perform’, remains constant.

Fulfilling this purpose will always involve us in a number of key activities:

- Promoting the benefits of learning
- Establishing organizational requirements and priorities
- Identifying capability gaps
- Determining learning and development requirements and objectives
- Designing effective and resource-efficient ways to meet learning objectives
- Organizing, delivering and facilitating learning and development activities which support organisation goals
- Measuring the effectiveness of learning and development and ensuring objectives are met
- Ensuring the capability of the L&D function through continued professional development

CASE STUDY

CORPORATE VALUES AND L&D ACTIVITY

Dr Angela Nail, General Manager, Pathfinders Neurological Care Centre, Nottinghamshire.

Pathfinders is registered with the Care Quality Commission as a 44 bed residential nursing home specializing in complex neurological conditions. The home provides long stay care, respite care, slow stream rehabilitation, stabilization and end of life care.

One of the four aims (or values) of Pathfinders is ‘to be an employer of choice, providing high quality employment linked to individual learning pathways, which promotes high quality care and high personal satisfaction.’

The home is in Ollerton, North Nottinghamshire, and a former mining area that has seen a slow and patchy regeneration. A number of the population have a low educational standard or level of literacy/numeracy, and many employees arrive at Pathfinders with low learning and career expectations.

Pathfinders’ approach to staff development is described by Angela as:

All job applicants are tested at interview on literacy and numeracy skills; additionally they were scrutinized during induction week when there are various tests and assignments to complete. People who would make good staff members but lack sufficient numeracy and/or literacy skills are asked to join the literacy course that is led by our training partner.

All staff sign up to a learning contract as part of their terms of employment. Every single member of staff must sign up on the NVQ route (2 to 4), including myself.

The home comprises four units of 11 beds and each unit has its own specialism. Staffs are assigned to a unit based on their general aptitude and then they develop a personal development plan based on how they measure up to the skills and knowledge required for that unit. They are given the opportunity to change to other units to learn different skill sets and to increase the flexibility of the home.

We plan to open a Care School later in 2010 so that each new entrant follows an apprentice style core skill learning programmes that will sit alongside their NVQ commitment.

We have an award ceremony each year celebrating the success of employees in their learning and development.

Through our Spring Board Programme we encourage staff to pursue higher education and currently have four members of staff who have ‘sprung’ from our internal training into nursing training and one who has started occupational therapy training.

NOTES: