

**PREFACE:**

This topic describes HR Cooperation with operating and line managers, how HR is seen in organizations and how the major roles of HR management are being transformed.

**1- MANAGING HR IN ORGANIZATIONS**

In a real sense, every manager in an organization is an HR manager. Sales managers, head nurses, drafting supervisors, college deans, and accounting supervisors all engage in HR management, and their effectiveness depends in part on the success of organizational HR systems. However, it is unrealistic to expect a nursing supervisor or an engineering manager to know about the nuances of equal employment regulations or how to design and administer a compensation and benefits system. For that reason, many organizations have people in an HR department who specialize in these activities, but HR in smaller organizations may be somewhat different.

**1-1 Smaller Organizations and HR Management**

In the United States and worldwide, small businesses employ more than 50% of all private-sector employees and generate new jobs each year. In surveys over several years by the U.S. Small Business Association (SBA), the issues identified as significant concerns in small organizations were consistent: having sufficient numbers of qualified workers, the rapidly increasing costs of benefits, rising taxes, and compliance with government regulations. Notice these concerns have an HR focus, especially when governmental compliance with wage/hour, safety, equal employment, and other regulations are considered. HR efforts through recruiting, employee empowerment, and training have been found to contribute positively to sales growth in various small service industry firms. As a result, for many smaller organizations, HR issues are often significant.

However, not every small organization is able to maintain an HR department. In a company with an owner and only three employees, the owner usually takes care of HR issues. As an organization grows, often a clerical employee is added to handle payroll, benefits, and required HR recordkeeping.

If new employees are hired, supervisors and managers usually do the recruiting, selecting, and training. These HR activities reduce the time that supervisors and managers have to focus on operations, sales and marketing, accounting, and other business areas. Thus, for both small and large employers, numerous HR activities are being outsourced to specialized vendors. Typically, at 80 to 100 employees, an organization will need to designate a person to specialize in HR management. Other HR jobs are added as the company gets larger and as HR technology increasingly becomes available for small- and medium-sized organizations.

## 1-2 HR Cooperation with Operating and Line Managers

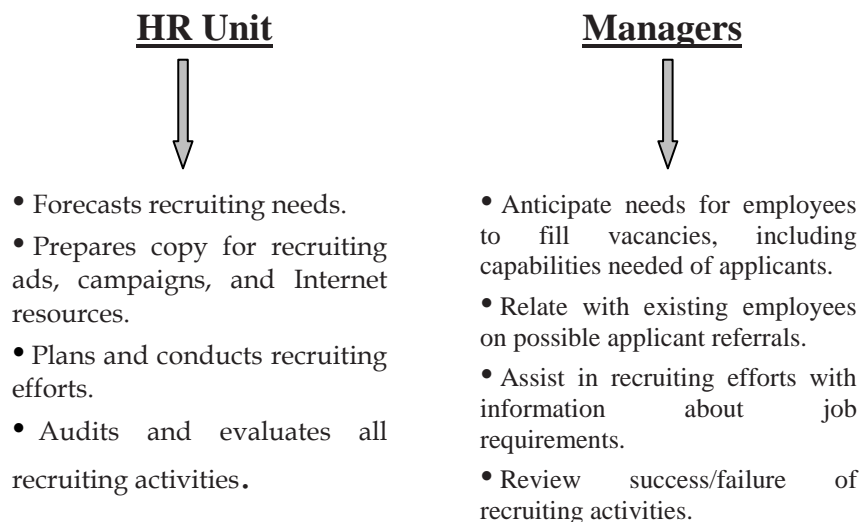
In departments such as accounting, network technology, operations, customer service, and others, cooperation between line and operating managers, supervisors, executives, and HR staff is necessary for HR efforts to succeed. In many cases, the HR professionals and staff members design processes and systems that the operating managers must help implement. The exact division of labor between HR and other departments varies from organization to organization.

Throughout this pedagogical publication, figures labeled “Typical Division of HR Responsibilities” illustrate how HR responsibilities in various areas may be divided in organizations having specialized HR departments. The first such example, **Figure 05**, shows how the responsibilities for a familiar activity—recruiting—might be divided between the HR department and the operating managers in an organization.

## 1-3 How HR Is Seen in Organizations

For a number of years, HR departments and individuals have been viewed in different ways, both positive and negative. HR management is necessary, especially due to the huge number of government regulations enacted over the past decades. However, the role of protecting corporate assets against the many legal issues often puts HR management in an enforcement role that may be seen as restrictive and administratively focused.

**Figure 05: Typical Division of HR Responsibilities: Recruiting**



## 1-4 Negative Views of HR

The legal compliance role and other administrative aspects of HR staff can create conflicting views. The negative perception by some employees, managers, and

executives is that HR departments and personnel are too bureaucratic, too administratively focused, too detail-oriented, too costly, and not effective change agents. Various authors have referred to HR departments as “dinosaurs” or “gatekeepers” who build silos and resist changes. These critics do not see HR as making significant organizational contributions.

Unfortunately, these views are accurate in some HR departments. Those HR departments concern themselves with the “administrivia” of personnel policies and practices—which companies are increasingly outsourcing to contractors who can do these tasks more cheaply and efficiently. Frequently, HR managers are seen as being more concerned about activities than results, and HR efforts as too seldom linking to employee, managerial, and business performance organizational metrics. As would be expected, numerous HR professionals have criticized these views as being too negative and not what HR is actually doing in many organizations.

### **1-5 Positive Contributing Views of HR**

Despite many criticisms, HR can be respected if done well and truly brought into the realm of business strategy.

HR can and should be a special part of any organization, which means viewing the people and their talents as an opportunity for creating greater organizational competitive advantages. That is why HR in many organizations has recognized the need to change even more to overcome the negative images.

As previously indicated, economic, global, workforce, and other aspects are increasingly creating challenging practices for HR professionals.

Key for a more positive view is for HR to expand as a business contributor. One leader in creating this view, among others, has been Dave Ulrich. He and other advocates have emphasized that HR needs to become more of a change agent and shift positively how HR impacts organizations.

## **2- HR MANAGEMENT ROLES**

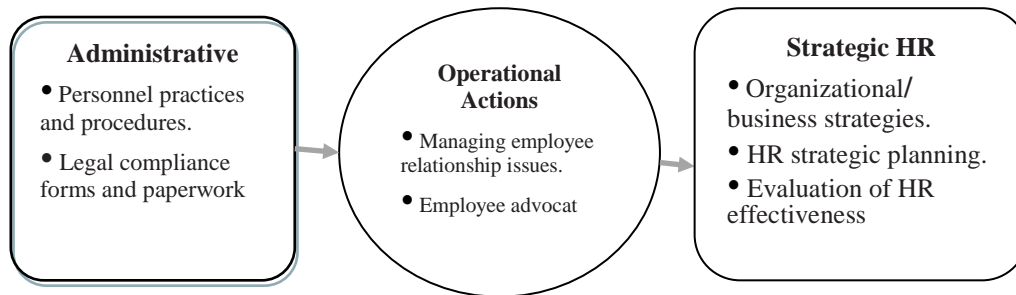
Several roles can be fulfilled by HR management. The nature and extent of these roles depend on both what upper management wants HR management to do and what competencies the HR staff have demonstrated. Three roles are typically identified for HR. The focus of each of them, as shown in **Figure 6**, is as follows:

- **Administrative:** Focusing on clerical administration and recordkeeping, including essential legal paperwork and policy implementation.
- **Operational and employee advocate:** Managing most HR activities in line with the strategies and operations that have been identified by management and serving as employee “champion” for employee issues and concerns.

- **Strategic:** Helping to define the strategy relative to human capital and its contribution to organizational results.

The administrative role traditionally has been the dominant role for HR. However, as **Figure 06** indicates, a broader transformation in HR is needed so that significantly less HR time and fewer HR staff are used just for clerical.

**Figure 06: Roles of HR Management**



Administration. The emphasis on the operational and employee advocate role is growing in most organizations. The greatest challenge is for more strategic HR management. The biggest barriers to HR becoming more strategic, according to one study, are transaction of administrative tasks (42%), lack of strategic HR involvement (31%), and insufficient HR budgets (22%).

## 2-1 Administrative Role of HR

The administrative role of HR management has been heavily oriented to processing and recordkeeping. This role has given HR management in some organizations the reputation of being staffed by paper shufflers who primarily tell managers and employees what cannot be done. If limited to the administrative role, HR staff are seen primarily as clerical and lower-level administrative aides to the organization. Two major shifts driving the transformation of the administrative role are greater use of technology and outsourcing.

**2-1-1 Technology Transforming HR:** To improve the administrative efficiency of HR and the responsiveness of HR to employees and managers, more HR functions are becoming available electronically or are being done on the Internet using Web-based technology. Technology is being used in most HR activities, from employment applications and employee benefits enrollments to e-learning using Internet-based resources.

**2-1-2 Outsourcing of HR increasingly:** many HR administrative functions are being outsourced to vendors. This outsourcing of HR administrative activities has grown dramatically in HR areas such as employee assistance (counseling), retirement planning, benefits administration, payroll services, and outplacement services.

The primary reasons why HR functions are outsourced are to save money on HR staffing, to take advantage of specialized vendor expertise and technology, and to be able to focus on more strategic HR activities. These activities are being outsourced to firms both in the United States and worldwide. Such contracting for HR services is an evolving practice that continues to change the administrative HR functions for many employers.

### **2-2 Operational and Employee Advocate Role for HR**

HR often has been viewed as the “employee advocate” in organizations. As the voice for employee concerns, HR professionals traditionally may serve as “company morale officers,” but they spend considerable time on HR “crisis management,” dealing with employee problems that are both work-related and not work-related. Employee advocacy helps ensure fair and equitable treatment for employees regardless of personal background or circumstances.

Sometimes the HR advocate role may create conflict with operating managers. However, without the HR advocate role, employers could face even more lawsuits and regulatory complaints than they do now.

The operational role requires HR professionals to cooperate with various departmental and operating managers and supervisors, to identify and implement needed programs and policies in the organization. Operational activities are tactical in nature. Compliance with equal employment opportunity and other laws is ensured, employment applications are processed, current openings are filled through interviews, supervisors are trained, safety problems are resolved, and wage and benefit questions are answered. These efforts require matching HR activities with the strategies of the organization.

### **2-3 Strategic Role for HR**

Differences between the operational and strategic roles exist in a number of HR areas. The strategic HR role means that HR professionals are proactive in addressing business realities and focusing on future business needs, such as strategic planning, compensation strategies, the performance of HR, and measuring its results. However, HR often does not help formulate strategies for the organization as a whole; instead it merely carries them out through HR activities.

Many executives, managers, and HR professionals are increasingly seeing the need for HR management to become a greater strategic contributor to the “business” success of organizations. Even not-for-profit organizations, such as governmental and social service entities, must manage their human resources in a business-oriented manner. In fact, it has been suggested that the HR function should be managed as its own business. Therefore, a large number of senior HR executives are

selected from outside HR experience. Doing this means that these individuals have a business focus, not just HR experience.

HR should be responsible for knowing what the true cost of human capital is for an employer. For example, it may cost two times key employees' annual salaries to replace them if they leave. Turnover is something HR can help control, and if it is successful in saving the company money with good retention and talent management strategies, those may be important contributions to the bottom line of organizational performance. **“Contributing at the Table”** The role of HR as a strategic business partner is often described as “having a seat at the table,” and contributing to the strategic directions and success of the organization. That means HR is involved in devising strategy in addition to implementing strategy. Part of HR's contribution is to have financial expertise and to produce financial results, not just employee morale or administrative efficiencies. Therefore, a significant concern for chief financial officers (CFOs) is whether HR executives are equipped to help plan and meet financial requirements.

However, even though this strategic role of HR is recognized, many organizations still need to make significant progress toward fulfilling it. Some examples of areas where strategic contributions can be made by HR are:

- Evaluating mergers and acquisitions for organizational “compatibility,” structural changes, and staffing needs.
- Conducting workforce planning to anticipate the retirement of employees at all levels and identify workforce expansion in organizational strategic plans.
- Leading site selection efforts for new facilities or transferring operations to international outsourcing locations based on workforce needs.
- Instituting HR management systems to reduce administrative time, equipment, and staff by using HR technology.
- Working with executives to develop a revised sales compensation and incentives plan as new products or services are rolled out to customers.