



# Paper

## **‘Human resources come of age?’**

**The roles and structure of the HR function in a post Covid-19 landscape**

Duncan Brown, Principal Associate

## The Covid-19 crisis

HR functions have played a key role in the corporate responses to the pandemic. Initially this was focused on establishing safe working arrangements for their key and customer service workers facing the highest risks from Covid-19, alongside support for the health and work-life-imbalance issues faced by their office workers suddenly marooned at home, working from their kitchen's and juggling home-schooling.

As the situation has evolved, we have seen a broader set of HR policy and investment responses, particularly in terms of health and wellbeing, HR systems and e-learning, with more than twice as many employers increasing their benefits spend as those forced to reduce it, three-quarters providing new and enhanced digital learning and one-third increasing their overall training spend. The introductory article to a [special edition of the HRM Journal](#) on the impact of the pandemic notes that it has been 'unprecedented, hugely disruptive, complex (but).. fundamentally a human crisis' in which as the rest of the research articles in the journal have found, 'Human Resources comes of age.'

So have the outcomes of Covid-19 largely been beneficial for HR functions; and can we finally lay to rest the ghost of [Dave Ulrich's ageing 1990's three-legged stool structure](#), the much-criticised 'business partnering' model, and the cost and staffing reductions often resulting from its implementation, along with HR's 'just say no' negative reputation as the department that according to Wharton's Peter Capelli, ['we love to hate'?](#)

With typical foresight, my colleague [Peter Reilly in 2017](#) described the labour market and technology trends as putting HR functions and their 'remarkably resilient' Ulrich structures under pressure. He set out a number of change priorities, including some 'straws in the wind' of the necessary structural changes that he was beginning to detect. These included: moving away from roles narrowly focusing on business partnering to broader account management responsibilities; and from a legal compliance focus across the function to a more strength-based emphasis on building a strategic and more diverse capability in the workforce.

Covid-19 has accelerated these trends and HR's growing emphasis and centrality to organisation survival and performance through the crisis, has given new emphasis to the importance of them. While as with all things Covid-related, there is great uncertainty, I would highlight four shifts underway in HR's role and response to this human crisis.

## The shifts in HR's role and influence

### 1. From distinct roles and 'business partners' to flexible and innovative project managers

Evidence on the impact of Ulrich's structural model has suggested that it has definitely increased the specialisation and professionalism of the function. However, as Peter Reilly and Professor [Paul Sparrow](#) argue, often at a cost of worsening communication and co-ordination, even within the function itself, never mind across the business, and particularly

between central policy setting and front-line implementation and operation. Cost cutting and a reduction in staffing levels often seemed to worsen the support line managers received.

The scale and speed of Covid-19's spread forced HR functions to react uncharacteristically fast and decisively and in doing so, to address this operational 'hole in the middle' or 'polo problem' which commentators identified as a result of the specialist and discrete roles within Ulrich's model. This has further encouraged the shift already underway from HR business partner (HRBP) to account/project management roles in HR functions. Where the HRBP role exists, organisations are moving to fewer, bigger roles supported by the re-introduction of some old style central and divisional HR generalists.

Covid has also encouraged the use of more flexible project managers who can move quickly onto different issues and priorities in an unpredictable and rapidly shifting situation. These are tending to be deployed from a central project management function, which may be established within HR, or they cover a wider range of support functions such as finance and logistics. A smaller government department I have been working for tried this multifunctional project management team structure as a two-year experiment. It has worked so well through Covid-19 that they have made it permanent and increased the number of project managers.

Such flexibility and close ties with the business in playing this 'libero' role have meant that as Kara MacKillop EVP, People and Culture for Canada Goose [told KPMG's](#) researchers on *'The future of HR in the new reality'* study in late 2020, her team have been a part of every major decision that occurred as a result of the pandemic. These have included temporarily shutting down factories, sending 4,000 employees home in just two days, launching employee support programs, and subsequently recalling hundreds to begin manufacturing personal protective equipment. As she describes, 'Our HR leaders are so close to operations that if any pivot has to happen, we are able to see it and address it quickly', enabling rather than restricting their strategic influence on the business and its directors.

## 2. From administering procedures to developing future evidence-based policy

Under Ulrich's structural model, the third HR shared service activity was often the least influential part of the function and has been regularly outsourced, with varying degrees of success. Covid-19 has brutally highlighted the lack of knowledge of some employers about their people (if only to be assured as to how many there actually are and where they are in order to ensure their safety and wellbeing), as well as the risks of outsourcing.

Two-thirds (65%) of people management professionals in the [CIPD survey](#) of its members identified digital transformation as the major driver of change in their organisation and in the HR function itself during the pandemic. Over a third (38%) of the 1,300 employers in the KPMG study had made investments in HR technology in 2020. 54 per cent plan further investment, with the emphasis on learning and development platforms and virtual/flexible working. The emphasis in new and enhanced HR systems and the shared services function is on improved data analytics, enhancing the ability to measure and

improve productivity and the contribution of good people management to it, carrying out workforce planning and better meeting talent management and learning needs (as described in my [previous article](#)).

As well as investments in better systems and information we have seen upskilling of staff in the HR support centre, in order that they can carry out a wider range of HR advisory and analytical activities, rather than just answering queries and doing administration. The improved and new HR information systems that companies are investing in are often able to reduce the most routine activities and have driven a further shift to employee self-service. There are a growing number of recruitment adverts currently for roles in HR metrics and analysis, which may be based in the service centre or form part of the central centres of expertise.

A large technology company has taken this change further and established an internal HR research team, to carry out the sort of work that organisations like IES undertake for their clients. Their research projects, some responding to the business and some at HR's instigation, have included: comparing which initiatives are having the most positive impact on employees' mental health (not mental health first aiders or the EAP service, interestingly); and how best to support the health of their increased number of homeworkers.

### 3. From 'HR confidential' and control to enabling employee voice

The theory of the importance of employee communications and transparency in building trusting, engaged, high performance organisations is now central to any HRM Masters' qualification and the CIPD's new professional standards for HR professionals. Yet my [evidence review](#) with Michael Armstrong published last year of the shifting responsibilities and roles of HR professionals over time highlighted the growing suspicion that, rather than playing their key role in aligning employee needs with business goals and acting in Ulrich's 'employee advocate' role, the function in its pursuit of business partnering and influence has 'sold out' on employee interests.

Take equality, diversity and inclusion, [a major priority area](#) for HR. With the visibility of health and economic inequalities enhanced and intensified during the pandemic, the growth in company reporting requirements and the associated social developments such as #MeToo and Black Lives Matter (which have encouraged people to speak out) there is increasing evidence of the problems created by HR policies such as the unfettered use of Non-Disclosure Agreements (NDAs). Jena and Hari in their recent [book](#) accuse HR teams of commonly 'paying lip service' to diversity commitments and doing at best only 'what is the bare minimum required by the law'.

So how do employers and HR functions rebuild a trusting, high performance, high commitment employment 'deal' in a low trust era, with the backdrop of Covid-19 inducing huge political and economic uncertainty?

Enabling greater employee voice, with evidence of a marginal recovery in trade union membership during the pandemic, and becoming the centre of knowledge on 'the employee experience' and how to improve levels of engagement, seems to be an important future role for HR.

Many HR functions appear to have been strengthening their own expertise on employee communications and engagement during Covid. In some cases recruiting their own communications specialists to get their policies over more effectively to managers and staff. The restriction on interactions between keyworkers and the major shift to homeworking seems to have raised the awareness of the importance of communications and involvement amongst leaders. We have also seen far more regular polling, pulse surveying and sense checking and responding to the attitudes of employees revealed in different parts of the business during the pandemic.

Part of this required shift in HR's 'linking up' communications role also involves their relationship with line managers. In higher trust and more transparent organisations, HR have been playing the role of coaching and enabling managers to engage their staff and implement HR policies effectively in practice, rather than a more traditional approach of trying to police compliance with their procedures.

One illustration of this move to a more intelligent enabling and facilitating role for HR, is the media organisation where the reward centre of expertise developed three options for their performance management process for divisions to choose from, rather than trying to impose and enforce one single corporate model on a fluid and flat organisation. The proportion of staff reporting they have regular performance discussions with their manager has increased significantly as a result.

#### **4. From 'business/business/business' to values and purpose-driver**

CIPD's recent [annual survey of our profession's](#) views and recent experiences found more than 50 per cent of us feeling a stronger sense of purpose and value in our role since the Covid-19 crisis struck. This stems not just from a greater realisation of the importance and value of good people management by leaders and colleagues in 'this human crisis', but also the enhanced wider social and political expectations on business.

With organisations like Chanel now tried faster and more severely in the court of public opinion than in the courts of law; and the latest generation of workforce recruits pressurising their employers to spend more time and effort on ESG issues such as the climate crisis; and with an increased sensitivity to external opinion, [younger HR professionals](#) in particular see HR as playing a leading role as the organisation's ethical conscience, their moral compass ([Bevan, 2016a](#)). In the CIPD survey, 70 per cent of HR leaders and participants agree that they would never 'compromise ethics and principles under pressure from business leaders' and 48 per cent saw an enhanced role for the function now and in the future in 'building culture and values'.

[Paul Sparrow](#) describes this as a move back from the 'vertical' business aligned HRM emphasis of recent years towards a more traditional brokering and linking, 'horizontal' approach to strategic people management. He writes:

'Paradoxically, at the very time we are asking ourselves 'do we need HR?', (the title of the book written by myself, Martin Hird and Cary Cooper), we know that people management issues have never been more central. All of the major performance challenges – productivity, innovation, customer centricity, globalised capability – are people-centric,

'horizontal' problems, they sit above the traditional functions. They can only be solved by cross-functional action, need connections to people beyond the organisation'.

'In solving these problems' Sparrow believes, 'we need to create new breeds of HR professionals educated and equipped with more holistic skillsets and networks', as well as HR leaders like Leena Nair, able to influence and shift the whole leadership and organisation in this direction.

For [KPMG considering the future of 'HR in the new reality'](#), the HR function of the future will operate an 'outside-in' model, which removes the boundaries between HR and the rest of the enterprise and broader stakeholders, 'using business insights to continuously transform the employee experience while nurturing the wider purpose and culture of the organisation'.

So rather than 'selling out' on employees and other corporate stakeholders in the single-minded pursuit of shareholder returns and currying favour in the boardroom, Covid-19 has provided the HR function with a tremendous opportunity to lead in helping their organisations adapt to multi-stakeholder demands and addressing a [wider ESG agenda](#), beyond just money-making and efficiency. Indeed, [my research](#) on the evolution of people management strategies found chief executives now expecting HR leaders to play a role of values and corporate culture champions and avoiding the 'say/do', policy/practice inconsistencies.

## Moving forward: Human Resources comes of age?

Collings and colleagues in [their recent HRMJ article](#) on HR in the pandemic conclude that:

'HR leaders [have been] central in enabling organisations to manage through and ultimately exit the crisis successfully. (The pandemic has created) an unprecedented opportunity to elevate the status and reinforce the influence of the HR function... (and potential)' to drive more sustainable performance through the alignment of people and purpose, balancing the short and long term objectives of the organisation'.

My summation of the research evidence and these practical examples of the roles and contributions HR functions have performed over the last 20 months suggest four ways in which HR has and can evolve to a more effective and influential role; and to exploit the opportunity which the pandemic has highlighted, for employers to move towards a more people-oriented and high-performance approach in the future.

This evolution is seeing the leading HR functions move from:

- Rigid functions with fixed business partner roles, towards more flexible and project-focused structures.
- Administering historic procedures, to developing future-focused, analytics-driven and evidence-based policies.
- A confidential and control-oriented approach, towards open, connecting and enabling HR management.

- A short-term business, profit and cost obsession, towards becoming the values, purpose and culture champion of the organisation, ensuring it is aligned to a mission reflecting a multi-stakeholder agenda.

Of course, there are risks in moving towards this more future-focused, evidence-driven and purpose-led function, most obviously of creating an even larger gap between grandiose HR ambition and theory and delivery and practice in reality. But hopefully I have provided enough real-life examples to make you as (cautiously) optimistic as me that this can be the prevailing people management model for the profession in the future.

And after the life-changing experiences of the pandemic, do we have any choice?

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Whatever your professional and HR needs, get in touch:

T: 01273 763400

E: [askIES@employment-studies.co.uk](mailto:askIES@employment-studies.co.uk)