

Strategic Human Resource Management in Practice: Case Studies and Conclusions – from HRM Strategy to Strategic People Management

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April 2019

Report 519

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Foreword

Edward Houghton, Head of Research and Thought Leadership, CIPD

Much has been written about the trends shaping the world of work today, from developments in AI and automation technologies in the workplace, through to the ageing workforce and rampant pay inequality. Often the effects of these trends are presented as almost inevitable, and almost always they're negative: jobs are destroyed, the labour market is to become overly competitive, individual levels of stress are to skyrocket. What we forget is that these trends, and the predications of the impact that come with them, assume organisations and the people who work for them, will behave in the future as they do today. What many predictions don't reference is how with new evidence we can change our understanding of how organisations behave, and the practices which are most effective. With new evidence we can better understand how the leaders of organisations, and the HR functions they work with, might be more principled, focused, and deliver higher impact. If we can understand this new evidence, we can better enable more strategic HR practice.

These questions of strategic impact dominate research into strategic human resources management (SHRM). Of particular interest is that of the outcomes and impact of SHRM. With improvements in data collection and data availability, refinements in methodology, and a greater appreciation of the high value of human resources management outcomes, we have come great strides in articulating how value is generated and captured by human capital. And with trends such as automation and AI now enabling more operational HR practices to be outsourced en-masse, there are predictions that the HR function may go through another rapid phase of evolution, moving even closer to more strategic activity. Not only might HR functions, supported by technology, be delivering excellent service to the business through improved operations; the leaders of the profession will be supported to spend more of their time focused on the big-picture issues facing their organisations and the world of work. Whilst the changes over the horizon are hard to predict and full of contradictory opinion, many do agree that HR will be re-shaped in the years to come, possibly in radical ways.

This is why this research by IES is so timely and exciting for the profession. As we look to the future to understand how we expect the profession to change, we must first review the past and explore today's practices through critical questioning and deep interrogation. As the profession strives to become more evidence-based, this kind of research will play an even greater role. All HR professionals should be encouraged to take time to reflect on research and consider what they believe the future of the profession should look like. Work such as this will help HR professionals and their stakeholders to face the future, to define the next iteration of the profession and, crucially, create it together.

Executive Summary

Introduction

More than 30 years after the concept first started to be adopted in the UK, the Institute for Employment Studies (IES) and the Chartered Institute of Personnel and Development (CIPD) have been partnering on research into the contemporary state of Strategic Human Resource Management (SHRM) and people management strategies in UK organisations.

The main aims of this research have been:

- to assess the reality of strategic HRM in UK employers and HR functions today;
- to document and assess how it has evolved and how it is changing;
- to summarise recent academic research on the subject and to bring together research and practice in this area;
- to address some of the key questions raised by prior work in the field.

Despite major structural and economic changes in the workplace, our study highlights three core questions that have underpinned much of the work in this field throughout its history:

1. In terms of policy, how strategic are HRM policies and HR functions? What impact do HRM policies have on organisational performance and how can this influence best be leveraged?
2. In terms of practice, how well do employers implement and 'land' HR policies?
3. Perhaps most fundamentally of all, what is the purpose of strategic HRM and do employees as well as employers benefit?

These fundamental questions of impact, implementation and ethics underpin much of the research and policy work in the field and lie at the core of this research.

In order to obtain the perspectives of both academic research and organisational practice, the work on the project has involved two main components: a review of the relevant academic literature; and case study research in four employers.

Literature Review

The methodology and findings from our literature review are contained in a separate report (Armstrong and Brown, 2019). We searched and analysed academic and 'grey' research and sources to chart the evolution of the concept, its meaning and its practical application over that timescale.

In summary, we found that SHRM is not an easy concept to define or to deliver and that helps to explain the continuing controversy about its aims and impact. Initially, the focus was on vertical integration and alignment between HR strategy and business strategy. From the outset there has been a strong focus in the literature on organisation performance and the links between HR strategy and performance outcomes. The ‘best fit’ versus ‘best practice’ debate has been a key dimension of this in terms of the optimum way to leverage these relationships.

Two other key issues have been:

- practitioners questioning the difficulties of implementing HRM strategies; and the related academic research findings that they may have had more impact on the HR functions’ influence in the boardroom than on ‘real’ people and organisational performance; and
- suspicions from the outset – and particularly since the 2008/9 financial crash – as to the motives and morals of SHRM, with suggestions that it has really been a justification for excessively shareholder-focused, employee-exploiting HRM.

Perhaps the most important conclusion reached by our review was of the need for a more multi-stakeholder perspective on strategic HRM.

Case Studies

Our qualitative case study research on this project was based on interviews with HR directors – and in some cases other HR specialists involved – in four deliberately different types of employers. It was designed primarily in order to address the ‘how’ questions in this research: how did you develop the HRM strategy? how did you decide what to include and prioritise? how well is it working in practice? how can it be improved? and so on.

The detailed findings from each case study are described in the body of this report.

Conclusions and Implications

‘Stakeholder management and having a clear vision for the future, whilst being willing to be tactical about how to get there, has been vital in ensuring that the People Plan has continued to be supported and its focus and impact evolved.’

Case Study Interviewee.

Our four case studies were obviously not in any sense a representative sample of UK employers. However, they nonetheless provide some positive and common answers and experiences to pass onto other employers in terms of how they are addressing contemporary challenges and working to make strategic HRM a successful, effective reality in their organisations, to the benefit of all of their major stakeholders.

Policy: Is HRM strategic, what is Strategic People Management today?

Three of our case study employers had a defined HRM strategy, although two called it different things – the people plan, and the people development plan, respectively – and the fourth had people objectives very clearly apparent in its business strategy. While the confusing mix of terms may not be helping academics to define and study the concept, the perhaps less jargon-ridden and less alienating term ‘People Management’ does seem to be coming to the fore again, and we welcome that.

The idea of strategic HRM implies that HRM policies are ‘aligned’ in linear fashion with and driven by a formal business strategy; and the HRM strategy in turn translates the people aspects of that business strategy into a plan for action on the people aspects of the business and drives the HR activity designed to support that process.

What we have seen in the case studies is that, in today’s more unpredictable and fast-changing environments, SHRM is more complex, layered, adaptive and multi-directional than that. Our research points to at least three levels of contemporary strategic people management:

1. The **context** and drivers of the people management strategy; the key determinants of the contents of that strategy; and the tailoring/‘best fit’ process, which all our case study interviewees told us is so essential;
2. The **components** of the people management strategy, which seems now often to contain a longer-term workforce plan, a shorter-term plan for the HR function activity, as well as core priorities and policies for managing people in the employer and a strong link to values and culture;
3. The **capabilities** and processes required in the organisation to implement and put the people management strategy into practice and to avoid the much-researched policy:practice gap.

At the **contextual** level, rather than driving out medium-to-long term strategic planning and actions, an increasingly rapidly-shifting external environment appears to be ‘driving in’ both more multi-stakeholder business strategies and highlighting the importance of a strategic approach to people management.

At this level we also find the influence of major **employment issues** inside and outside of the organisation; and of the values and culture of the organisation. This clear influence of **corporate values and culture** on the components and delivery of the people management strategy has been a key common finding.

Then at the second level of **content** is the people management strategy itself. Our four case studies illustrate that in some organisations this is more focused on how people are managed in the employer; and in others on the HR function and its work. But the strategy generally incorporates both dimensions.

Prioritisation seems to be a key goal and requirement of people management strategies today. One HR director told us that excessively lengthy and overly-ambitious HR strategies have bedevilled the function and given HR a bad reputation in the past for

‘over-promising’ and ‘under-delivering’. ‘Focus’ and ‘delivery’ appear to be the new watchwords of people management strategies.

The **employment or workforce strategy** is not always articulated in one or more written documents, but covers the dimensions, sources and supply and any changes required to the size, shape and nature of the workforce and its contractual and psychological relationship with the organisation. This is where strategic workforce planning now sits in the process of aligning employment plans with business needs and as our case studies illustrate, with such a tight labour market in the UK, employers across all sectors and sizes at last appear to be taking workforce planning seriously.

All of our case studies illustrate the need for an **interplay between the strategic and operational**, balancing explicit business alignment with the need in uncertain circumstances to keep flexible, or else as the MHCLG interviewees told us, the strategy risks just remaining a ‘document on the shelf’.

The process of simultaneously planning and acting is also designed to help address the third level of our model, which research has found to be the main Achilles’ heel of traditional HRM strategies: **capability and implementation**. A focus on line managers and their people management capability by the HR function is common to all our case studies.

Communications and political skills also emerge from our research as critical to the effective implementation and delivery of people management strategies in practice. The HR function needs forums and models of working with senior business leaders on strategy and implementation. They also need a model of how to support the business and line managers, and need the orientation and capability to deliver on this. Staff communication and involvement also appears to be increasingly important to delivering on the people management strategy.

The case study organisations all use selected **metrics** to track the progress of their people management priorities. The metrics in themselves are often not all that surprising or exciting and tend still to focus on operational HR activity. How the metrics are used is at least as interesting and important as the metrics themselves.

Purpose

On the basis of our four case studies, the ‘heart and the soul’ of people management seems to be very much alive and well, and is not buried beneath an obsession with shareholders or overwhelmingly cost-driven priorities. The **purpose, values and culture** of these employers are critical determinants and components of the people management strategies in these organisations, and also help to explain the strong focus on developing appropriate **leadership behaviours** and values.

If anything, these employers seem to be becoming more, not less, focused on the wellbeing of their employees, recognising that high performance in a service and knowledge-based economy generally can’t be programmed and regulated into people; that they have to be engaged, supported and enabled by leaders and HR professionals to deliver it. These employers are recognising that employee wellbeing is a critical route on

the road to high performance, and failure to invest in it will have counter-productive effects in important metrics they are monitoring, including employee turnover and absenteeism.

Practice: Managing the Balance

Many philosophies and religions incorporate a dualistic concept of balance. Our research and the participants very much support the 'best fit' and cultural tailoring school of strategic people management, and we have highlighted a number of tensions and balances which HR functions and their people management strategies need to navigate if they wish to increase their strategic impact. These include:

- balancing the HRM plan and the implementation;
- balancing longer-term thinking and short-term action;
- balancing external and internal drivers;
- balancing 'best-practice' HR with 'best-fit' approaches;
- balancing employer and employee and other stakeholder interests;
- balancing central control with local discretion in people management.

More detail and examples from the case studies on each of these balances and striking them at the most appropriate point are contained in the main text.

Implications for Future Practice

Learning that we would highlight from our case studies for HR leaders and practitioners would be as follows:

1. HR needs to prioritise its work and the people management agenda.
2. HR has to co-create the people management strategy with leaders and other stakeholders.
3. The involvement of managers and employees in HR planning, processes and services is critical to their success.
4. It is essential to define and deliver the most appropriate structure of HR and its service model.
5. We need to recognise that strategic people management is underpinned by a set of capabilities that need to be defined, developed and practised.

Implications for Future Research

Our study indicates the need for researchers to conduct more process-focused, multi-stakeholder and multi-method studies, as well for practitioners to adopt a more integrative and open, emergent approach to developing their HR strategies. We have tried to focus on the actual methods for developing and implementing strategic people management approaches, and have attempted to document what written HR and people management

strategies actually consist of, by gathering the perspectives of their HR 'owners' on how strategies were developed and how they do (or do not) operate in their organisation.

However, our work has been weakened, largely through resource constraints, by an almost exclusive focus in the methodology on the HR function and HR leaders' views. More studies comparing the views of employees and line managers on strategic people management, the influences on employee behaviour and the barriers to managers in implementing the intended approach would be of great benefit.

We would also have benefitted both from a larger number of more varied case study organisations, and also some additional quantitative research – for example through multi-employer surveys – to test the generalisability of some of our tentative conclusions.

Given that the reality of people management strategy appears to be that it is a long-term and at least partly emergent process, more time-series case studies following the progress of specific people management strategies and changes in individual employers would also be of value.

1 Introduction

More than 30 years after the concept first started to be adopted in the UK, the Institute of Employment Studies (IES) and the Chartered Institute of Personnel and Development (CIPD) have been partnering on research into the contemporary state of Strategic Human Resource Management (SHRM) and people management strategies in UK organisations.

The main aims of this research have been:

- to assess the reality of strategic HRM in UK employers and their HR functions today;
- to document and assess how it has evolved and how it is changing and needs to change for the future;
- to summarise recent academic research on the subject and to bring together research and practice in this area;
- to address some of the key questions raised by prior work in the field.

The research has been investigating key questions, including the following:

- In our rapidly changing times, do employers still have written HR strategies? What do they call them and how do they formulate them?
- What do HRM and people management strategies contain and focus on? What are the priority people management and HR issues that are at the top of the organisation and function's agenda?
- How and how well are people management activities integrated vertically with the business strategy and horizontally with each other?
- How well are HRM policies implemented and delivered in practice, and how do employers measure and assess the effectiveness and strategic impact of their HRM policies and practices?
- How has the concept and practice of strategic HRM evolved over this time, and how does it need to change in the future? How do HR strategies in organisations evolve so as to react to and contribute to change and innovation?

A more detailed list of questions that we developed at the commencement of the research is contained in Appendix 1.

Both IES and CIPD are committed to the principles of evidence-based HRM and putting academic research into practice. So, an important objective of the research has been to compare, contrast and hopefully to integrate key developments in both recent academic research and thinking and real-life employer practice in this area, seeking to describe how research and practice have and could evolve in the field.

1.1 Context

Business strategies and workplaces are very different to the norm 30 years ago. This research aims to document how both the concept and the practice of strategic HRM has evolved and is changing and needs to change now. Technology and systems developments, economic fluctuations, increased government and legislative intervention, shifting workforce demographics and expectations: these are all having a major impact on how people are managed in organisations and the role and work of HR and development professionals.

Yet as our study highlights, three core questions have underpinned much of the work of researchers and practitioners in this field throughout its history up to the present day:

1. In terms of policy, how strategic are HRM policies and HR functions and just what does being 'strategic' really mean? What impact do HRM policies (and HR functions) have on organisational performance and how can this influence best be leveraged?
2. In terms of practice, how well do employers implement and 'land' HR policies most effectively?
3. Perhaps most fundamentally of all, what is the purpose of strategic HRM, and do employees as well as employers benefit? Has strategic HRM, as one early critic of the concept worried, turned out to be 'a wolf in sheep's clothing'?

These fundamental questions of impact, implementation and ethics underpin much of the research and policy work in the field and lie at the core of this research.

1.2 Approach and Method

In order to obtain the perspectives of both academic research and organisational practice, the work on the project has involved two main components:

- a review of the relevant academic literature;
- case study research in four employers.

1.2.1 Literature Review

The methodology and findings from our literature review are contained in a separate report (Armstrong and Brown, 2019). We searched and analysed academic and 'grey' research and sources to chart the evolution of the concept, its meaning and its practical application over that timescale. The summary of our findings was as follows.

Strategic human resource management (SHRM) is not an easy concept to define or to deliver and that helps to explain the continuing controversy about its aims and impact. The foundations are rooted in the concepts of human resource management and strategic management. Initially, the focus of SHRM was on vertical integration and alignment between HR strategy and business strategy. This 'top-down' perspective, or 'hard' HRM, was modified by consideration of the horizontal integration of HR practices, with an integrated 'bundle' shown in many research studies to have a potentially powerful impact

on performance. The related 'resource-based view' (RBV) focused more on the talent management aspects of securing competitive advantage through people, so-called 'soft HRM'.

Guest (1987) contrasted this perspective, that HR policies should be more unilaterally and proactively aligned to drive the achievement of business goals, and key 'talent' secured and motivated to deliver it (Barney, 1984), with the more pluralistic traditional personnel management role of the administration and interpretation of procedures and external legislation. Strategic integration, high commitment, high quality, and flexibility were, according to Guest, the policy goals of strategic HRM.

From a more psychological angle, the behavioural perspective on SHRM has focused on the 'how' of this relationship and suggests that HRM practices affect firm performance by encouraging needed role behaviours that are aligned to the organisation's strategy.

More recently, human capital thinking and HR analytics have reflected economic ideas and focused more on the measures of successful linkage and how these can be established and monitored in practice.

From the outset there has been a strong focus in the literature on organisation performance and the links between HR strategy and performance outcomes; a huge quantity of research has been carried out in order to demonstrate that effective SHRM may be associated with improved organisational performance. Yet somewhat ironically, this has also been at the centre of the academic and practitioner debate over the use, effectiveness and even existence in practice of the concept. The 'best fit' versus 'best practice' debate has been a key dimension of this in terms of the optimum way to leverage these relationships. The contextual 'best fit' school appears to have more support in the research we have studied, although the emerging contemporary consensus is that both have their uses.

The two other key issues regularly featuring in discussions and research on SHRM over this period have been:

- practitioners questioning the difficulties of implementing HR strategies; and the academic suspicion that they have had more impact on the HR functions' influence in the boardroom than on real people and organisational performance; and
- suspicions from the outset – and particularly since the 2008/9 financial crash – as to the motives and morals of SHRM, with suggestions that it has really been a justification or even a disguise for excessively shareholder-focused and at times employee-exploiting HR management.

For all of the economic evidence as to associations between HR practices and performance, a wealth of studies now also show that achieving vertical and horizontal integration can be difficult, and that gaps can easily exist between what the strategy says will be achieved and what is actually achieved.

A more recent definition of SHRM indicates how these long-running debates may be coming closer to resolution, now being described as 'the choice, alignment, and

integration of an organisation's HRM system so that its human capital resources most effectively contribute to strategic business objectives' (Kaufman, 2015: 404).

Recent developments have focused more on the arguments and evidence in favour of a multi-stakeholder approach, with particular attention being paid to employee wellbeing as a key linking and integrating mechanism in models of the concept and in practice. In their review of the state of SHRM, Beer et al (2015), state that this was a core component of his ideas from the outset and that 'we need to take a wider, more contextual, more multi-layered approach founded on the long-term needs of all relevant stakeholders'.

Perhaps the most important conclusion reached by our review was that there is a need both for a more multi-stakeholder perspective to strategic HRM – which we have seen emerge in research studies and HR function priorities over the past five years – as well as the need to make SHRM research more relevant for practitioners. This is the primary aim of our case study research on this project.

1.2.2 Case studies

A conclusion from our literature review has been that, despite this long history of research, we just don't know enough about the processes as to how HRM strategies are developed and delivered in organisations, in order to be able to answer some of the key questions and address the highlighted issues. This was an important driver and rationale for undertaking case study research on this project. In this report we present the findings from four named case study employers.

Our qualitative case study research on this project was based on interviews with HR directors – and in some cases other HR specialists involved – in four deliberately different types of employers. It was designed primarily to address the 'how' questions in the research: how did you develop the HRM strategy? how did you decide what to include and prioritise? how well is it working in practice? how can it be improved? and so on.

The organisations were selected from an initial target list developed by IES and CIPD based primarily on our ability to secure access, and was deliberately designed to showcase different types of employer in terms of sector and size. A methodology guide, summarised in Appendix 2, was developed, consisting of: an interview agenda of topics and questions; a list of supplementary written information to gather about the organisation and its HR policies; and a structure and guide for writing up the case studies, which were targeted as being approximately 2,500 words in length each.

Interviews were held between October and December 2018, followed this semi-structured agenda and lasted between one and two hours. IES then submitted an initial draft write up to the employer, and in each case the final text was revised and agreed with them.

1.3 This Report

The remainder of this report is organised into two parts:

1. The write up of SHRM in each of the case study organisations, following a common format that reflected the structure of the discussions and our interview guide;
2. A final concluding section which aims to summarise the key themes and common points emerging across the case studies, to draw out the implications for addressing our research questions, and to provide guidance to HR researchers and particularly HR practitioners in future.

We are particularly grateful to our case study organisations and their HR leaders for giving us so much time and the openness and honesty of the access that they afforded us, which has helped us greatly in drawing out the learning for others from their real-life experiences.

2 Ministry of Housing, Communities and Local Government

2.1 The Context

The Ministry of Housing, Communities and Local Government (MHCLG) is the UK government department responsible for housing, planning and building, community development and local government. The overall strategic aim of the department is ‘to help create great places to live and work right across the country and to back communities to come together and thrive’.

Although its roots are long-standing, the department in its current guise was established in 2006. Over the past 18 months, in particular following the Grenfell Tower fire in June 2017, it has seen a major shift in strategic emphasis and activity, illustrated in part by the addition of Housing to its title. Many employees have been involved very directly in meeting the department’s strategic goal of securing ‘effective support for those affected by the disaster, delivering the changes this tragedy demands and ensuring (all) people are safe and feel safe within their homes’.

New plans for housing were announced in the Budgets in 2017 and 2018, with proposals developed through a series of Green and White papers, which are summarised in the current departmental objective of supporting the delivery of a million homes by the end of 2020 and half a million more by the end of 2022 (300,000 net additional homes a year on average). This has also driven growth in employee numbers.

There are now over 2,000 full time equivalents in the core department. Collectively it oversees around £17bn of spend, of which around £7bn is local government finance, with a wide range of policy-focused activities and roles. The department prides itself on a heavy evidence-based policy focus and describes itself as having an outward-facing and collaborative culture.

The department’s strategy, set out in a plan published in May 2018, breaks down into seven overall objectives, including: delivering the homes the country needs, delivering a sustainable future for local government, creating stronger communities, supporting a smooth exit from the European Union, and last but not least, to ‘maintain MHCLG as a great place to work’. Like all the other goals, this last one breaks down into a further series of people and equality objectives, as well as being linked to a published performance metric. In this case it is the 66 per cent Civil Service People Survey overall engagement score drawn from survey undertaken in 2018, up two per cent from 2017 and is the sixth successive year-on-year increase.

2.2 The HR/People Management Strategy and Process

MCHLG's first 'People Plan' was intended to last for two years after being developed in 2016. It was refreshed and updated after Grenfell for its second year, and then a new People Plan was developed and introduced covering the next two years from 2018 – 2020. The Plan was more than six months in development, a process which involved extensive consultation with leaders, the wider HR team and people at all levels, and also a look across other departments and employers to see how they framed and addressed some similar challenges and HR initiatives. Our interviewees described it as part organising and prioritising existing HR and learning activities, but also setting out new aims and initiatives to address new challenges; and especially to help to drive cultural change and performance improvement across the newly named Ministry.

The latest People Plan sits alongside a new and comprehensive Strategic Workforce Plan, based on a detailed analysis of workforce trends and needs, and guiding the growth in the department (see below). It has also been informed by and aims to complement the overall Civil Service Workforce Plan, developed by Chief People Officer Rupert McNeil and his team in the Cabinet Office, which aims to create a 'Brilliant Civil Service' through high quality people management practices and standards. This co-ordination across the Civil Service was reflected, for example, in all departments publishing their gender pay gap information and reports on the same day in December 2017. Both People Plans were carefully positioned to support the "values" framework in place at the time.

Progress against the People and Workforce Plans are reported on in a comprehensive series of workforce statistics on a quarterly basis. There is a specific People Committee – a sub-committee of the executive team – which meets monthly and agrees and monitors progress against these plans, as well as the other senior management groups which regularly review and discuss this information.

2.3 The HR/People Management Strategy and Content

The overall goal of the People Plan in 2018 remains much as it was in 2016: to ensure that the department has 'skilled, talented, diverse and high-performing people, who are proud to work for MHCLG and are supported and trusted by empowering and inclusive leaders'. All of the policies and work and initiatives to support this are organised into five constituent priorities or pillars, each in turn with at least three priority initiatives and activities and illustrated below. The pillars were selected as being most important in supporting and contributing to the business performance of the department; 'driving forward our ambition on key people issues, for example diversity and inclusion'; and for 'ensuring that we have a tailored, excellent, clearly signalled, support and development offer, which will attract and retain talent, and is amongst the best across the Civil Service'.

Figure 1: The Five Strategic Pillars at MHCLG


Source: MHCLG(2018) *People Plan 2018-20*

However, according to Christine Hewitt, the Director of People Capability and Change at the time the Plan was drawn up, there was a significant shift in emphasis between 'People Plan 1' and 'People Plan 2', which partly took account of progress made, but also heavily reflected the shift in the strategy, focus and ambition of the newly re-christened Ministry.

The 2016 Plan had reflected the continuing emphasis across the Civil Service after the financial crash in 2008/9 on improving value for money and on building and maintaining an efficient, productive and flexible workforce, 'making the most of what the department had'. The department had reduced in size by around 40 per cent between 2010 and 2015, to approximately 1500 posts. There was also a strong theme centred on improving what it is like to work in the department, which had for a time been regarded as one of the more low-profile parts of government to work in, and the activity supporting this had seen significant improvement in their People Survey scores.

The five pillars in 2016 were:

1. 'Right people/right roles/right time', centred on improving recruitment and resourcing. Commitments here included a new annual career conversation and personal career plan incorporating the department's Core Curriculum, and more and more accessible internal opportunities.
2. 'Core Curriculum and professional development'; a new Core Curriculum was established and delivered to provide development in the areas of personal effectiveness, contextual understanding and professional/specialist skills and knowledge.
3. 'Always aspiring to be better' which was changed quite late in the development process from a narrower focus on 'improving performance' and included improving objective setting and the overall quality and culture around performance management.

4. 'Inclusion and wellbeing', covering all of the diversity and equality activity, which has a high profile across the Civil Service, but here is backed with some very specific commitments: that individuals 'will have access to staff networks...be supported to progress whatever your background...benefit from our commitment to follow to follow best practice...work alongside leaders who are from diverse backgrounds.
5. 'Making the most of what DCLG offers', covering reward and recognition and career development, and an 'everything else' category not covered in the other pillars.

At first sight, this could be any HR department's list of essential activities and projects. But the activities under each area have really focused on delivering 'what will be different for our people'. The description of each pillar in the Plan includes a highlighted section for employees: 'What's new and what does this mean for you?'

The second pillar for example on learning and development work meant for the first time the department had a clear psychological contract with its people, that if everyone utilised and shared their expertise they would all get relevant upskilling, delivered locally, and signalled really clearly via a new employer brand. There is a clear commitment to a minimum of 'five-days-a-year learning (not just training courses)'. Under Inclusion and Wellbeing there is the promise to make 'our employee assistance offer more understandable and accessible' and 'through the Disability Passport...to make flexible resourcing a reality for everyone'.

To emphasise HR's clear intention that visible action would ensue, nine more detailed plans covering the main activity areas of HR were annexed to the Plan, such as performance management and health and wellbeing, as well as a specific one focused on the AO/EO level programme designed to help meet the 2.3 per cent Civil Service-wide target on employing apprentices.

It also included highlighted quotations from employees to illustrate the department's commitment to these priorities, supporting their job interest, personal development, career progression and diversity, to as one person in the Analysis and Data function put it, 'impact every community in England and make a real difference to daily life'. This also illustrates the multiple purposes and how the process of developing and publishing an HRM strategy can help to contribute to its implementation. The People Survey and other key indicators demonstrate a high level of awareness and positive attachment to the People Plan and the individual initiatives which make up the plan.

2.3.1 The Shift in Focus

By the summer of 2017 there had been a major shift in the department strategy, not just in considering the implications of Brexit, but primarily towards a greater focus on housing. The new People Plan refers to 'housing very firmly established as a key priority for the Government, with increased budget and resources and a higher profile and leadership role for the Department across Whitehall', as well as, of course, 'the work to respond to the issues arising from the Grenfell Tower tragedy'.

This shift meant that new skills and new staff were urgently required to support growth. Over 700 new staff have subsequently been recruited over the past 12 months under the

new Plan, with the Ministry reaching over 2,000 people in the current financial year 2018/19. The development of scientific expertise, risk management skills, and commercial capability and capacity are all critical to discharging the Ministry's expanded financial and governance responsibilities, with many of these functions having direct parallels in the often higher-paying private sector.

As this second People Plan was being developed, a parallel extensive consultation exercise took place to define the principles which would underpin the new Ministry's purpose and the values and behaviours required to put those principles into practice. Each of the principles are now aligned with the strategic priorities in the People Plan, illustrating how important this plan is to putting them into practice.

2.3.2 The Importance of Leadership

Planning is one thing but having effective, committed leaders who are actually putting the plans and principles into practice is quite another. Our interviewees highlighted another key change affecting the evolution of the People Plan which was the appointment of Melanie Dawes to head the Department as its Permanent Secretary in mid-2015. She regarded leadership as key to transforming the performance and image of the department and personally supported the HR team in improving leadership quality, with significant investments in senior training and development and personal support in helping the Department to identify and attract talented, diverse leaders from across Whitehall.

Building leadership and managerial capability is now a distinct pillar in the 2018 – 2020 Plan, allied to activities across Whitehall to continue to enhance the 'leadership offer' at the Senior Civil Service level. The Permanent Secretary also personally launched both the new People Plans to help to cement their importance and prioritisation. She has worked to expand the career paths across the smaller Whitehall departments which has played a key part in them recruiting and retaining talented staff. Melanie in fact chairs the People Board that oversees strategic people-related issues and the workforce and diversity plans across the Civil Service, bringing her passion and commitment for great people management and diversity to bear well beyond her own department.

2.3.3 Becoming More Strategic and Agile

With improvements in some of the core activities, such as a comprehensive learning offer achieved under the first Plan, our interviewees described how the second Plan has enabled the HR function to build on its success and deliver a much clearer focus on talent management and career development. They felt that the HR function can only be credible on its strategic agenda and input if the HR operational 'building blocks', such as the new resourcing hub, are functioning well.

Although the themes and contents have evolved the second Plan keeps five pillars which our interviewees felt to be the right number, both to encompass the variety of HR activities while also still focusing and prioritising its work. There is also an attempt to balance the ambitious 'big bets' in the People Plan with a continuing focus on improving the operational activities of HR, which were not mentioned in PP1 apart from recruitment.

The second Plan crucially maintained the same positive tone, clarity and sense of accountability and momentum that the first Plan introduced.

The new Plan also reflects the growing need to be flexible and agile in a fast-moving governmental and social context, with the 'health and wellbeing' strand of work for example, subject regular review and development. It also attempts to give better guidance and drive better support being provided to managers and staff so as to best utilise the building blocks put in place under the first Plan.

Cross-cutting themes are also more clearly drawn out and managed across the pillars in the second plan, for example in terms of Diversity and inclusion underpinning all activities, as well as being a strategic activity in its own right.

2.4 Implementation and Delivery in Practice

As our interviewees expressed it well, 'lots of plans sit on the shelf' and our literature review for this research project has highlighted the commonly experienced problems of strategic implementation. So how does MHCLG attempt to ensure that the People Plan becomes an experienced reality in the organisation?

Beyond the leadership strengths mentioned above, measurement and monitoring is one answer. The department was described by our interviewees as being 'driven by data and evidence' and the People Plan reflects this emphasis with quarterly People KPIs reported – 'HR needs to be evidence based in this department'.

Each pillar has an aggregate RAG rating of performance which comprises of a number of subsidiary measures and is reported on quarterly on a red, amber or green performance rating scorecard, along with additional explanatory commentary. Thus for example, pillar one of the 2016 – 2018 strategy, recruitment, comprises of 16 measures, including number of new starters, average applicants per advert and labour turnover. And nine of these showed improvement in the second quarter of the current year, driving up the overall index rating.

Much of the data used for this is drawn from the SAP HR system. Where areas show a dip or downward trend, for example the proportion of staff having career conversations, they become a focus for subsequent analysis, discussion and actions.

However, even more important according to the interviewees, is the strong culture of consultation, communication and senior management commitment in the department. There are weekly meetings of the executive team and of a wider leadership team of all of the Senior Civil Servants for example, and leaders meet far more often than seems typical in other departments. This was seen as being key to avoiding any serious policy/practice, say/do gap emerging with the implementation and delivery of the People Plan's goals. This high contact/high communications leadership culture was seen as being relatively unusual in other parts of government, although our interviewees felt that this also reflected the nature of the department as a comparatively small (by Whitehall standards) primarily policy focused unit. It might be much harder to achieve in a bigger or more geographically dispersed organisation.

The success and lessons learned during People Plan 1 underlined the need to focus on developing talent pipelines across and up through the department, including a focus on developing professions in line with the Civil Service Workforce Strategy. However, as well as the emphasis on providing professional career paths right across the Civil Service, our interviewees stressed that they are also developing the broader 'flexible knowledge' and agility needed in a small department like this.

Indeed, our interviewees described a shift under these Plans in their resourcing strategy towards an approach of recruiting very capable but also flexible and adaptable people and 'developing and moulding them to the Department'. This sits alongside the increased recruitment of the specialist skills identified post Grenfell, including commercial, scientific, risk etc, where upskilling current employees would not always meet the urgent or particular need.

2.5 Future Developments and Changes

The department's leaders are still getting used to reviewing the metrics underpinning the delivery of the new pillars in People Plan 2 and so it is early days to speculate as to how the Plan will need to evolve in the future. Improved analytics capability so as to improve the evidence-base for and impact of actions of the Plan's aims is the first area the interviewees highlighted, and the HR function has recently hired an analyst to focus on this.

Our interviewees anticipate that as with this second plan, the next one will also be an evolution so as to keep a focus on the current priorities and core building blocks of HR activity, but also adapting to environmental and government changes.

As well as improving key aspects of the recruitment process, there has been a focus on raising the quality of recruits. Leadership development work was described as a 'painting the Forth Road Bridge' type of activity that has seen significant improvement but needs to continue to be delivered effectively and adapt with time.

The one area that the HR senior staff felt had seen only incremental progress in the first plan, in keeping with many UK employers, was performance management, a key tenet of the fifth pillar in the People Plan. The removal of the guided distribution process across the Civil Service has afforded MHCLG the ability to re-design their process throughout the organisation and reinforce their existing moves to make it a more conversational and developmental process. But their trade unions believe that it continues to be an inconsistent and on occasions unfair process. A working group under People Plan 2 is currently re-reviewing how it can be improved and where the design of it needs to go next, meanwhile many of the other initiatives under PP1 and PP2 have reinforced the department's commitment to stretching and rewarding careers.

Our interviewees were also open in admitting that specific organisational change programmes haven't always been effective in all areas across the Ministry. The learning from the initial work around values in 2015 has been reflected in the department's new framework of principles and underpinning values and behaviours, with the linkages with the People Plan pillars now made explicit

Another cultural area highlighted in the second People Plan and possibly the next one, reinforcing the already-mentioned emphasis on internal communications, is further work to improve linkages between the department's London and regionally-located staff. This is a common need across Whitehall but perhaps more critical in the department which includes responsibility for local government and communities within its brief. The new pillar 'We are one MHCLG' targets an 'engaged and fully involved workforce across all our sites' and commits to regular senior management visits and briefings, promoting roles that can be delivered from multiple sites and using technology to maximise flexible and homeworking

2.6 Summary and Conclusions

Our MHCLG interviewees described their People Plan as '60 per cent done, 40 per cent to work on', and seem rightly proud of their progress and achievements under it. As with the second Plan, they felt that there will need to be a further shift in emphasis for the next version of the Plan under a new people director taking over in January 2019, to reflect the shifts in the department's strategic plan and fiscal and political environment in the post-Brexit context. Though they believe the backbone of the second plan will last until at least 2020.

But they all felt that the bulk of the core emphasis and content of the current pillars would remain highly relevant, and also felt that the quality of both the Plan itself and its delivery would continue to improve as 'now there is a real customer 'pull' for it, which wasn't so much the case in the early days of the first Plan'. HR, they feel, remains 'at the top table', taken seriously, with 'the People plan driven by the department's single (strategic) plan'.

The big learning for them, however, was not just on the importance of vertical alignment of HR priorities with the business strategy achieved with the first People Plan, but that 'It needs to be flexible and emerge from discussions with our people and our leaders' with that involvement and flexibility operating around a core of continuing key areas and priorities.

The People Plan has also been invaluable they thought as it 'helps us to focus activity and not respond to every short term 'bright idea', with a danger across all the government departments that 'HR supposed priority lists are far too long to ever deliver on effectively'.

Their advice to HR leaders and functions who want their policies and their functions to be more strategic, influential and effective was as follows:

- Attract and develop **leaders** who genuinely understand and 'get' people, culture/values and their importance to the organisation and performance. The same approach they felt would probably have been far less successful if their Permanent Secretary and her top team had not been so committed to achieving high performance through their People Plan and its constituent policies.
- **Be brave.** For HR to be taken seriously it needs not just to listen and know its stuff but also to be 'able to speak truth to power'.

- Be really strong on **consultation and involvement**, not just with leaders – although that has been highly evident in this case – but also right across staff levels, functions and locations; they suggested even involving all staff in all activities in the HR function.
- Ensure policies are strongly **evidence-based**, with progress particularly on the HR operational side demonstrated through regular reporting and discussion of appropriate HR metrics.
- **Tailor** the approach to suit your organisation – this high involvement and communications approach might not have worked so well in a larger or more dispersed organisation.

2.7 A Final Word

'The real value of the People Plan was in the discussion and process of developing it...our leaders really "got" people and then the People Plan has been the programme of actions to deliver it.'

Christine Hewitt, Director People Capability & Change

This case study was based on interview and discussion with:

- Christine Hewitt, Director People Capability & Change
- Henry Watson, Deputy Director, HR Strategy and Policy
- Paul Doran, Senior HR Manager.

3 The London School of Economics and Political Science (LSE)

3.1 The Context

LSE is one of the UK's top universities, ranked second in the world for social sciences and management subjects (QS world rankings, 2018). It is as well-known for the quality of its research as its impact on politics and society. It was founded in 1895 for 'the study and investigation of the concrete facts of industrial life and the actual working of economic and political relations' and with 18 Nobel Prize winners and 37 world leaders amongst its alumni, its purpose today continues to be 'for the betterment of society'.

The LSE's [2020 Strategy](#) sets out a roadmap of six strategic priorities including: strengthening their position in the social sciences and education; leading globally in innovative, international, interdisciplinary and issue-oriented social science; diversifying revenue streams, which currently total over £350 million; and developing the university campus, including the construction of a new £120 million Global Centre for the Social Sciences. At the time of meeting it is setting its strategy to 2030.

It is a highly international institution with almost half of its 3,000 staff and two-thirds of its 12,000 students from overseas. Under the leadership of Director Dame Minouche Shafik, staff are mainly organised across 22 research centres, 23 departments and 16 service areas. Two of the institution's strategic priorities are specifically concerned with 'Strengthening and supporting faculty and staff'; and to 'strengthen our commitment to equity, diversity and inclusion'.

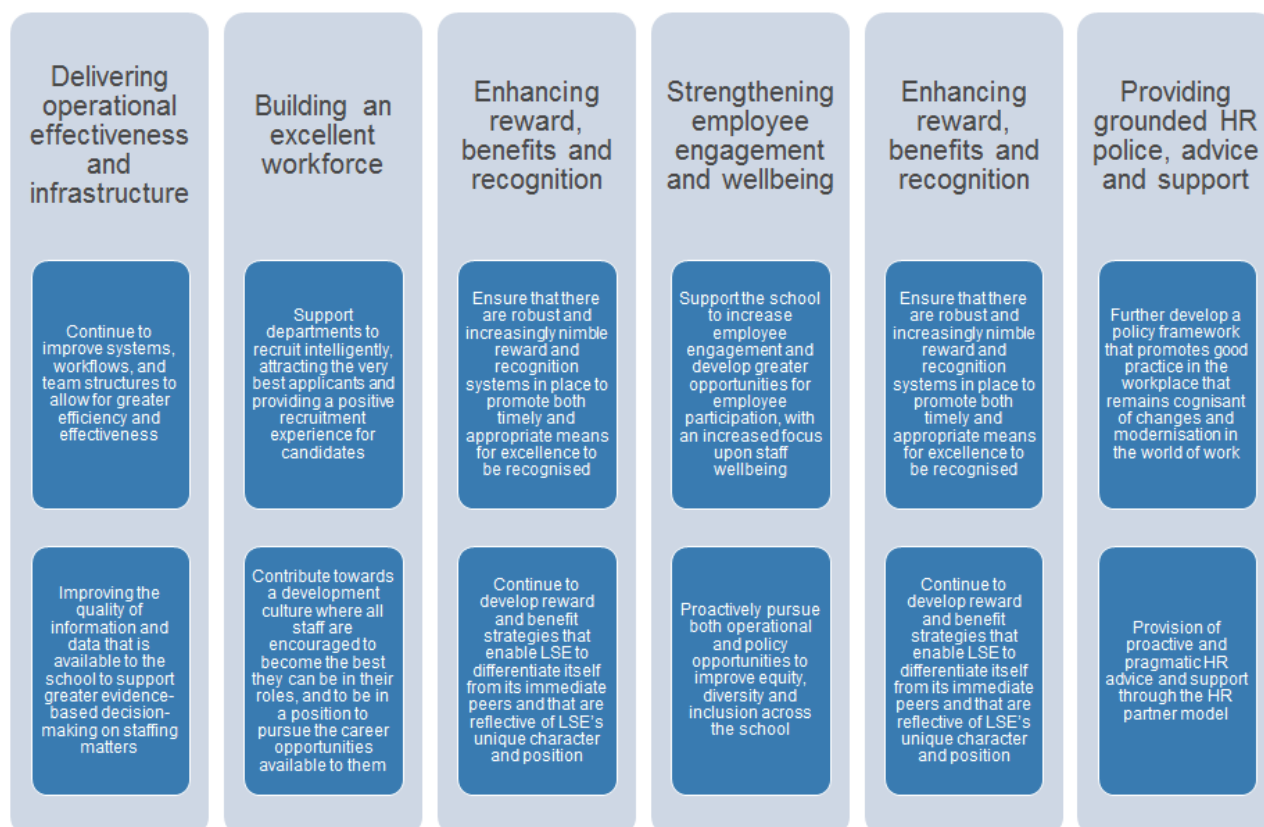
In an institution with such high levels of academic and scientific research excellence, it is perhaps not surprising that the HR Division applies a rigorous and evidence-based approach to the development and implementation of its HR Strategic and operational plans and activities, led by Indi Seehra, Director of Human Resources and with Louise Handley, Head of Policy and Employee Relations, leading the development of the strategic plan for HR.

3.2 The HR strategy and process

Each department and function in LSE is subject to a review every five years of its purpose, activities and effectiveness carried out by the School's Senior Management Committee, including relevant academics and external experts. This was last carried out for the HR Division in May/June 2016, supported by a detailed audit carried out by the School's internal audit function. That review resulted in the development of the Division's current '5 – 10 year Strategic Plan'. This sets out six core priority objectives and pillars of

activity underpinning the Division's overall purpose of supporting LSE to deliver success through its most critical asset: its people. Each pillar is split further into two themes and subsidiary workstreams which are specified and planned. The pillars are illustrated in the chart below.

Figure 2: The Six Core Pillars of HR Activity at LSE



Source: IES

'5 – 10 years' seems a surprisingly inexact timeframe for an institution such as LSE, which is based on the highest levels of research rigour. But as Indi Sehra explains, this gives necessary flexibility and 'recognises that the best point in time for any strategy renewal will be within that window'.

Shorter-term priorities are set out in a rolling three-year Strategic Priorities paper, which is essentially an aggregated series of annual operational plans and current priorities that are reviewed and updated each year. Sehra first formulated this paper for the period 2014 – 17 shortly after he arrived in the role from University of Cambridge. He investigated the immediate situation and held discussions with senior management and heads of department. He then wrote the paper in order to focus the work of the division on developing LSE as a high performing organisation, supported by high quality HR services, and prior to the full review process taking place.

He sees this duality of approach with long-term strategy and shorter-term annual plans as critical to being able to deliver on their longer-term growth and development aims, whilst also being flexible and responsive and being seen to deliver on HR's key functions and

operational activity and targets in the shorter-term. When he arrived in 2014, in keeping with a general reputation across the Higher Education sector, the HR Division seemed not to have been regarded highly in the institution by its customers and users, and focused on short-term demands.

This is what Seehra and his team have been working hard to address. And he unashamedly targets taking a leading position in the sector on key issues such as pay equity and rewarding performance, in support of LSE's academic and reputational excellence. The Division has had to move and work fast in some areas in responding to outside changes, most noticeably for example in terms of monitoring the impact of Brexit developments and providing departments with advice on overseas staffing in such an international workforce. However as Seehra says, 'we try not to tweak the strategy' to retain the longer term focus necessary to maintain and enhance a world-class workforce.

As well as plans, however, there was a clear need to engage more effectively with HR's stakeholders: with senior managers to input into and endorse the strategic priorities; and with faculty and departmental management to deliver these priorities and policies into practice. Today therefore, and in keeping with the University's organisation structure and governance requirements, there is a formal structure headed by the HR Committee, which is the key decision-making forum on HR strategy. Three of its members, including Seehra, also sit on the Senior Management Committee. Major investments, for example in HR IT systems, are also discussed at the Finance Committee. The HR Director makes an annual progress report on strategic matters in relation to people management to the University's Council.

The HR Committee originally started as an HR Advisory Group (HRAG), which Seehra set up in 2015 formed of senior management representatives from all the major functions and departments across the School, as well as the COO and Chief Financial Officer (CFO). This focuses on the HR annual work plan and advises and approves implementation proposals for HR policies and procedures and monitors their impact.

According to HR's first annual review of progress on their strategy and annual plans in 2017, 'The HRAG is increasingly becoming a valuable meeting through which the Division makes itself accountable to the School but also seeks (and receives) direction in respect of priority work and the implementation of new policies'. IES acts as an independent member. It appears to achieve an unusual combination in our experience of: micro-focused discussion of the details of the implementation of HR policy (specifying what personal details should be anonymised in the recruitment process to support improved diversity in selection, or a better cut of staff attrition data to make it more useful for departments to monitor and act on); combined with more macro discussion and input into the delivery of the key items under each pillar – for example, the learning and development plan and use of the Apprentice Levy, or improvements to the performance management and contribution (variable pay) process.

This formal structure is supported by regular director meetings and discussions and the HR (Business) Partners meeting with and advising relevant managers as the core of their role

3.3 The HR strategy and content

As with the School's strategy, the HR Strategic Plan has six constituent pillars to coordinate and focus the Division's activities. Continuing the theme of the importance not just of taking a long-term strategic perspective but also closely linking this to shorter-term delivery and the HR function's capability and capacity to deliver, the first pillar in the Strategic Plan is 'Delivering operational effectiveness and infrastructure'. As Louise Handley explains, unless routine HR systems and workflows are effective and efficient and the measures in place to demonstrate this, and unless HR staff have the capability to support managers and staff effectively, then HR will not have the time nor the credibility to address a more strategic and influential agenda.

An HR Systems Optimisation programme is a key component of improvement in this pillar and is a standing item on the HRAG agenda. It has supported significant improvements in HR advice and support online, the provision of timely and accurate workforce data on which reliable progress metrics can be based, as well as a shift towards employee and management 'self-service' systems which departments appear to appreciate designing and then operating. Partly through the support of the HRAG members, proposals for significant investments in learning and development and HR systems for example, have been supported and made by the Finance Committee.

This also has freed up HR staff time and resources to support more strategic activities such as for example, under the second 'Building an excellent workforce' pillar: providing more of an 'executive' service to top talent recruits and those coming in to 'hard to fill' roles; improving training and support for staff within the New Research Staff Career structure; and developing career pathways for professional services staff who can attract salary levels in other sectors which make their retention a real problem for many universities.

Developing and supporting career paths is a key theme across the pillars and part of the sixth one on 'Developing leadership and management capability' across the School, with a structured series of internally and externally run programmes designed to significantly enhance senior leadership capability. Innovative and sector-leading work is also evident in pillar three, 'Enhancing reward, benefits and recognition' which includes: modernising the School's benefits package and now providing housing options to support high profile recruitment; whilst continuing to establish greater freedom from the sector-wide bargaining structures, so as to more strongly reward individual excellence and contribution in pay in the School.

3.4 Implementation and delivery in practice

Reading the HR Strategic Plan and listening into discussion at the HRAG highlights the very practical and pragmatic approach taken by the HR Division at LSE. The fifth pillar in the Strategic Plan is actually 'Providing grounded HR policy advice and support', balancing the leading-edge policy with what is feasible in their context at LSE. This is led by the HR Partners who aim to provide 'proactive and pragmatic HR advice'.

The heavy involvement of managers just described means that it is far less likely that any significant HR policy/practice gap will emerge, and seems vital in a Higher Education context where some senior managers are also active academic researchers rather than being 'full-time' managers. The juxtaposition of traditional academic freedoms and more modern models has created some conflict across the sector. But here there appears to be a good balance, and indeed some of the HR changes contained in the plans in support of work modernisation aim to increase personal choice and flexibility, for example in pension provision.

When Handley and Seehra joined, HR was not delivering on some of its short-term operational services, for example telephone response times were poor. These were the initial focus for improvement under a 'back to basics' focus for the Division. Now that they have been addressed, the wider set of HR objectives and longer term needs can be addressed and measures against them applied and monitored. The Division's annual HR quality survey amongst its users in June 2018, part of the 24 month update on progress on the HR Strategic Plan, found 65 per cent of the School was satisfied with the service they received from HR, up by 25 per cent on 2016. On quality of advice, 85 per cent agreed that they were provided with quality advice, an improvement of 24 per cent over the last two years.

Not surprisingly at LSE, and now supported by the HR Systems Optimisation programme, there are now clear metrics and measures of progress evident in implementing the strategic and operational plans successfully. As Seehra says, 'even in HR, what gets measured gets done'. One of the recommendations of the 2015 Review was to develop a 'set of succinct KPI's' to help to improve the Division's effectiveness.

Each pillar and theme now has defined monitoring methods and mid-way (2.5 years) and end-point (five years) goals and targets. So for example, on the second theme on pillar six – a comprehensive learning and development programme for research staff – the target is to have regular programmes on transferable skills and teaching effectiveness operating by the mid-point, and 90 per cent take up through blended learning at the current plan's end point. For the HR Systems Optimisation in pillar two, the aim is to launch and complete e-recruitment, web view and additional functionality modules by the end of 2018, and full completion after five years.

As well as receiving updates on the progress of operational plans at each meeting, the HRAG also receives a detailed quarterly Workforce Scorecard for all of the staff categories, which also contains information on the composition and diversity of staff, employee turnover and workforce stability. This is the CIPD's intended evidence-based HR practice evident in a big way. Performance is also benchmarked against three other comparable universities on a regular basis.

Building capability is another key means by which Seehra has worked to address the risks of a policy:practice HR gap, and while the Systems Optimisation programme has increased levels of management self-service activity, the Division is realistic about the levels of time that senior staff will devote to management and the amount of support they require from HR. Heads of Department today have had more management training than would have been typical five years ago, but they are not trying 'to turn line managers into

HR managers'. Each department has a specific academic manager and Seehra classifies his HR Division as a 'fairly well-funded' department such as is necessary in a comparatively small, specialist and complex university. Therefore, the Division has also invested in improving the capabilities of its own staff of c50, particularly in the advisory and consulting skills area, and improving its own staff survey scores.

Of course, not everything in the 5 – 10 Year Plan has progressed as far or as fast as originally planned. Wider talent and career management, particularly in terms of planned and lateral moves, is an area that Handley and Seehra cite as one where progress is somewhat behind schedule. But they feel it is really getting traction now as the second half of the Strategy Plan period commences.

But generally, the statistics tell a story of continuing improvement in the HR Division's services. So the senior managers involved have supported the investments required to help prevent any major aspiration / achievement gap, for example in the new payroll and HR information systems, or funding an extra HR Partner, as 'HR has proved its worth'.

3.5 The future

Seehra and Handley believe that the pillars will largely remain relevant at the end of this five year Plan period, with a new bout of initiatives and activities by then required. However, they see the next iteration of the strategic plan as 'a balance between more updating and extension and some changes in content and emphasis' (Handley). Under the 'Engagement and Wellbeing' pillar for example, although they have made progress, supporting the understanding of mental health issues for staff for example, they believe that the agenda on this has developed rapidly externally and that this needs to be an area of renewed focus now and in the future. Recent strike action over pension changes elsewhere in the sector illustrates both the levels of change and in some places dis-engagement that can be apparent. The HR User surveys shows improvements over the past two years in perceptions of 'Reward, benefits and recognition'.

But again, they see this as an area requiring increased attention in the next two years and the following Strategic Plan in order to maintain their position in an increasingly tight London and international market-place for top academic talent. The emphasis on diversity and inclusion, already high in such an international institution, will also they anticipate intensify due to combined economic and regulatory pressures.

Seehra sees the focus in metrics shifting too in the years ahead, away from the easier-to-measure HR operational activities and more towards demonstrating how the HR Division and its policies are contributing to maintaining and enhancing LSE's position in the major international university league tables – on research performance, student satisfaction, commercial income, and so on.

3.6 Summary and conclusions

For Seehra and Handley, the challenges of an increasingly complex and unpredictable Higher Education environment, in which multiple performance goals and stakeholder agendas are having to be addressed – to enhance the University's academic standing,

grow its commercial income and diversify its revenue streams, lead the way on corporate governance and diversity in the sector, and so on – makes the requirements for an HR Strategy even more essential and relevant now than in the past.

But they emphasise the need for strategy **to be a process rather than just a plan**, a process which links the macro and the micro, the longer term human capital development objectives with shorter term HR operational activity and service delivery needs, and which engages people to deliver on the plans – senior managers to shape and fund the activity, and staff to respond with higher levels of engagement and performance.

Shaping and **tailoring** your HR strategy to suit the employer and keeping it within ‘the sphere of the possible’ for each institution is the other key piece of advice which Handley and Seehra would offer to HR directors and policy leads trying to make a strategic impact and ensure “your HR policies are realistic and grounded’ in your own specific setting. Cambridge University and LSE’s HR strategies are different and should be, and how you develop and deliver the HR strategy in their experience is at least as important as the content.

3.7 A Final Word

‘Never make your HR strategy too strategic...operations needs to be closely linked to strategy.’

Indi Seehra, Director of Human Resources, LSE

This case study was based on interviews and discussion with:

- Indi Seehra, Director of Human Resources
- Louise Handley, Head of Policy and Employee Relations.

4 Anchor Homes

4.1 The Context

This case study focuses on Anchor Homes, the care home division of Anchor Trust, a not-for-profit organisation, which has been England's largest provider of housing and residential care for older people. From modest beginning in the late 1960s, Anchor's workforce grew to over 9,000 staff by 2018, with the majority of employees working in care homes. At the time of the research interview for this case study, Anchor Trust had just merged with Hanover Housing Association to form a new organisation – Anchor Hanover. Hanover, like Anchor, developed in the 1960s and has provided rented and leasehold retirement housing. Anchor Hanover, the new organisation, is now the largest provider of specialist housing and care for people in later life in England, with more than 54,000 homes across 1,700 locations. It is operating in more than 90 per cent of council areas in England.

The case study interview was with Jane Ashcroft, formerly CEO of Anchor Trust and now in the same role with Anchor Hanover. Jane came into general management from a career in HR, which has no doubt influenced the high degree of integration between organisational leadership and human resource management she has led in Anchor. We can see this integration in this case study, both in HR strategy and its implementation, from top team level down to local decision-making.

Even without this personal interest in HR, as she told us, employment issues are inescapably central to delivering high quality care in residential homes.

'The sector is so people focused – our customers live with us, so the workforce is above and beyond critical.'

But the sector also operates under heavy financial pressures, as we have seen in recent years from the re-structuring or even disappearance of some well-known providers of care homes. About half of Anchor's income comes from public money, mostly from local authorities who have been struggling financially in recent times. Those funding their own care also have limited funds. About 60 per cent of income is spent on staff, so like all other care home providers, Anchor needs to keep staff costs under tight control. Managing the tensions between quality of care, staffing levels and salary levels lies at the very heart of running residential homes. We see this balance below in the key elements of Anchor's business and employment strategy.

The merger will bring opportunities to provide new types of services and economies of scale. As a major player, Anchor Hanover hopes to have a strong voice with central and local government. Working through the merger will also present challenges. The culture,

workforce requirements, employment practices and regulatory systems in housing associations have some significant differences from those in residential care.

4.2 The HR strategy and process

Prior to the merger, Anchor was towards the end of its current five-year business strategy. Rather than having a separate, written HR strategy, which is deliberately avoided, people issues are fully embedded in the main strands of the business plan, as described in the next section below. HR strategy is therefore, in effect, driven by the whole leadership team. This integrated approach to business and employment strategy 'creates an ownership of the people issues in the top team', according to Jane Ashcroft. The whole management population is involved in the people approach and people strategy, so 'everybody owns and has an opinion about your staff.'

The big advantage of this approach is that it keeps the workforce 'front and centre' of everyone's thinking. But it can be quite challenging for the HR function. Senior HR people need to see this broad and deep involvement of the management population in HR matters as a positive. Managers do not expect to have to 'find a way round the HR culture.'

HR needs to be genuinely close to the business and to understand it commercially, not just in HR professional terms. And the business needs to be genuinely people-focused in its strategy, investing in employees in this low paying, low margin sector for the long-term returns delivered by the high quality care they provide. The term 'sustainability' is used to talk about the importance of profit in ensuring the future success and survival of the organisation. The key strategic message is that with around 60 per cent of income spent on staff, it is essential to spend this money well. The not for profit status of the organisation does not mean that decisions on expenditure can be less robust than the 'commercial' operators against which Anchor is competing.

To give just a few examples of how HR has been contributing to profitability:

- Using the opportunities presented by the apprenticeship levy to fund essential training and build new internal career pipelines, HR is generating income not just being a function which creates costs.
- In reviewing and understanding the business implications of the Living Wage for the organisation, HR examined the likely positive impact on staff retention and so helped managers to see this immediate cost issue in relation to wider business metrics and future benefits. The staff turnover and agency usage in Anchor are lower than sector comparators based on the reward approach.
- HR has used both attitudinal data and business metrics data to 'flush out' those middle managers who were not managing staff well, and so not retaining them. HR had to be quite 'hard-edged', we heard, to refresh the middle management population with more effective people managers as the care home operation has grown.
- In some locations Anchor found it was providing high quality care at lower prices than its competitors, and that these prices could not sustain appropriate staffing levels and

rates of pay. In such cases, HR data has supported the renegotiation of charges to local authorities – again engaging with business income not just expenditure.

As these examples illustrate, both HRM strategy and specific decisions on people issues are approached from a business perspective and with a problem-solving mentality. So, strategic HRM is much more about employment issues and choices than it is about HRM procedures and processes. HR also works closely with the finance function to generate the kind of evidence needed to support this approach to decision-making. HR has to think from the business perspective and not just argue for HR best or typical practice. But in return the business and its managers are committed to delivering high quality care by investing in and listening to the staff who provide it.

The organisation uses metrics on a continuous basis to track progress, for example there are monthly people metrics used across the care business in Anchor. There is also an annual people review. This includes data by business division on workforce demographics, working hours, salaries and gender pay gap, staff engagement scores (benchmarked against care and housing sectors), employee relations cases, vacancies, training compliance and qualification levels in care homes, and staff voluntary turnover.

Staff are very aware of financial constraints and do not like to see money being wasted on staff benefits if it is not something they will really value. So Anchor consults with staff about what they really want. This is done through a variety of channels which include a Staff Council structure. A regular colleague engagement survey ('Your Say') has achieved high response rates which enable detailed analysis of the factors driving retention and commitment.

4.3 The HR strategy and content

The Anchor strategic business plan has had four main themes or 'planks':

- Best customer service: customers are absolutely central to Anchor's business and operating model. This theme also emphasises investment, the need for quick and easy procedures and empowering local managers.
- Best place to work: the employee experience is often 'the first thing we talk about in the leadership team', according to Jane Ashcroft, because it drives customer satisfaction. Being a great place to work means valuing staff, and offering them training, career opportunities and appropriate rewards. This theme also emphasises communication and the removal of unnecessary bureaucracy.
- Best run company: this is really about efficiency, which is a huge driver of success in this financially constrained sector. It also emphasises continuous improvement, local decision-making and the bringing together of teams across internal organisational boundaries, for example between functions.
- Growth: which brings greater influence and the potential to develop new services and operate with greater efficiency. The recent merger obviously also brings new kinds of opportunities for growth.

The HR management and employment strategy is woven through this business plan, which determines the areas of HR that need attention. The HR function has priorities stemming directly from the business plan. In the pre-merger period these have included supporting greater organisational efficiency, enabling a performance-focused culture, ensuring a compelling yet affordable employee value proposition and improving people data and analytics. In each of these priority areas, HR has worked on specific items. So, the lesson is not to try and prioritise everything at the same time. For example, within the sphere of culture change, a small number of specific aspects of culture have been given extra support by HR, based on business needs and staff feedback from employee attitude surveys.

In such an operational and highly regulated business, it is easy for the HR function and management generally to become over-controlling and to use standardised processes to avoid risk. It is clearly important both for costs and for care quality to have strong controls, but Anchor has also sought to treat staff as individuals and not to be too rules-based. 'Aligning how we treat staff with how we treat our customers is a key theme,' Jane Ashcroft told us. Personal accountability is a core value and signals that staff are expected to use their own judgement. With regulation getting sharper all the time, it is important not to 'run scared' but to be more open when mistakes are made. The example set by the Chief Executive and senior leaders is clearly critical to putting this value of openness into practice.

Reward is a central and challenging issue for any organisation in a low pay sector seeking to attract, retain and engage good quality staff, and the decisions not to differentiate on age and to pay above the National Living Wage for all roles reflected the business understanding of this.

The Living Wage, in addition to significantly increasing wage costs, was in danger of eroding internal differentials, especially for those in crucial and demanding Team Leader roles. The organisation decided to maintain appropriate internal differentials, to reflect differences in job size and provide an effective promotion ladder. It funded these additional costs by saving money elsewhere, including in the HR function. Although pay is very important to staff, non-financial benefits and recognition of good performance are important too. These include career development, listening to the opinions of staff and developing wellbeing and support tools for staff and their managers.

In recruitment, the organisation is seeking to attract a more diverse workforce, especially more young people and more men, by reaching out through different recruitment channels and changing the rather stereotyped visual images of staff, customers and what working in residential care involves.

4.4 Implementation and delivery in practice

With a large number of front line and unit managers, spread across so many work locations, implementing this approach to business and employment strategy requires careful consideration of how the HR function can best support local managers in delivering on the business plan.

Guidance and tools for managers are a cost-effective way of providing professional HR support, whilst giving managers the necessary discretion to operate effectively at local level.

The HR function has re-thought how it offers personalised support, which Jane Ashcroft described to us as 'stripping out cost without stripping out value.' HR previously operated with a fairly traditional HR face-to-face control and support model. But now HR staff visits to care homes have largely been replaced by an HR telephone helpline for managers. It is important for the function to listen to managers in order to understand the issues they need support with and then to provide effective information and advice.

Employee engagement is central to business performance, but many types of typical engagement interventions do not work easily in a 24/7 service business where most staff are not office based. HR staff need to keep close to the business by, for example, working a couple of days a year close to front line staff and making sure they talk to night staff as well as those who work in the daytime.

Bringing flexible technology, including the use of social media, into HR activities is part of delivering HR services in ways more convenient to users. 'People choose care homes online and that is also the way people now shop for jobs. We are being proactive with social media and trying to be agile in our communications. The people who work for us live in the real world. They need to do their work the way they book their holidays or do their shopping.' So the organisation is using technology to be transparent and easy to access, while seriously addressing potential concerns over security and confidentiality of information.

An internal social media tool called Workplace has been introduced to facilitate communication with the workforce. It is used to share what is going on, and for staff to put forward ideas and give feedback. This more immediate and transparent communication generates debate and can help to break through disagreements which have, in the past, sometimes slowed down progress and involved lengthy formal negotiations.

Open communication is an important aspect of the culture which Anchor has been seeking to develop. Executive Board members broadcast live to the workforce and respond to questions on a regular basis. Communication during the merger has been a challenge, for example as a degree of confidentiality was needed to protect individuals during the appointment process to roles in the new organisation. But now the formal merger has taken place, Jane Ashcroft envisages open communication and staff involvement accelerating to get staff from all locations playing their part in how the newly merged organisation will operate.

HR works closely with the Communications function and, indeed, across all the corporate functions.

4.5 The Future

It is the dynamic of the care operation in Anchor which has driven the nature of its employment strategy to date and the depth of involvement of leaders at every level with people issues. There is no distinct HRM strategy because it is fully integrated into the

business strategy. Post-merger, it will be interesting to see how previous differences and similarities play out in the new organisation, with its adjusted emphasis on housing alongside residential care.

A new colleague council will be part of how the Board can continue to listen to the voices of both customers and colleagues, operating regionally and by service as well as centrally. According to the chief executive, people need to 'see the trail' of how decisions have been reached.

4.6 Summary and conclusions

Anchor has placed its HRM strategy and approach to people management at the centre of its business approach. The CEO offered these suggestions to others pursuing this same goal:

- 'Make sure the people agenda is not seen as a specialist agenda, worked on in a darkened room by HR professionals.'
- 'Focus on the priorities and challenges from both a customer and workforce perspective.'

Commonly identified pitfalls of strategic HRM in the research literature include too weak a consideration of the employee perspective and an over-emphasis on HR procedures at the expense of a focus on real employment issues. This case shows how these pitfalls may be avoided if business strategies and plans more fully include people issues. However, this is not an easy ride for the HR function, which has to be much closer to business and also prepared for managers to say what they want from HR.

An organisation seeking to engage its workforce through a transparent leadership style also has to think carefully about how it communicates and listens to its staff and how to balance necessary control with giving people the chance to feel like individuals, use their initiative and take responsibility for their work.

4.7 A Final Word

'Have a Board that understands the people agenda as well as they understand finance. Make sure that the Board scrutinises progress, not just setting direction and agreeing procedures.'

Jane Ashcroft, Chief Executive Anchor Homes

This case study was based on interview and discussion with Jane Ashcroft, Chief Executive of Anchor Trust and now of Anchor Hanover.

5 Revolution Bars Group PLC

5.1 The Context

Revolution Bars opened their first late-night bar in Manchester in 1996. Since then they have expanded to become a leading operator of bars on the UK's high streets, focusing on premium drinks and food, and becoming a quoted company in 2016. They currently manage an estate of 79 bars under two brands, Revolution and Revolucion de Cuba.

Sales in 2018 were up 8.7 per cent to £141 million, although the business and organisational progression from students' late-night bar to national premium drinks and food chain has not been entirely smooth, with some significant financial and managerial 'ups and downs' on that journey. Retailers have been facing a difficult climate of rising costs and falling footfall on the high street and Revolution shares fell 45 per cent in May 2017 after the chain announced that costs from factors such as the National Living Wage and business rates were rising faster than anticipated. Slug & Lettuce owner Stonegate then attempted a takeover but was unable to win shareholder approval so the bid failed, resulting in the resignation of the Group's chief executive. The bid process saw further disruption as the nightclub owner Deltic attempted to instigate merger talks that later proved unsuccessful. The merger talks created further uncertainty for the people within the business at a time when a due diligence process was under way for the potential sale to Stonegate Pub Company.

As the Chairman puts it in their latest *Annual Report and Accounts*, Revolution's 3,200 people, most of whom work in the bars – front-of-house, in the kitchens and in management – 'provide the outstanding customer experience that is at the heart of our strategy'.

The majority of employees in the bars are on flexible, zero hours contracts, the pros and cons of which have been much discussed internally. Up to half of the staff in some bars are students and almost one-fifth are from overseas. Investment in staff training, conferences and incentives to support customer service and resulting sales has always been a feature the business. But just as the business strategy has shifted to provide venues offering an attractive environment for cocktails and food, so the internal management and culture has had to change significantly, whilst sticking to the company values of integrity, ambition, recognition and fun.

As a private company, Revolution had a very entrepreneurial, creative, risk-oriented and 'work hard/play hard' culture that was low on systems and process in comparison to those seen in larger Plc environments. The original owners left the business on floatation and new leaders were recruited to take the company to the next phase of growth. And that was also when they hired a new director of the HR function, Fiona Regan, as People Development Director, to introduce a more strategic approach to people management.

5.2 The People Management strategy and process

Fiona Regan and her team began by undertaking a classic SWOT and PESTLE analysis of the existing organisation, its environment and its culture. The undoubted strengths at that time included:

- the commitment to development and training alongside a strong 'internal development mind-set' and talent pipeline, which was supporting increasing customer feedback scores;
- the positive external employer brand and generally high employee engagement scores revealed in their Quality of Life surveys, with good employee relations and a general willingness to support innovation and change;
- a stable leadership team, operating in a context of new venue openings and with considerable opportunity to exploit the growth in the eating out sector;
- a deeply held commitment to the Company purpose, vision and values which was supported by a specific and deliberate recommitment to these at the start of 2015.

On the other hand, while the provision of training was extensive, it was also unstructured, with no obvious training needs analysis or evaluation undertaken and a myriad of un-coordinated external suppliers involved, in some cases using outdated materials. There was no common direction or aims, and no underpinning competencies defined. Internal communications were similarly somewhat scattershot and pay and conditions opaque. Again, there was significant investment in sales and management conferences, but aside from testing the Group's products, there was often little purpose to or clear outputs from them.

Project management and IT systems and skills were limited in terms of experience of operating in a PLC context. The business also lacked diversity.

The resulting People Development Plan which guides the budget, 'activities' and 'outputs' of the department, is a large, regularly updated spreadsheet, with a series of activity headings highlighting issues to address and figures setting out current state and improvement targets to achieve.

In a fast-moving environment Fiona Regan stresses that her leadership colleagues are not looking for pages of long-term HR plans. Whereas she had a three-year HR plan in her previous employer, here at Revolution she stresses the importance of being able to react swiftly to rapidly changing circumstances, for example senior executives leaving. But the senior management fully recognise the importance of people management and HR and definitely are looking for impact and results, preferably short-term, in this vital area. Labour turnover was the obvious first areas to address.

5.3 The People Management strategy and content

The People Development Plan breaks down all aspects of staff turnover for the different levels in the organisation, from better understanding it, to improved recruitment

processes, training and talent and succession management. The overall level of staff attrition has fallen significantly. The Plan breaks this down by role and it is still higher in areas such as area and kitchen management, with more focused and specific action plans now in place to address this.

The transition from local owner-operator business to national PLC has significantly increased the demands on management generally and some managers initially struggled to adapt, meaning that a more structured and strategic approach to their training and career development was essential. Initially to help address staff turnover, an exit interview process was put in place, the results of which are fed into area managers at their regular senior management meetings. The recruitment process has been streamlined and sped up, with new recruitment coordinators appointed, a new ATS system introduced, a redesigned careers website and an overhaul of the social media approach. This has resulted in improved external branding, lower agency costs and an improved average time-to-fill vacancies measure of just over four weeks.

Training and development was subject to a similar review and refocusing. This was based on a much clearer idea of identified training needs, partly delivered through an improved appraisal process. There has also been a better integration of all of the development activity in support of the Group's KPIs and values, supported by the development of a common competency framework. External providers have been reduced from the original 16 and now they are much more involved and better integrated with the aims and culture of the organisation.

While the training programmes cover obvious areas such as coaching, delegation, Amazing Customer Experience and compliance, there is now a strong, sequential, often proactive structure of linked management development programmes in place. Deputy managers have the opportunity of being placed on a leadership development programme called the 'GAP' programme for example, involving short-term cover postings to prepare them for when a general management vacancy does become available. The management development programmes are regularly assessed for impact and updated and improved.

Revolution aims to supply 70 per cent of its general managers who head individual bars and 80 per cent of assistant managers through internal promotions. The performance appraisal process focuses quite strongly on careers, so people's interests, ambitions, and training needs are identified. Succession plans extend from Regional Managers right down to first-line managers in the bars.

Although the organisation is necessarily reactive and practical in its orientation, appropriate conceptual frameworks have been introduced and utilised by the HR function and have been important to underpin these development and change initiatives. Examples include: using the four pillars of engagement in the [Engaging for Success](#) framework at conferences to highlight ways to better understand and build employee engagement; and the [Dale Carnegie](#) coaching principles, both used on programmes to help managers to better understand and address how to engage and motivate their staff to stay and perform.

5.4 Implementation and the Future

Fiona Regan feels that the organisational and cultural journey Revolution Bars has been on will continue as the Group continues to expand. There is a strong people-led culture that, she explains, still has fun at its core; teams work hard and are committed to the success of the organisation. The firm had always been well regarded in the hospitality industry for its people and customer service focus and its investment in training. However, this investment was not clearly directed and the lack of co-ordination and of an external market focus had contributed to expensive and unsustainable levels of staff turnover. In order to provide a sustainable approach to this investment, which now utilises the apprenticeship levy and supports the business in managing the continuing increases in labour costs, the people budget has to be constantly assessed, in order to understand and demonstrate its return on investment.

In a competitive, fast-moving and rapidly changing environment, the People Development Plan has to be very flexible and HR needs to be able to react rapidly to external events and internal changes. Fiona Regan and her team regularly undertake PESTLE and risk analysis on their activities and priorities – how will the minimum wage move next year? What changes are likely to the apprenticeship levy? What might happen if a Labour Government gets elected? How will Brexit impact our labour supply?

But now there is a much clearer overall direction for all people management initiatives aligned to the business strategy and the culture and values supporting its delivery. A new Talent Development Manager was appointed in 2018, recruited from within the organisation from an operational manager role and supported by the organisation to achieve their level 7 CIPD qualification. This is a prime example of continuing the company's approach of developing from within, in order to ensure that the team gain essential operational insight whilst also having professional HR expertise so as to bring in current people-led thinking to the business.

Tailoring the HR initiatives and programmes to reflect the history and culture of the organisation and its historic strengths, such as its training commitment, has been important in achieving successful implementation and impact. But increasingly the people development strategy and HR initiatives are being adapted and used to shift the culture and behaviours in the company so as to better fit the current and future environment on the high street. The People Development Plan needs to address the 'big picture' issues, but also 'the basics', the sight of which can easily be lost in a rapidly changing context – with a recent refocusing in the development of managers on core staff management and stock management skills, for example.

As Fiona Regan puts it 'we moved from a "maintain" people plan focused on solving immediate problems to something much more transformational' after the initial profits warning and share price fall. Although that drove much more focus on costs and efficiency, it also reinforced the importance of a more strategic and structured approach to people management, with a clearer vision for the future. Fiona played an important role supporting the company's Chair in the restructuring of the leadership team. But there was also a much more explicit recognition of and support for necessary changes more widely,

reinforced through the management and staff conferences and regular development activities. Area manager development programmes for example, were used to communicate and build understanding of the financial challenges facing the business and how best to address them, at this critical management level in the organisation.

5.5 Summary and conclusions

At the same time as understanding the long term direction of the business and having a strategy that it guided towards these objectives, ‘you need to be opportunistic and business savvy’, flexible and adaptable as an HR leader, to ensure that people management and development programmes make an impact in such a rapidly-changing and customer-focused setting as Revolution Bars, according to Fiona Regan. Stakeholder management and having a clear vision for the future, whilst being willing to be tactical about how to get there, has been vital in ensuring that the People Development Plan has continued to be supported and its focus and impact evolved. It has become more comprehensive and transformational, as a ‘burning platform’ for change in the stuttering financial performance became more obvious and acute in the organisation.

Her advice to those starting out on a similar journey is:

- develop a good understanding of the environment and industry, so you can show how people development programmes will address the key challenges facing the business; stay close to the executive team, be clear about their priorities and how you are meeting them;
- ensure your people plan provides ‘vertical’ alignment with business priorities and ‘horizontal’ integration across all people management and development activities and staff;
- be curious: get into and really understand every aspect of the organisation, its operations and culture, as this is essential if you want to be able to influence and change it;
- be approachable and honest, be accessible to managers and staff at all levels, listen to the ‘bad’ and the ‘good’, put processes in place to do this and react to what you learn.

5.6 A Final Word

‘HR Directors must always be connected to the realities of the organisation. While you need to stay close to the executive and their priorities, you have to understand the behaviours and habits throughout the organisation if you are going to influence cultural norms to support this type of transformational change and ensure that the overall objectives of the company are achieved.’

Fiona Regan, People Development Director

This case study was based on interview and discussion with Fiona Regan, People Development Director, Revolution Bars Group plc.

6 Summary, Conclusions, Reflections and Implications

6.1 The Challenge

Almost exactly ten years ago, at the time of the financial crash and at the start of a decade which has been described as the worst in 200 years for workers' pay and living standards (Smith, 2019), IES Visiting Fellow and CIPD Chartered Companion Professor Mick Marchington (2008) authored an IES Working Paper entitled '*Where next for HRM? Rediscovering the heart and soul of people management*'. In this paper, Mick addressed the charges that HRM risks losing its direction and *raison-d'être* in three ways, through becoming: uni-dimensional and one-best-way-driven; elitist and overly-focused on the needs (and short-term financial performance priorities and metrics) of investors and leaders; and mis-focused, by ignoring how HRM is (or is not) put into effect by line managers. These are essentially the challenges of policy, purpose and practice that we set out at the start of this research.

Marchington argued in favour of a future in which the HR function returns to its distinctive roots in people management and refocuses in three ways:

1. Increasingly playing the role of strategic problem solver and broker, 'attempting to balance the demands of different constituents and stakeholders', rather than 'providing the answers that leaders want to hear';
2. With greater attention to employee wellbeing as the route to high performance; and
3. Recognising 'that what really matters is how line managers put HRM into effect'.

Our four case studies were not a representative sample of UK employers, but were deliberately selected for the fact that they are very different types of organisations operating in different sectors. Each case study highlights the importance of Marchington's warning that HR functions and HRM must be more contextualised and concerned with the development of their own evidence-based 'best fit' rather than copying supposed market 'best practice'.

But they nonetheless provide some positive and common answers and experiences to pass onto other employers in terms of how they are addressing these challenges and working to make strategic HRM a successful, effective reality in their organisations, to the benefit of all of their major stakeholders. We summarise the main learning we have drawn under each of these three categories, describing the key 'balances' in Marchington's terminology which seem to us to be critical to making a success of strategic HRM. Finally, we highlight the key implications of our research for HR leaders and practitioners, and we also draw out the implications for future research in this field.

In the table below we summarise and compare the main characteristics of approaches to SHRM in each of the four case study employers.

Table 1: Summary of HRM Strategies in the Case Study Employers

Case study	Name of HRM strategy	Length of time	Content	Organisation	Measures/ other features
Ministry of Housing, Communities and Local Government	People Plan Associated with a strategic workforce plan (the numbers); and a new Ministry purpose and set of principles, values and behaviours. Underpinned by nine more detailed annual operating plans	<ul style="list-style-type: none"> • Two years (2018 – 2020) • Generally with annual review/revision 	<ul style="list-style-type: none"> • One of seven business strategy objectives is to make MHCLG a ‘Great place to work’ • Overall goal of the People Plan is to deliver ‘skilled, talented, diverse and high performing people, proud to work for MHCLG, supported and trusted by empowering, inclusive leaders’. • Comprises 5 strategic people priorities: <ol style="list-style-type: none"> 1. One MHCLG 2. Right people, right roles, right time 3. Great careers 4. Diverse & inclusive 5. Confident managers, empowering leaders. • Foresee stronger emphasis on employee wellbeing in future. 	<ul style="list-style-type: none"> • Monitored by a People Committee which is a sub-committee of the Executive Team and meets monthly. • Designed in the context of the Civil Service Workforce Plan which aims to create ‘a brilliant Civil Service’; and a Diversity and Inclusion strategy led from the Cabinet Office 	<ul style="list-style-type: none"> • ‘HR needs to be evidence-based in this department’. • Great place to Work measure is annual Civil Service engagement survey score • Quarterly People KPIs reported. • Each pillar has an aggregate RAG rating of performance, reported on a red, amber or green rating scorecard, with additional commentary.
London School of Economics and Political Science	HR Division Strategic Plan	<ul style="list-style-type: none"> • 5 – 10 years • Each pillar has 5-year targets and mid points • Detailed annual progress reviews: ‘We try not to tweak the strategy’. 	<ul style="list-style-type: none"> • Overall strategic goal ‘to deliver high quality HR services to LSE staff’. • Six core objectives/ pillars: <ol style="list-style-type: none"> 1. Deliver operational effectiveness 2. Build an excellent workforce 3. Enhance rewards/ benefits/ recognition 4. Strengthen employee engagement and wellbeing 5. Provide grounded HR policy advice 6. Develop leadership and management 	<ul style="list-style-type: none"> • Overseen by a Senior Management Committee reporting into the University Council. • The HR Committee meets quarterly and includes FD and COO, faculty/ department heads and HR leads. • HR function balances centralised policies for consistency with effective local support: ‘proactive and pragmatic’. 	<ul style="list-style-type: none"> • Major bank of HR metrics reported on IN Workforce Scorecard to HR Committee quarterly and in the annual reviews. • Annual HR quality survey undertaken. • Foresee shift in metrics to focus less on HR operations and more on contribution to University performance.

			<p>capability</p> <ul style="list-style-type: none"> ● Each pillar further sub-divided into two themes/activity areas. ● Foresee more emphasis in future on wellbeing 		
Anchor Homes	<p>Deliberately have no people/HR strategy and incorporate into the business strategy – ‘the sector is so people-focused’ and this ‘creates an ownership of the people issues in the top team’.</p>	<ul style="list-style-type: none"> ● 5-year business plan ● Annual people review. 	<ul style="list-style-type: none"> ● Business plan has four main themes, with people management integral to them all: <ol style="list-style-type: none"> 1. Best customer service 2. Best place to work 3. Best run company 4. Growth ● These drive annual priorities for the HR function including areas such as: organisational efficiency, enabling a performance-oriented culture, ensuring a compelling and affordable value proposition; improving people data and analytics. 	<ul style="list-style-type: none"> ● People issues are a core responsibility of the top team and all leaders and managers ● Strong emphasis on staff consultation and involvement, through formal Staff Council structure, colleague engagement survey and range of informal methods, eg Workplace social media tool. 	<ul style="list-style-type: none"> ● Monthly reported people metrics and annual review, operationally focused, covering areas such as demographics, engagement, turnover, vacancies, compliance. ● Strong focus on HR function efficiency and providing tools and guidance to managers.
Revolution Bars Group	<p>People Development Plan</p> <ul style="list-style-type: none"> ● This includes areas of focus, activities, outputs and budgets. ● Linked to it are quite sophisticated workforce plans which run right down to people plans at the individual bar level; and succession plans. 	<ul style="list-style-type: none"> ● One year, but updated continuously. ● Solving problems and issues focus, rather than long-term plans. 	<ul style="list-style-type: none"> ● Initial focus was on reducing high staff turnover. ● Current themes centred on: <ol style="list-style-type: none"> 1. Succession planning and talent management and refocusing of training and development 2. Recruitment review 3. New reward and recognition strategy 4. Improving Quality of life/team engagement 5. Developing and improving the appraisal process. ● Content has shifted from immediate improvements/‘maintain’ focus to more transformational support for change. 	<ul style="list-style-type: none"> ● Management responsibility from Board down. 	<ul style="list-style-type: none"> ● Detailed reporting of staff turnover by level and roles. ● Each activity in the People Development Plan has key outputs and targets defined, eg for recruitment reducing average days to fill posts, costs-per-hire and first year turnover ● Exploring external measures and accreditations, eg Investors in People, Times Top 100 Companies, etc.

6.2 Policy: Is HRM strategic? What is Strategic People Management today?

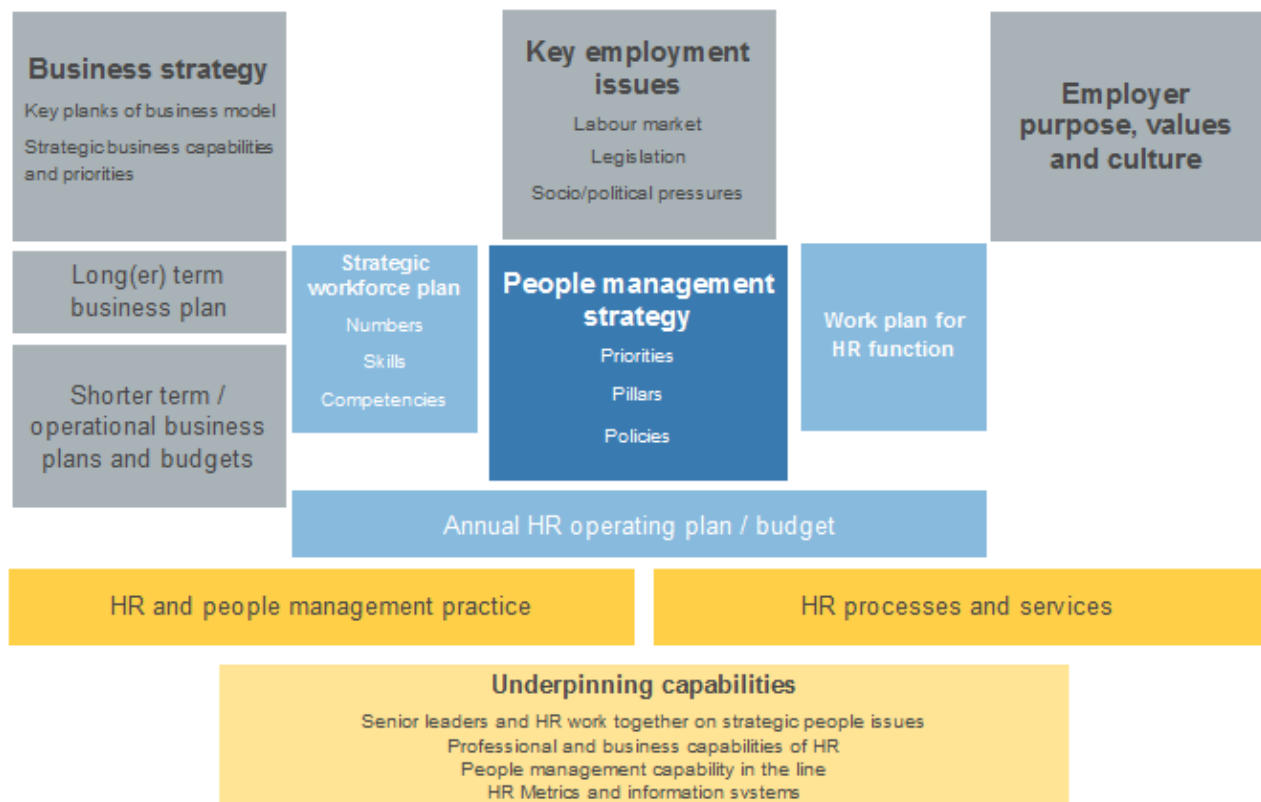
Our literature review noted criticisms of HR functions both for not being strategic enough and using the term strategic HRM to disguise a continuing operational activity and lack of business impact (Guest and Bryson, 2009); but also for being too business strategy and shareholder-focused and providing a justification for employee exploitation (Dundon and Rafferty, 2018).

Three of our case study employers had a defined HR strategy, although two called it different things – the people plan, and the people development plan; and the fourth had people objectives very clearly apparent in its business strategy – for example, by aiming to be a great place to work.

Reflecting on the case study interviews, the IES team was struck by the absence in current HR language of the term Strategic Human Resource Management. Indeed, although the function commonly calls itself HR, and often wants to be more strategic in its orientation, it tends not to even talk much about Human Resource Management. While the somewhat confusing mix of terms may not be helping academics to define and study the concept and HR functions to attract the recognition they seek, the perhaps less jargon-ridden and less alienating term 'People Management' does seem to be coming to the fore again and can apply both at strategic level and to management practice. We hope the term People Management leads to the wider use of the term People Strategy to cover the big picture of employment and workforce as we have found it a useful term in reflecting on this research. Maybe the proponents of strategic HRM had some very pertinent ideas but used jargon which got in the way of people management becoming genuinely more strategic.

The idea of strategic HRM implies that organisations will have something one might recognise as an HR strategy, probably in the form of a written and formally agreed document. This is assumed to be 'aligned' in linear fashion with and driven by a formal business strategy; and it in turn translate the people aspects of that business strategy into some kind of plan for action on the people aspects of the business and for the HR policy development and operational support activity designed to support that process – in talent management, pay and reward, employee relations, etc. It is medium-long term in focus, such that some writers have recommended that it should be split out from day-to-day operational HR, which adds little value and can be outsourced (Charan, 2014).

What we have seen in the case studies is something that, in today's more unpredictable and fast-changing environments, is more complex, layered, adaptive, interactional and multi-directional. We have represented this in the figure below.

Figure 3: A Model of Strategic People Management

Source: IES

6.2.1 A three-layered model of strategic people management

Our research seems to point to at least three levels of contemporary strategic people management, as well as three or more core components of a contemporary people management strategy in 2019. The three levels shown in the model above are:

- The **context** and drivers of the people management strategy; the key determinants of the contents of that strategy; and the tailoring/‘best fit’ process, which all our case study interviewees told us is so essential;
- The **components** of the people management strategy, which seem now often to contain a longer-term workforce plan, a shorter-term plan for the HR function activity, as well as core priorities and policies for managing people in the employer;
- The **capabilities** and processes required in the organisation to implement and put the people management strategy into practice and to avoid the dreaded and much-researched implementation and policy:practice gap.

6.2.2 Context is King

First, at the **contextual** level (the grey boxes in the figure), rather than driving out medium-to-long term strategic planning and actions, an increasingly rapidly-shifting

external environment appears to be driving in both more multi-stakeholder business strategies and highlighting the importance of a strategic approach to people management. In our case studies, even in the rigours of day-to-day trading on our declining UK high streets, the board and senior team at Revolution Bars clearly recognised the need for a strategic approach to managing their people and a function with the required professional expertise to lead this, in order help negotiate that environment and drive the resulting shift required in the culture and structures of a more customer-oriented and publicly traded and shareholder not founder-owned organisation.

Our interviewees at LSE told us similarly that in a sector where the HR function has traditionally had a very non-strategic orientation and often poor reputation, the challenges of an increasingly complex and unpredictable Higher Education environment, in which multiple performance goals and stakeholder agendas are having to be addressed – to enhance the University’s academic standing, grow its commercial income and diversify its revenue streams, lead the way on corporate governance and diversity in the sector, and so on – is making the requirement for a people/HR Strategy even more essential and relevant now than in the past.

But also at this level we find the influence of major **employment issues** inside and outside of the organisation; and of the values and culture of the organisation. Factors such as the now widely-experienced labour and skill shortages and resulting rises in labour turnover; and the financial and reputational risks posed by increasingly intrusive and demanding employment legislation, such as the National Living Wage, these factors are making contemporary people management approaches ever-more critical to business success and highlighting the need for effective strategies. So as most obviously at Anchor Homes, on the bases of our case studies it could be argued that people management factors are increasingly taking over the business strategy rather than the reverse occurring and HR ‘selling out’ on employee interests and needs, as some critics have alleged.

The people strategy here is fully incorporated into the business strategy, driven by the centrality of employees to the customer service and financial/cost dynamics of business strategy. Fundamental people issues are owned by the top team and regularly discussed in their meetings, leading directly to HR functional supporting action and reviewing policies or processes where necessary. In fact a key finding of this research is that HR ignores this second block at our peril. Strategic HRM does need to address the most important people issues and these do not always come to light in the kind of HR project-oriented strategies often worked up by the HR function itself, with little input from senior leaders, line managers or employees.

And we also see from our case studies and more widely that these contextual drivers thirdly, are not just the economic and financial drivers of shareholders seeking short-term gains, but also apparent is the clear influence of corporate values and culture on the components and delivery of the people management strategy, which we discuss in the section on purpose below.

6.2.3 Three-fold content

Then at the second level of content is the people management strategy itself (represented in the blue boxes in Figure 3). Our four case studies illustrate that in some organisations this is more focused on how people are managed in the employer, as at Anchor, and in others on the HR function and its work, as at LSE. However, the strategy generally incorporates both of these dimensions.

It also comprises both:

- a focus on key **people priorities and issues** (ie reduce high staff turnover at Revolution Bars, address likely reductions in EU staffing at LSE, resource increase in staff numbers at MHCLG, develop future leaders in all cases, etc.); and
- key **HR function and policy initiatives** and activities, typically covering recognition and reward, talent and career management, leadership and management development, employee wellbeing, and what might be regarded as the ‘bread and butter’ of traditional HR professional knowledge and activity (although in all the case studies there was an increasingly evident need to demonstrate added value to the employer from this activity, rather than just adopting market and professional ‘best practice’ for its own sake).

Prioritisation seems to be a key goal and requirement of people management strategies today. Rather than addressing too many issues and failing to deliver on them, HR functions seem to be getting better at prioritising and focusing their initiatives so as to produce measurable and sustainable improvements. Our interviewees told us, you can’t tackle everything the whole time but need to select priority action areas for HR - LSE, choose priorities within each strategic pillar; at Revolution the initial focus was turnover.

Excessively lengthy and over-ambitious HR strategies in the past, one HR director told us, have bedevilled the function and given HR a bad reputation in some employers. Focus and delivery appear to be the new watchwords of people management strategies. Within HR functions and across HR policies and activities, lack of horizontal as opposed to vertical integration of HR policies with each other has been highlighted as a significant issue in a number of research studies we reviewed, and some businesses are better than others at this horizontal alignment of HR practices. In our case studies, this was emphasised as most clearly at Anchor Homes and Revolution Bars as explicit themes in their thinking – ‘being joined up’ to make HR policies and their implementation more effective.

The people management strategy also now seems designed flexibly to support short-term, medium-term and longer-term activity, and it commonly incorporates or is linked to a longer-term numeric workforce plan and to a short-term annual plan or budget.

The **employment or workforce strategy** is not always articulated in a one or more written documents, but covers both the dimensions, sources and supply, as well as any changes required to the size, shape and nature of the workforce and its contractual and psychological relationship with the organisation. This is where strategic workforce planning now sits in the process of aligning employment plans with business needs and

as our case studies illustrate, with such a tight labour market in the UK, employers across all sectors and sizes at last appear to be taking workforce planning seriously. We found in our case studies really good examples of longer-term strategic and short-term operational workforce planning (forecasting staffing numbers locally, planning the skill mix, payroll control, etc.) which has become particularly important in our fast-moving service economy (illustrated at Anchor Homes and Revolution Bars; but also LSE, with shifting student, staffing and research funding flows in the context of Brexit; and MHCLG with shifting government priorities and workload, and the sudden post-Grenfell shift to a much stronger emphasis on housing).

But we have also found that employers need to align short-term with longer-term business and people management requirements. On the left-hand side of our model, as one would expect, is the business strategy. Just as the business strategy or plan is generally expressed in the form of a longer-term business plan, usually looking at least three to five years ahead and progressed through a series of shorter-term or operational business plans and annual budgets; so now **the people management strategy often has a longer term and short-term dimension.**

This might be in the form of what is effectively a rolling two-year plan at MHCLG; or the five to ten year HR strategy at LSE, which is broken down into shorter-term plans and subject to detailed annual review; or a short-term need to staff particular key roles such as area managers and cooks, which evolves into a longer-term workforce and succession planning process at Revolution Bars. In all cases, these time-frames are linked in an evolving and interactive process of plans and actions. Actual timeframes vary by sector and circumstance, but all of our case studies illustrate the need for **an interplay between the strategic and operational**, balancing explicit business alignment with the need in uncertain circumstances to keep flexible (or else, as the MHCLG interviewees told us, the strategy risks remaining a document on the shelf).

It was perhaps Indi Seehra at LSE who most clearly advised on the need for the people management strategy to be **a process rather than just a plan**, but this was evident in all of the case studies: a process which links the macro and the micro, the longer-term human capital development objectives with shorter-term HR operational activity and service delivery needs, and which also engages people to deliver on the plans. This includes the need for senior managers to shape and fund the activity, and staff to respond with higher levels of engagement and performance. In respect of business strategy, perhaps Mintzberg (2002) expressed most clearly the fact that people management strategy is no longer a process of planning and then implementation, but instead an interactive process where these two acts are occurring both simultaneously and interactively.

6.2.4 Capability, Delivery and Metrics

This process of planning and acting at the same time is also designed to help address the third level of our model, and what research has found to be the main Achilles' heel of traditional HRM strategies: **implementation**. The third underpinning level of our model is HR and people management practice, which is what actually happens and how people in reality are or are not managed and engaged in the day-to-day pressures and realities of

life in the employer. The link with practice is crucial as it determines the contribution that employees make to the business over time. Translating plans, policies and solutions to problems into day-to-day actions and real, experienced people management practices is – as our literature review highlighted – undoubtedly difficult. LSE has even named the provision of real life and ‘grounded’ practical advice and support to line managers as one of its HR strategy goals and ‘pillars’, in order to help to ensure people management policy intentions are delivered into practice. This HR function focus on line managers and their people management capability is common to all our case studies.

Underpinning the whole model are the capabilities and processes that are required to support and deliver strategic people management, in senior leaders, line managers and the HR function itself. Improving line managers’ people management skills and HR staff’s business knowledge was again common to all our cases. Leadership and management capability is a key enabler in all the cases, which is why leadership development is nearly always a ‘big ticket’ item for HR and a core component of the people management strategy and priorities at level two in our model.

Communications and political skills emerge from our research as critical to the effective implementation and delivery of people management strategies in practice. The HR function needs forums and models of working with senior business leaders on strategy and implementation, using the political process to gain access to power and resources to progress the people management agenda, again tailored to the sector, management styles and needs of the organisation, for example using the HR advisory group at LSE; or with people issues embedded in top team agendas at Anchor Homes. Improving line management capability and explicitly rethinking how HR gives line manager support was evident in all the cases, with improved online support at Anchor and LSE. At Revolution changes in the top team saw HR working with the chair and new chief executive to address the increasingly recognised need for cultural and managerial changes in the organisation to match the changes in the sector and business strategy. HR functions based on our research need a model of how to support the business and line managers and needs the orientation and capability to deliver on this – it’s not just about getting line managers to do everything themselves with no resources.

Staff communication and involvement also appears to be increasingly important to delivering on the people management strategy, and indeed the whole evolving business strategy at Anchor Homes. HR functions are working more closely with communications staff to involve and communicate with staff. Far from doing away with engagement surveys, the case study organisations were all using them in increasingly varied and sophisticated ways to measure and monitor staff motivations and the effectiveness of different HR policy interventions.

The case organisations all use selected **metrics** to track the progress of their people management priorities, with particularly extensive databanks at MHCLG and LSE. The metrics themselves are often not all that surprising or exciting and tend still to focus on operational HR activity. Examples include staffing levels, costs, turnover/attrition levels, diversity, employee engagement and cultural indices. Increasingly our interviewees want to see them shifting to better measures of added value and impact on the business, be

that higher sales and productivity, or policy and competitive league table positioning. We found comprehensive performance scorecards in MHCLG and LSE, monthly reporting and annual people review at Anchor, business KPIs at Revolution and also values/culture metrics in all the case studies.

How the metrics are used is at least as interesting and important as the metrics themselves. Reporting on people metrics and plan progress can be to employees as well as to leaders and managers. This is part of the two-way communication mentioned above. All of the case organisations build them into regular business reviews and reports, provide them in regular top team and wider management meetings, using them variously to demonstrate the impact and progress of the function and their initiatives; and to highlight variances and shortfalls in delivering the strategy which need to be addressed. Some employers have a deeper dive in the form of annual people reviews for each division and/or reporting to an HR Advisory Group or equivalent standing committee. Again, the format varies but what matters is that there is a clear mechanism for reviewing people strategy and action plans, and that relevant data feeds into that mechanism.

Investments in HR information and communication systems and learning platforms do not come cheaply and are all being supported and justified in our case study employers using appropriate data and metrics. HR functions need to be cost-efficient and demonstrably adding value in 2019 but if these four employers are anything to go by, even in low margin and lower paying sectors employers are investing in people management functions and activities to better support their strategy. And their purpose....

6.3 Purpose

While academic research in this field has traditionally focused on searching for the linear linkages between people management practices and performance, what is often downplayed is that concepts such as the AMO model developed to explain those linkages operate in the context of what Purcell (2003) defined as an overarching purpose and set of organisational principles for the organisation, (as we saw developed at MHCLG), within which the people management strategy is designed to elicit and maximise those positive linkages. Recent critics argue that this has been lost in too many employers and shareholder value has come to pre-dominate.

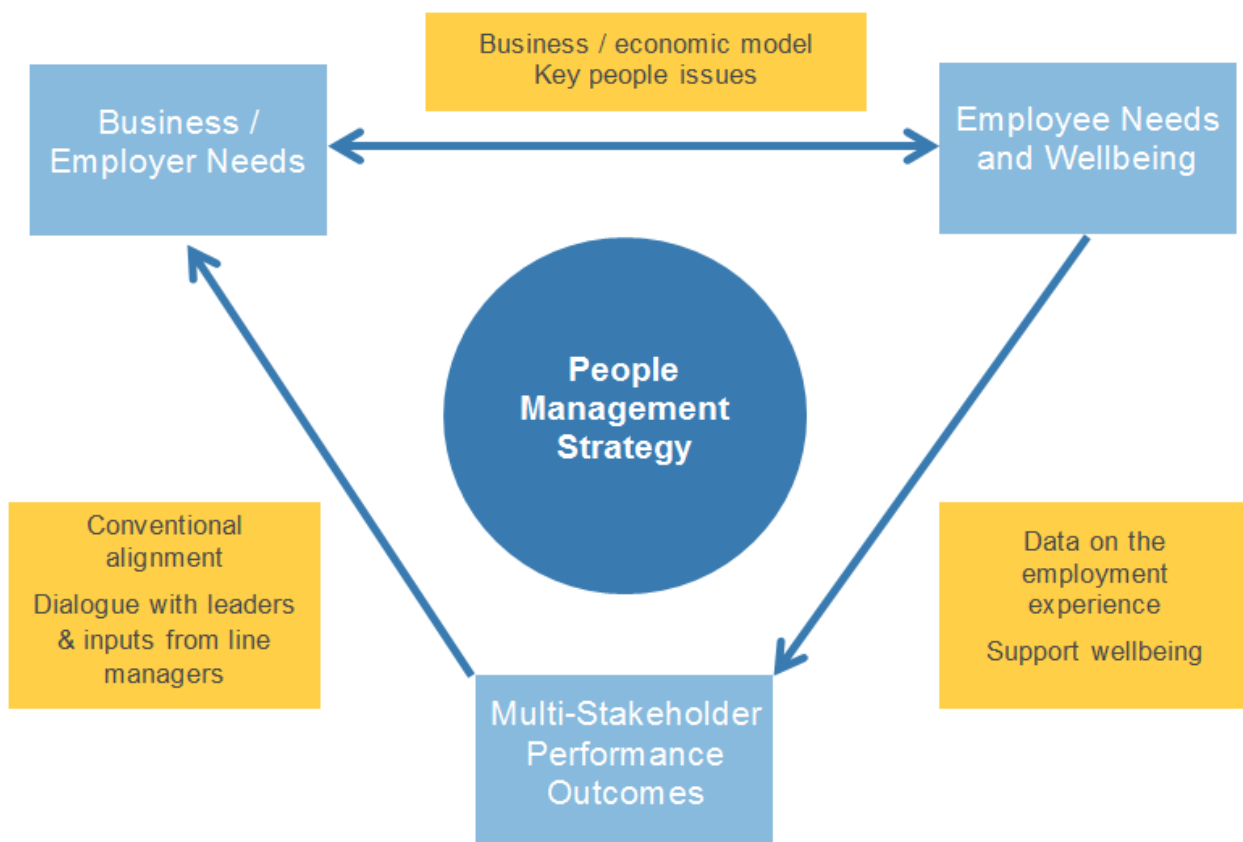
Yet the ‘heart and the soul’ of people management, the demise of which Marchington worried about a decade ago, seems to be very much alive and well and not buried beneath an obsession with shareholder or overwhelmingly cost-driven priorities, if our four case study employers are anything to go by. The purpose, values and culture of these employers are critical determinants and components of the people management strategies in these organisations, as illustrated in our model in Figure 5.1; and also help to explain the strong focus on developing appropriate leadership behaviours and values in all of them.

At MHCLG a new set of principles and values have been developed and consulted on to support the shift in the focus of its strategy towards housing; each people management ‘pillar’ is aligned with these principles as much as they are with the strategic goals. At Anchor Homes, living their values is critical to the balance that they have to achieve when

delivering the organisation's strategy, as people are their major cost and the heart of their customer service delivery. The decision to increase pay to reflect the higher National Living Wage may have been externally-driven, but the concomitant increases to maintain internal differentials was very much a valued-based one to support a sense of fairness in the organisation and to support future internal promotion paths. At Revolution Bars, which operates in a similar low-margin sector, the adaptation of values and behaviours in order to deliver the business strategy in changed conditions is a key HR goal and line of activity; however, the historic and continuing commitment to investment in staff training is itself a core belief and value, which is almost unquestioned in the organisation.

If anything, these employers seem to be increasing their focus on the wellbeing of their employees, and are recognising that – in a service and knowledge-based economy – high performance generally can't be programmed and regulated into people; rather, they have to be engaged, supported and enabled by leaders and HR professionals. Employee surveys are increasingly being used as evidence to improve motivation, engagement, and thereby performance, and specific actions to improve employee wellbeing are evident, from mental health support to financial wellbeing and non-financial recognition.

Adapting the model of Peccei et al. (2013) that is highlighted in our literature review, these employers are recognising that employee wellbeing is a critical route on the road to high performance, and failure to invest in it will have counter-productive effects in the important metrics that they are monitoring, including employee turnover and absenteeism – see Figure 4.

Figure 4: Positioning Employees within Strategic People Management

Source: IES

6.4 Strategic People Management in Practice: Managing the Balance

Many philosophies and religions incorporate a dualistic concept of balance – the Taoist yin and yang, Aristotle’s ‘golden mean’, Buddha’s ‘middle way’. Throughout our research, we found many echoes of the need expressed by Marchington for balance in people management strategies, a concept that seems increasingly evident in general and HR management thinking – see, for example, Kets de Vries (2009) on the need for balance in leadership, and O’Reilly and Tushman (2004) on ‘the ambidextrous organisation’.

Our research and the participants very much support the ‘best fit’ and cultural tailoring school of strategic people management, and we have highlighted a number of tensions and balances which HR functions and their people management strategies need to navigate if they wish to increase their strategic impact. These balances are one way of summarising what this research tells us about strategic HRM and how it is developing; we have already commented on a number of these and we briefly comment below on what have emerged as some of the key ones.

6.4.1 Balancing the plan and the implementation

Within the overall model, several of the case organisations highlighted the need to balance strategic thinking and initiatives with the operational focus necessary to support business leaders and deliver HR services. As originally seen in our IES research on *What customers want from HR* (Hirsh et al, 2009), and as both Indi Seerha and Fiona Regan perhaps explained most clearly, an HR function that is seen to be competent and helpful with practical matters and able to deliver on its operational agenda gains the credibility, trust and in some cases investments to be a more strategic player. MHCLG also talked about the need to balance ‘big bets’ and changes with ongoing incremental improvements.

At the strategic level, the research highlights the need to understand and address key people issues such as labour shortages, rather than just ‘grand plan’ strategies. Often these issues are deep-seated and characteristic of a sector, and not just a particular employing organisation. Sometimes issues can arise at fairly short notice but require a strategic response.

Some of the case organisations emphasised the point that strategy is a process, and is not necessarily about producing a plan. As the business evolves in its shifting context, HR needs to support leaders in addressing new challenges and adjusting strategic people management accordingly.

6.4.2 Balancing longer-term thinking and short-term action

As we have seen, organisations now generally find it useful to have both longer-term and short-term business and people management plans, but their timeframes do vary according to sector and circumstances, and do not necessarily need to be precise – as in LSE’s five to ten year plan, for example. For the case organisations in fast-moving consumer and customer service-based markets, two to three years is a long-term planning horizon.

Both long-term and short-term plans need to be flexible in order to cope with rapid and unforeseen change. Plans in themselves may be more emergent and less fixed than in the past, and we have seen the dynamic interactions between them in the case studies.

6.4.3 Balancing external and internal drivers

HR needs to understand the business, its commercial realities and how business leaders are thinking. But it also needs to bring an understanding of external factors, especially the labour market, the legislative environment, trends in employment practices and an evidence-based view of people management. It needs to use its distinctive knowledge and expertise in people management, and spread that more widely throughout the organisation. As Gratton (2019) elaborates, many of the ‘signature processes’ that now lie at the heart of competitive advantage are based on people, and hence the critical role of HR is in aligning the experience of working in the organisation with what people need.

6.4.4 Balancing 'best-practice' HR with 'best-fit' approaches

As already described, profiled and detailed in our literature review, researchers have hotly debated the merits of the so-called 'best practice' approach to HR versus finding 'best fit' solutions that are crafted to suit the organisational context, culture and so on. In general, the case organisations favour a context-sensitive HR approach that is closer to 'best fit'.

However, taking an evidence-based view of people management also means looking at what has been shown to work well in other organisations and taking from that what is useful, albeit with some adaptation. This adaptation can involve HR working more closely with both managers and staff on process design, as we see below.

The case organisations invest effort in both internal and external research where an issue is business critical, for example implementing the living wage in a low pay sector; or improving the skills of line managers. In such cases, HR is asking 'Are there external approaches that can help us here? How would we apply them in our context?'

Some businesses are better than others at keeping abreast of and using evidence and models from outside the organisation, and we saw examples of this in the case studies. For example, HR at Anchor developed a sophisticated understanding and alternative costing models of living wage issues, and Revolution Bars adopted useful external models for its management training and development work on engagement and coaching skills. This is different from very simplistic importing of 'best practice' – HR are instead asking: "are there models that can help us here? How would we apply them successfully in our setting?"

6.4.5 Balancing employer, employee and other stakeholder interests

A key critique of strategic HRM over the past thirty years is that it addresses business needs at the expense of the employee and can lead to exploitation of the workforce. This criticism has sharpened with recent debates about precarious employment models (such as zero hour contracts) and growing gaps between high and low earners. Over the past ten years in particular, organisation development (OD) has been influential and usually brings a more humanistic and consultative approach. OD and HR can be seen, rather unhelpfully, as a 'good cop, bad cop' pairing, with OD/L&D on the 'soft' HR side and 'hard' HR outside these areas.

One way of getting beyond the rather unhelpful 'hard versus soft' tension is to clarify the ways in which employees are assets as opposed to costs, and to pay attention to how meeting employee needs can also improve productivity, innovation and business success. Figure 4 shows the triangle of relationships between the business, the workforce and performance outcomes.

We have seen striking examples of this more sophisticated approach to business alignment in the case studies, especially driven by the difficulty of attracting and retaining staff in tight labour markets. Improving employee terms and conditions, providing opportunities for training and career progression, involving, giving voice to, and providing more supportive line management can all more than pay their way by reducing labour

turnover and increasing job performance. Improving occupational health, both mental and physical, can also lead to significant business benefits. If employee engagement evidently affects business outputs, there is a strong incentive to adopt motivational approaches to people management and to invest in leadership development to support this, as all of our case studies have been doing. Improved measurement is being used to support increased business investment in people management with a stronger business case, rather than to reduce or curtail it.

6.4.6 Balancing central control with local discretion in people management

We often assume that business and people strategies are developed exclusively at the top and the corporate centre of an organisation. But, as shown by the case study organisations, this is not necessarily the case. Different business divisions might have different strategies, and both business and people strategy can be multi-layered.

In some ways, HR processes act as controls on the actions of managers and employees, and implementation can be seen as the enforcement of compliance with HR rules. Such 'tight' approaches may be seen to be reducing business and workforce risks but can lead to expensive bureaucracy and set HR in opposition to both line managers and employees.

Where the strategic focus is set more on tackling key people issues, solutions can be local as well as corporate. This means giving managers more discretion about how they achieve organisational effectiveness. This applies not only to workforce supply issues – such as recruitment, training and reward – but perhaps even more so to workforce demand issues of work organisation and the best use of labour costs.

More devolved people management offers potentially greater scope for innovation and best fit solutions, but needs greater capability in managers. The HR function also needs to work much more closely with the business in a more devolved model. The balance varies in each of our case studies but is evident in all of them; for instance, each Revolution bar is allowed, within their still entrepreneurial culture, the freedom for different people and workforce plans within the overall strategy, and MHCLG have attempted to make their more distant geographic parts feel like a more integral part of the organisation.

6.5 Implications for Practitioners and Future Practice

As well as determining an appropriate balance on these factors, we would also highlight the below learning from our case studies for HR leaders and practitioners.

6.5.1 HR needs to prioritise

The case studies highlight the need for HR to work on what is important rather than try to attend to everything. Expressing people strategies and HR work plans as a few clusters rather than long lists can help. All of the case studies use their people strategies to do this, most commonly with a focus on up to half a dozen key areas and issues that are used to guide their initiatives and activities. Leadership and management capability are

key enablers of effective people management, which is why leadership development is a big-ticket item in all the case organisations.

Effective delivery of fairly routine aspects of HR can be important in delivering strategic outcomes. For example, in at least two of the cases, improved recruitment and training, coupled with appropriate reward, is capable of delivering huge cost savings and improved customer service. HR has been unwise to consider recruitment as 'transactional' and therefore not worthy of strategic attention.

Really good operational workforce planning at a local level is important in fast-moving service organisations, as well as where organisational priorities are shifting.

6.5.2 Co-create the people management strategy

The case organisations were critical of HR strategies written by the function itself with little or no input from business leaders. If HR wants more strategic impact, it needs to engage business leaders in the identification, understanding and solution of key people issues. This is not about having an HR presence on the Board, but rather about senior players in HR being able to facilitate the right level of discussion, whether in top team meetings or elsewhere.

This is the process by which business alignment is achieved. Without it, business and people strategies are like ships passing each other in the night with no real connection. It is a varied and political process informed by both economic and 'hard' financial and operating metrics but also the 'softer' aspects of values and culture.

The same requirement is often echoed at divisional level in the role of HR business partners and their capability around strategic workforce planning and employment strategy, and three of the case studies have been devoting attention and resources to improving the capability of HR staff in these roles.

6.5.3 Involve managers and employees in HR planning, processes and services

Even where the strategic debate is mature, line managers and employees often only see HR outputs in the form of the policies and procedures that they are told to follow. We know that how managers implement these procedures is crucial, but why should they bother when they have had no input into their design? A number of the case study employers, such as MHCLG, used the actual process of developing its people plan as an opportunity to involve managers and staff in critiquing current people management policies and practices and working out the best means of improving them.

Some of the case organisations are evolving comprehensive and innovative ways of involving both managers and employees in informing their people strategy and making an input into policies and process design. For instance, LSE carries out an annual user experience survey.

Two-way communication is an increasingly important tool for a strategic HR function and one we can expect to see rising up the agenda over the next few years.

HR is also playing a role in these organisations in helping to widen the stakeholder agenda at a senior level in order to see people issues from both a customer perspective (especially in service industries and in our Revolution Bars case) and employee perspective, as opposed to a 'top-down' business and leadership perspective (Anchor focuses on two-way employee communication channels). Effective HR needs to keep in touch with 'behaviour and habits' throughout the entire organisation, and identify delivery gaps and shortfalls (mentioned particularly by Fiona Regan at Revolution Bars).

6.5.4 Define and deliver the structure of HR and its service model

Over the decades since strategic HRM was proposed, the role of HR has been shifting. Even if not always successfully, HR has made attempts to be more business-focussed and to be more of a facilitator on strategic and leadership issues. Delivering on this strategic agenda required the HR function to be better joined up across its internal silos. This is important to achieving the horizontal integration of HR policies and practices in order to support shared outcomes. Adopting specialist functional designs probably hasn't helped with this goal.

Many businesses have used the different roles of HR to segment the function structurally, in the so-called Ulrich model. This often separates HR operations (seen as transactional) from HR centres of expertise (seen as more strategic) and with HR Business Partners supporting senior managers (hopefully at a strategic level). Organisations continue to wrestle with the amount of advisory support that they give to line managers, whether they offer direct support to employees at all, and how to actually make the role of a business partner strategic.

In this research we see the case organisations considering both the support to offer from HR and the best way of organising and delivering this. It is increasingly clear that HR does not achieve strategic impact by expecting line managers to become HR managers and leaving them unsupported in people management. Most of the case organisations are combining investment in the people management skills of managers at all levels with appropriate access to e-enabled guidance and personal or telephone advice.

6.5.5 Recognise strategic people management is underpinned by a set of capabilities

The challenges above require capabilities in the HR function as well as in the line. Much has been written about these. It is evident in this case-based research that they include: a real understanding of the business and ability to work closely with senior leaders; the ability to identify and prioritise people issues; understand the timeframes on which they need to be addressed; and help managers to see practical solutions. This sometimes means challenging the views of senior people and reminding them of the importance of taking a customer and employee perspective, not just seeing the business from their own point of view.

HR professionals need to be able to influence others, often without positional or power-based authority. The argument for having HR on the Board may be less important in the long run than having HR people who can operate at every level from Board downwards.

The function needs to be effective and professional in the delivery of its own services in order to have the credibility to operate strategically. In that sense, strategic and operational HR need to work together, not separately.

In Table 2 below, we summarise the already described advice from our case study interviewees for other practitioners.

Table 2: Case Study Advice for Practitioners

Case Study	Highlighted Points and Tips for Others	Quotes
Ministry of Housing, Communities and Local Government	<ul style="list-style-type: none"> ● Attract and develop leaders who genuinely understand and ‘get’ people, culture/values and their importance to the organisation and performance. ● Be brave. For HR to be taken seriously it needs not just to listen and know its stuff but also to be ‘able to speak truth to power’. ● Be really strong on consultation and involvement, not just with leaders, but also right across staff levels and functions and locations. ● Be strongly evidence-based, with progress particularly on the HR operational side demonstrated through regular reporting and discussion of appropriate HR metrics. ● Tailor the approach to suit your organisation. 	<p>‘The real value of the People plan was in the discussion and process of developing it... our Leaders really “got” people and then the People Plan has been the programme of actions to deliver it.’</p> <p style="text-align: right;">-Christine Hewitt</p>
London School of Economics and Political Science	<ul style="list-style-type: none"> ● Get an HRM strategy but keep it closely linked to immediate and operational needs. ● Recognise the need for your HRM strategy to be a process rather than just a plan; a process which links the macro and the micro, the longer-term human capital development objectives with shorter term HR operational activity and service delivery needs. ● Engage people to deliver on the plans – senior managers to shape and fund the activity, and staff to respond with higher levels of engagement and performance. ● Shape and tailor your HRM strategy to suit the employer in your own specific setting. ● Recognise that how you develop and deliver the HR strategy is at least as important as the content. ● Keep it within ‘the sphere of the possible’ and ensure ‘your HR policies are realistic and grounded’. 	<p>‘Never make your HR strategy too strategic... operations needs to be closely linked to strategy.’</p> <p style="text-align: right;">-Indi Seehra</p>
Anchor Homes	<ul style="list-style-type: none"> ● Make sure the people agenda is not seen as a specialist agenda, worked on in a darkened room by HR professionals. Make sure business strategies and plans fully incorporate people issues. ● ‘Focus on the priorities and challenges from both a customer and workforce perspective.’ ● Ensure that the HR function stays close to business and listens to 	<p>‘Have a Board that understands the people agenda as well as finance. Make sure that the Board scrutinises progress, not just setting direction and agreeing procedures.’</p> <p style="text-align: right;">-Jane Ashcroft</p>

	<p>what managers say they want from HR.</p> <ul style="list-style-type: none"> ● Adopt a transparent leadership style and communicate with, listen to and involve staff. ● Balance necessary control with giving people the chance to feel like individuals, use their initiative and take responsibility for their work. 	
<p>Revolution Bars</p>	<ul style="list-style-type: none"> ● Develop a good understanding of the environment and industry, so you can show how people development programmes will address the key challenges facing the business; stay close to the executive team, be clear about their priorities and how you are meeting them. ● Ensure your people plan provides 'vertical' alignment with business priorities and 'horizontal' integration across all people management and development activities and staff. ● Be curious: get into and really understand every aspect of the organisation, its operations and culture, as this is essential if you want to be able to influence and change it. ● Be approachable and honest, be accessible to managers and staff at all levels, listen to the 'bad' and the 'good', put processes in place to do this and react to what you learn. 	<p>'HR Directors must always be connected to the realities of the organisation. While you need to stay close to the executive and their priorities, you have to understand the behaviours and habits throughout the organisation if you are going to influence cultural norms to support this type of transformational change and ensure that the overall objectives of the company are achieved.'</p> <p style="text-align: right;">-Fiona Regan</p>

6.6 Implications for Future Research

An important conclusion from the first publication from this project, the literature review, was of the need for a more multi-stakeholder perspective to strategic HRM, as well as the need to make SHRM research more relevant for practitioners. The difficulties of researching the concept because of its wide-ranging and somewhat amorphous nature, and the weaknesses of some of the common methodologies employed – such as multiple regression analysis to indicate relationships between HR policies and business performance – are regular themes in the literature (Rodgers and Wright, 1998).

The links to the more recent areas of Human Capital Management and HR analytics may have added to this conceptual ambiguity (Boon et al, 2018), and also encouraged some practitioners to argue that it is an overly-complex and 'dead' concept in today's fast-moving world (Rijnen, 2018). Some academics also argue on the basis of their research that HR strategies are impractical and unachievable and favour externally-driven institutional explanations for HR system determination and deny the existence of HRM strategies in practice (Trevor, 2009), both stances which do little to help practitioners with the effective design of HR systems in their own situation. Research has certainly been far more effective in highlighting the policy : practice gaps in strategic HRM than in highlighting the means for closing them and supporting effective implementation.

Mabey et al (1998: 520) commented: 'Much SHRM literature assumes a naive, over-rationalist view of organisational decision-making. It ignores both the political realities and the inability of senior managers to make SHRM decisions'. Ironically, a narrow focus in the research on the links between the existence of specific HR practices and financial performance may have served to encourage the narrow and 'top down' 'best practice'

approach to HRM strategies in practice, an approach which our review suggested can defeat the realisation of performance gains unless all stakeholders – and particularly employees – are engaged in that process.

Kaufman (2015: 398) characterised the focus of SHRM by academics as a ‘science-based model where organisations and HRM are studied as if in a laboratory setting with much less priority on experiential contact and practical results, and much greater emphasis on analytic theory development.’ He argued that:

‘The most solid and value-added part of SHRM past and present comes from research in which academics advance practitioner-useful knowledge and tools through a blend of science-based theory and empirical methods and experiential insight gained from substantial involvement with the operational realities and problems of real-life business organisations.’

(ibid: 404)

This indicates the need for researchers to conduct more process-focused, multi-stakeholder and multi-method studies, and for practitioners to adopt a more integrative and open, emergent approach to developing their HR strategies.

This research project has tried to focus on the actual methods for developing and implementing strategic people management approaches. We have attempted to document what written HR and people management strategies actually consist of, and gather the perspectives of their HR ‘owners’ on how they were developed and how they do (or do not) operate in their organisation.

Guest and Bos-Nehles (2013: 95) commented that: ‘One of the most seriously under-researched topics concerns the process whereby new HR practices are introduced’ – that is, with implementation. Dealing with this issue has very much been the aim of the research project, and we have found that HR leaders are very aware of the delivery problem and are clearly taking steps to try to address it.

Our work though has been seriously weakened, largely through resource constraints, by an almost exclusive focus in our methodology on the HR function and HR leaders’ views. This issue was raised by Kaye (1999) who asked the question ‘Does SHRM benefit employees as well as their organisations?’ He observed that virtually all SHRM research takes the managerial/organisational perspective with an emphasis on the consequences for organisational performance.

Yet as Beer et al (1984) emphasised in their seminal work, performance has to be framed more broadly to include meeting corporate ethical and social responsibilities, including job satisfaction, industrial democracy, and distributive justice. They advocated a multi-stakeholder approach to HRM. In 2015 Beer et al reviewed the state of SHRM after 30 years. They stated that ‘we need to take a wider, more contextual, more multi-layered approach founded on the long-term needs of all relevant stakeholders’ (p 427). They also argued that ‘Considering HRM as a social system, in contrast to the dominant individual perspective, puts the relationships between stakeholders at the centre of our studies’ (p 432).

Perhaps this need for a more action- and evidence-focused, multi-stakeholder perspective to strategic HRM was the most important conclusion that was reached through our review of the academic and 'grey' literature. While we have highlighted many of the aspects of a more dynamic and evolving approach to people management strategy that are evident in the four case studies, a more multi-stakeholder study is required which can compare the views of employees and line managers on strategic people management, as well as the influence on employee behaviour and the barriers that managers face when implementing the intended approach.

Torre and Sarti (2014) note that, rather than the adoption of a 'top-down' model', there is a need for more employee-centred 'bottom up analyses' to find sound evidence as to what people really expect from their work. Bruce and Skovoroda (2015) similarly argue that we need a richer understanding that explores the idiosyncrasies of process and the organisational politics that help to explain outcomes, of which our case studies only scratch the surface.

We would also have benefitted both from larger number of more varied case study organisations, and also some additional quantitative research – for example through multi-employer surveys – to test the generalisability of some of our tentative conclusions.

Given that the reality of people management strategy appears to be that it is a long-term and at least partly emergent process, more time-series case studies following the progress of specific people management strategies and changes in individual employers would also be of value. Guest (2011) believes that, despite two decades of research, we are still unable to answer core questions about the relationship between HR systems and performance due to the limited amount of longitudinal research focusing on HR implementation.

Appendices:

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Detailed list of Research Questions

1. Do employers have an HR/people strategy? Do they use the term? How does it relate to a talent or a recruitment or engagement strategy?
2. If so why, with what purpose, why is it important to have one?
3. How did they develop it, who was involved?
4. How do they ensure HR/people management is well integrated with the business strategy and gets sufficient attention at the top of the organisation?
5. What are the key components of it – what is the content and priorities in their HR/people agenda?
6. How do they operationalise and practice it? How do they integrate and co-ordinate the different components of HRM?
7. How does HR strategy reinforce and deal with the need for change and innovation?
8. How does it create/add value, how effective do they think it is?
9. How do they analyse and measure that effectiveness? What metrics do they use and report on?
10. Are the outcomes of a good HR Strategy high organisation performance, employee wellbeing and engagement, or both?
11. How well is it implemented?
12. What are the main barriers to effective implementation and how are these overcome?
13. Is their HR strategy really any different from their competitors, does it differentiate them and help them to deliver their business strategy and engage employees more effectively?
14. Is it a useful concept and what can be done to improve strategic HRM in their organisation and other employers? Is it a concept that needs to be used more widely, improved, or dropped altogether? Does it add value? What does 'good' look like?

Research Method: Overview of Case Study Interview Guide and Questions

Introduction

Aims of the study,
Structure of the interview,
Answer any questions

Context

The business strategy
Leadership and culture
Staffing profile
External situation and pressures
Relevant history

The HR/People Management strategy and approach

Content of the HR/PM strategy
Priority HR issues
Priority HR goals, policies and initiatives
Structure of responsibilities and governance for HR/people management

Implementation and delivery in practice

Metrics/measures of success in people management and delivering on HR strategy
Strengths and weaknesses in putting the HR. strategy/policies into practice
Level of alignment with business strategy
Level of integration of HR. policies
Extent to which meeting employee needs
Strengths/weaknesses of HR function
Barriers to implementation
Role and skills of line managers

The Future

Key people management challenges
Required areas of change in HR./people management
How these changes will be delivered

Summary and conclusions

Strengths/weakness in current HR./people management strategy

Requirements for success in the future

Advice for others adopting an HR/people management strategy: 3 things to do, 3 things not to do.

Written information to gather

Organisation business strategy

Staffing profile – numbers, demographics, skills etc

Copy of HR/People management strategy

Key HR/people management policies and projects

Metrics used to monitor/assess HR performance

Examples of Board/HR committee reports

Examples of HR metrics and information in management reports