

PHRi Functional Area 01

BUSINESS MANAGEMENT

International Human Resource Certification Institute

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Professional in Human Resources – International (PHRi) Workbook

Module One: Business Management

2024 Edition

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Introduction

As a subscriber of the PHRi certification workbook series, you have access to the www.ihrci.org learning system. The system includes a Glossary that provides a search box and descriptions of key HR terms. Additionally, the system consists of over 900 practice exam questions and answers with explanations in our database, including pre-tests, review tests, and post-tests:

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Part One: HR and Organization

1. Organization

A business organization is an individual or group of people that collaborate to achieve certain commercial goals. Some business organizations are formed to earn income for owners. Other business organizations, called nonprofits (Non-profit Organization, NPO), are formed for public purposes. These businesses often raise money and utilize other resources to provide or support public programs.

Structure is not simply an organization chart. Structure is all the people, positions, procedures, processes, culture, technology and related elements that comprise the organization. It defines how all the pieces, parts and processes work together (or don't in some cases). This structure must be totally aligned with strategy for the organization to achieve its mission and goals. Structure supports strategy.

If an organization changes its strategy, it must change its structure to support the new strategy. When it doesn't, the structure acts like a bungee cord and pulls the organization back to its old strategy. Strategy follows structure. What the organization does defines the strategy. Changing strategy means changing what everyone in the organization does.

When an organization changes its structure and not its strategy, the strategy will change to fit the new structure. Strategy follows structure. Suddenly management realizes the organization's strategy has shifted in an undesirable way. It appears to have done it on its own. In reality, an organization's structure is a powerful force. You can't direct it to do something for any length of time unless the structure is capable of supporting that strategy.

Global organizations in the 21st century must compete with a much wider array of companies than their domestic counterparts do, and have therefore evolved several strategies to become as efficient and cost-effective as possible. The choice of organizational structure reflects where decisions are made, how work gets completed, and ultimately how quickly and cheaply the firm's products can be made. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management.

1.1. Span of Control

Span of control (span of management or span of authority) is an upper limit to the number of subordinates who can be effectively supervised by one person. Beyond a

certain number of subordinates, the effectiveness and efficiency of supervision decreases.

Flat organizational structures have relatively few levels from top to bottom. Thus, they have wide spans of control. Flat structures provide fast information flow from top to bottom of the organization and increased employee satisfaction. **Tall organizational structures** have many levels between top and bottom. Hence, they have relatively narrow spans of control. Tall structures are faster and more effective at problem resolution than flat structures because of increased frequency of interaction between superior and subordinate and the greater order imposed by the hierarchical structure.

1.2. Chain of Command

The delegation of authority creates a chain of command, the formal channel that defines the lines of authority from the top to the bottom of an organization. Chain of command specifies a clear reporting relationship for each person in the organization and should be followed in both downward and upward communication.

Centralization is the retention of decision-making authority by a high-level manager. Centralization concerns the concentration of authority in an organization and the degree and levels at which it occurs. Decentralization is the process of distributing authority throughout an organization. In a decentralized organization, an organization member has the right to make a decision without obtaining approval from a higher-level manager. Decentralization in the same way as delegation, that is, as a good way to improve motivation and morale of lower-level employees. Neither centralization nor decentralization is good or bad in itself. The degree to which either is stressed depends upon the requirements of a given situation.

- Decisions cannot be decentralized to those who do not have necessary information, e.g., knowledge of job objectives or measures for evaluation of job performance.
- Decisions cannot be decentralized to people who do not have the training, experience, knowledge, or ability to make them.
- Decisions requiring a quick response should be decentralized to those near the action.
- Decentralization should not occur below the organizational level at which coordination must be maintained (e.g., each supervisor on an assembly line cannot be allowed to decide the reporting time for employees).

- Decisions that are of critical importance to the survival of the organization should not be decentralized.
- Decentralization has a positive influence on morale.

1.3. Bureaucracy

Bureaucracy is a term applied by German sociologist Max Weber (writing in the 1900s) to a type of organizational hierarchy characterized by clear rules, sharply defined lines of authority, and a high degree of specialization. It represents authority and responsibility within the organization.

Authority is the right or power assigned to a job holder in order to achieve certain organizational objectives. It indicates the right and power of making decisions, giving orders and instructions to subordinates. Authority is delegated from above but must be accepted from below i.e. by the subordinates.

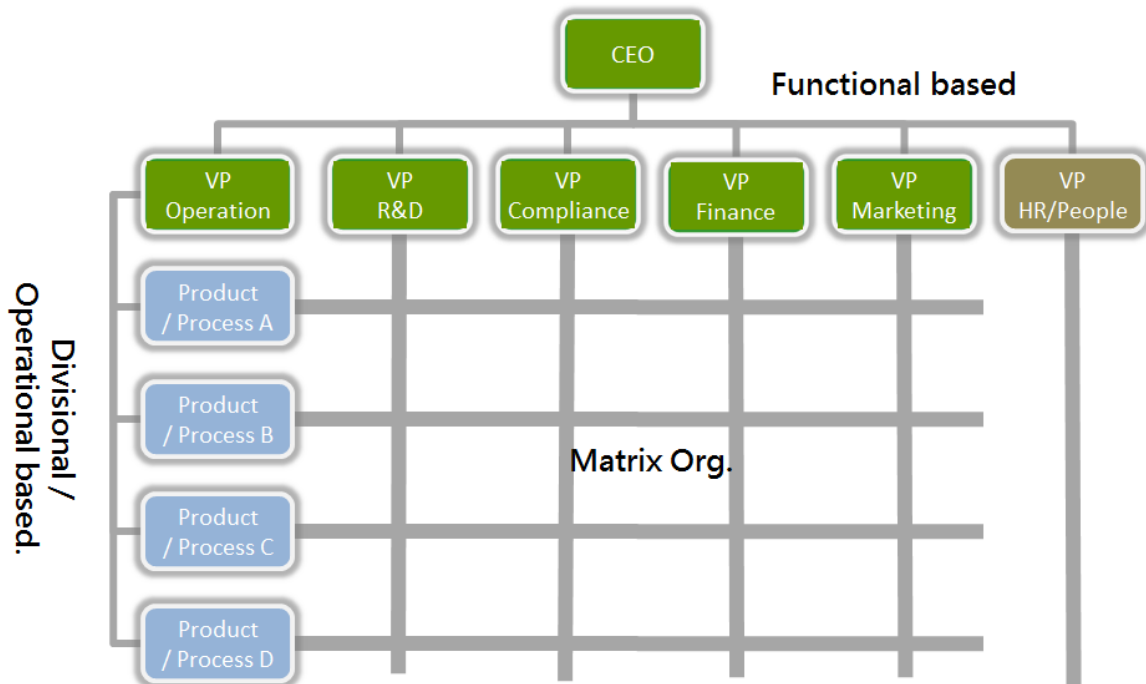
Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organization, responsibility is the duty as per the guidelines issued.

Accountability is the liability created for the use of authority. Accountability is the obligation of an individual to report formally to his superior about the work he has done to discharge the responsibility.

Responsibility may be bestowed, but accountability must be taken. In other words, responsibility can be given or received, even assumed, but that doesn't automatically guarantee that personal accountability will be taken. Which means that it's possible to bear responsibility for something or someone but still lack accountability.

1.4. Type of Structures

Developing an organizational structure involves defining the framework around which the business operates and provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the company. It is therefore important for every organization to have a well-structured organization chart indicative of how an organization functions, how it is managed, how information flows and is processed within an organization, and how flexible or responsive the organization is.



1.4.1. Functional Structure

Functional structure is set up so that each portion of the organization is grouped according to its purpose. In this type of organization, for example, there may be a marketing department, a sales department and a production department. The functional structure works very well for small businesses in which each department can rely on the talent and knowledge of its workers and support itself. However, one of the drawbacks to a functional structure is that the coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately.

1.4.2. Divisional Structure

Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas. For example, the now-defunct Tecumseh Products Company was organized divisionally--with a small engine division, a compressor division, a parts division and divisions for each geographic area to handle specific needs. The benefit of this structure is that needs can be met more rapidly and more specifically; however, communication is inhibited because employees in different divisions are not working together. Divisional structure is costly because of its size and scope. Small businesses can use a divisional structure on a smaller scale, having

different offices in different parts of the city, for example, or assigning different sales teams to handle different geographic areas.

1.4.3. Process Structure

The process structure divides up the organization around processes, such as research, manufacturing and sales. Unlike a purely functional structure, a process-based organization considers how the different processes relate to each other and the customer. The sales process doesn't begin until the manufacturing process produces something to sell; manufacturing, in turn, waits on research and development to create the product. Process-based structures are geared to satisfying the customer -- the end result of all the processes -- but they only work if managers understand how the different processes interact.

1.4.4. Matrix Structure

The third main type of organizational structure, called the matrix structure, is a hybrid of divisional and functional structure. Typically used in large multinational companies, the matrix structure allows for the benefits of functional and divisional structures to exist in one organization. This can create power struggles because most areas of the company will have a dual management--a functional manager and a product or divisional manager working at the same level and covering some of the same managerial territory.

A matrix structure is a blend of functional and project based organizations that maximize the strength of each structure. There are three types of matrix organizations: weak, strong and balanced. Weak organizations are characterized by projects that have part-time members, limited control over authority, budget and decisions and multiple lines of responsibility. Strong matrices have dedicated resources, internal control of budget, and moderate levels of control over assets, resources and decision making authority. Balanced matrix organizations represent shared leadership between functional managers and project managers.

In this structure, decision making is decentralized and an employee participating in a project may have two bosses: one from the product side and one from the geographic side. The matrix structure requires a great deal of communication and coordination among managers because lines of authority are not always clear.

1.5. Organizational Charts

An organizational chart is the most common visual depiction of how an organization is

structured. It outlines the roles, responsibilities and relationships between individuals within an organization. An organizational chart can be used to depict the structure of an organization as a whole, or broken down by department or unit.

Organizational charts can be used to represent the organizational structure diagram showing reporting relationships a graphic representation of how authority and responsibility is distributed within a company; includes all work processes of the company.

1.6. Levels of Management

In organizations, there are generally three different levels of managers: first-level managers, middle-level managers, and top-level managers. These levels of managers are classified in a hierarchy of importance and authority, and are also arranged by the different types of management tasks that each role does. In many organizations, the number of managers in every level resembles a pyramid, in which the first-level has many more managers than middle-level and top-level managers, respectively. Each management level is explained below in specifications of their different responsibilities and likely job titles.

1.6.1. Top-level managers

Typically consist of board of directors, president, vice-president, chief executive officers, etc. These individuals are mainly responsible for controlling and overseeing all the departments in the organization. They develop goals, strategic plans, and policies for the company, as well as make many decisions on the direction of the business. In addition, top-level managers play a significant role in the mobilization of outside resources and are for the most part responsible for the shareholders and general public.

1.6.2. Middle-level managers

These personnel typically consist of general managers, branch managers, department managers. These individuals are mainly responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. Their roles can be emphasized as executing plans of the organization in conformance with the company's policies and the objectives of the top management, they define and discuss information and policies from top management to lower management, and most importantly they inspire and provide guidance to lower level managers towards better performance. Some of their functions are as

follows:

- Designing and implementing effective group and intergroup work and information systems.
- Defining and monitoring group-level performance indicators.
- Diagnosing and resolving problems within and among work groups.
- Designing and implementing reward systems that support cooperative behaviors.

1.6.3. First-level managers

Typically consist of supervisors, section officers, foreman, etc. These individuals focus more on the controlling and direction of management functions. For instance, they assign tasks and jobs to employees, guide and supervise employees on day-to-day activities, look after the quantity and quality of the production of the company, make recommendations, suggestions, and communicate employee problems to the higher level above, etc. In this level, managers are the "image builders" of the company considering they are the only ones who have direct contact with employees.

- Basic supervision
- Motivation
- Career planning
- Performance feedback

2. Group and Team

In organizations, most work is done within groups. A group can be defined as several individuals who come together to accomplish a particular task or goal. In organizations, you may encounter different types of groups. **Informal work groups** are made up of two or more individuals who are associated with one another in ways not prescribed by the formal organization. For example, a few people in the company who get together to play tennis on the weekend would be considered an informal group. A **formal work group** is made up of managers, subordinates, or both with close associations among group members that influence the behavior of individuals in the group.

2.1. Group vs. Team

The words 'group' and 'team' are, for the most part, interchangeable - at least most people use them that way. While all teams are groups of individuals, not all groups are

teams. The key properties of a true team include collaborative action in which, along with a common goal, teams have collaborative tasks. Conversely, in a group, individuals are responsible only for their own area.

The use of teams began to increase because advances in technology have resulted in more complex systems that require contributions from multiple people across the organization. Overall, team-based organizations have more motivation and involvement, and teams can often accomplish more than individuals. Groups differ from teams in several ways:

2.1.1. Task orientation

Teams require coordination of tasks and activities to achieve a shared aim. Groups do not need to focus on specific outcomes or a common purpose.

2.1.2. Degree of interdependence

Team members are interdependent since they bring to bear a set of resources to produce a common outcome. Individuals in a group can be entirely disconnected from one another and not rely on fellow members at all.

2.1.3. Purpose

Teams are formed for a particular reason and can be short- or long-lived. Groups can exist as a matter of fact; for example, a group can be comprised of people of the same race or ethnic background.

2.1.4. Degree of formal structure

Team members' individual roles and duties are specified and their ways of working together are defined. Groups are generally much more informal; roles do not need to be assigned and norms of behavior do not need to develop.

2.1.5. Familiarity among members

Team members are aware of the set of people they collaborate with, since they interact to complete tasks and activities. Members of a group may have personal relationships or they may have little knowledge of each other and no interactions whatsoever.

2.2. Types of Teams

2.2.1. Temporary teams

There are several types of temporary teams. An example of a temporary team is a **task force** that is asked to address a specific issue or problem until it is resolved. Other team may be temporary or ongoing, such as **product development teams**. In addition, matrix organizations have **cross-functional teams** in which individuals from different parts of the organization staff the team, which may be temporary or longstanding in nature.

2.2.2. Project teams

A project team represents a group of individuals who collaborate on a collective project, sharing unified goals and objectives. Every member within the project team carries the responsibility of executing their designated tasks and actively contributing to the project's triumphant outcome. Given the typical composition of a project team, it often encounter a mix of experts with varying skills, capabilities, and experiences. It's noteworthy that project teams are often cross-functional, encompassing individuals from different departments or teams within the organization.

Project teams can be organized in different ways within an organization. One common approach is the matrix organization, where employees report to both a functional manager and a project manager. This allows for flexibility in assembling diverse project teams. However, project teams can also be formed in functional organizations, where team members come from the same department, or in projectized organizations, where the entire structure revolves around projects. Hybrid structures combining elements of these approaches are also common, offering a balance between specialized expertise and flexibility in team formation.

2.2.3. Virtual teams

Virtual teams are teams in which members are not located in the same physical place. They may be in different cities, states, or even different countries. Often, virtual teams are formed to take advantage of distributed expertise or time—the needed experts may be living in different cities.

2.2.4. Top management teams

Top management teams are appointed by the chief executive officer (CEO) and, ideally, reflect the skills and areas that the CEO considers vital for the company. There are no

formal rules about top management team design or structure. The top team often includes representatives from functional areas, such as finance, human resources, and marketing, or key geographic areas, such as Europe, Asia, and North America.

Depending on the company, other areas may be represented, such as legal counsel or the company's chief technologist.

2.2.5. Self-managed teams

Self-managed teams are a new form of team that rose in popularity with the Total Quality Movement in the 1980s. Self-managed teams are empowered teams. The team manages itself but it still has a team leader. Research has shown that employees in self-managed teams have higher job satisfaction, increased self-esteem, and grow more on the job. However, self-managed teams may be at a higher risk of suffering from negative outcomes due to conflict, so it is important that they are supported with training to help them deal with conflict effectively. Special forms of self-managed teams are self-directed teams. The team makes all decisions internally about leadership and how work is done.

2.3. Team building

Creating effective teams involves decisions about team composition, size, and diversity, which depend on the type of task the team will perform. Teams can handle various tasks, such as problem-solving or managing daily operations. Qualifying team members is essential, considering their knowledge, skills, abilities, and personality traits. Ideal team size typically ranges from two to twenty members, as larger groups can face coordination challenges. Team composition and diversity are intertwined; diverse skills and backgrounds often lead to better results. Cross-functional teams, supported by HR, are key to integrating diverse perspectives and driving performance. HR can help build multidisciplinary teams, provide training for leaders, and adapt to evolving work environments. Monitoring factors affecting team success, like composition and environment, is vital for HR to support teams effectively as work continues to change.

3. Organization Climate and Culture

Culture has a pervasive impact on the management of human resources. Culture influences how blue- and white-collar workers respond to pay and non-pay incentives, how international firms are organized, the success of multinational work teams, and even how executives compose and implement business strategies.

Culture may be defined as a shared system of values, beliefs, and attitudes. It affects our own actions and the way we perceive the actions of others.

3.1. Type of Culture

3.1.1. National Cultures

National cultures comes a host of differences in assumptions, outlook, and rules that can challenge communication and comprehension.

3.1.2. Subcultures

There can be significant distances between subcultures within the same national culture. Subcultures may be defined by ethnicity, geographic region, race, religion, or class.

3.1.3. Organizational/Corporate Cultures

Organizational culture is defined by all of the life experiences, strengths, weaknesses, education, upbringing, and so forth of the employees. While executive leaders play a large role in defining organizational culture by their actions and leadership, all employees contribute to the organizational culture.

3.1.4. Industry Cultures

Industry cultures have shared assumptions based on technological and social histories of the industry.

3.1.5. Professional or Functional Cultures

Professional and functional cultures have shared assumptions based on specifics as they relate to a special function or occupation.

3.2. Layers of Culture

3.2.1. Level 1-Artefacts: Described as being the 'easiest' level to observe, called explicit culture.

3.2.2. Level 2-Espoused Values: To better understand and to help decipher why the initial observations in Level 1 are taking place, one needs to ask 'insiders' of the organization to try and explain.

3.2.3. Level 3-Shared Tacit Assumptions: To help understand this 'deeper' level of culture, one needs to investigate the history of an organization.

3.3. Values in Culture

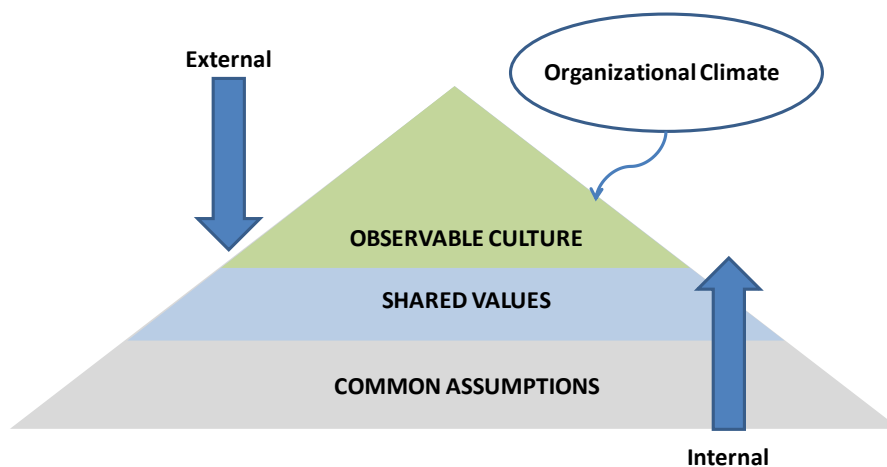
The word "value" means worth. It also refers to an ethical precept on which we base

our behavior. Values are basic convictions that people have regarding what is right and wrong, good and bad, important or unimportant. Values are shaped by the culture in which we live and by our experiences. However, there are values that are held high by most cultures. These include fairness and justice, compassion and charity, duties and rights, human species survival and human well-being.

Organizational culture and values are closely related because organizations are generally founded with certain values in mind. These values tend to influence the organizational structure, but they may change over time as different people take on different roles in the organization and the overall culture changes. Organizational culture and values, then, both affect each other over time and tend to change if a conflict exists between them.

3.4. Culture Analysis

Three important levels of cultural analysis in organizations are: observable culture, shared values, and common assumptions. These levels may be envisioned as layers. The deeper one gets, the more difficult it is to discover the culture.



3.4.1. Observable Culture

The first level concerns observable culture, or “the way we do things around here.” These are the methods the group has developed and teaches to new members. The observable culture includes the unique stories, ceremonies, and corporate rituals that make up the history of a successful work group.

3.4.2. Shared Values

The second level of analysis recognizes that shared values can play a critical part in linking people together and can provide a powerful motivational mechanism for members of the culture.

Many consultants suggest that organizations should develop a “dominant and coherent set of shared values.” The term shared in cultural analysis implies that the group is a whole. Every member may not agree with the shared values, but they have all been exposed to them and have often been told they are important. At Hewlett-Packard, for example, “quality” is part of everyone’s vocabulary. The firm was founded on the belief that everyone could make a creative contribution to developing quality products.

3.4.3. Common Assumptions

At the deepest level of cultural analysis are common assumptions, or the taken-for-granted truths that collections of corporate members share as a result of their joint experience. It is often extremely difficult to isolate these patterns, but doing so helps explain why culture invades every aspect of organizational life.

3.5. Culture and Climate

Organizational **culture** is like a system of shared meaning within a company, governing how employees should behave and interact. It provides a sense of identity, shared values, and common goals, which are essential for effective change management and problem-solving. On the other hand, organizational **climate** represents the day-to-day feelings, attitudes, and behaviors of employees, and it can change more easily in response to internal factors like raises or budget cuts. While culture is deep and stable, climate is more temporary and responsive to changes within the organization. Both culture and climate impact a company’s success, with culture being the foundation upon which climate is built. It’s important to note that as organizations evolve, so do their culture and climate, requiring adjustments to measure the right factors accurately.

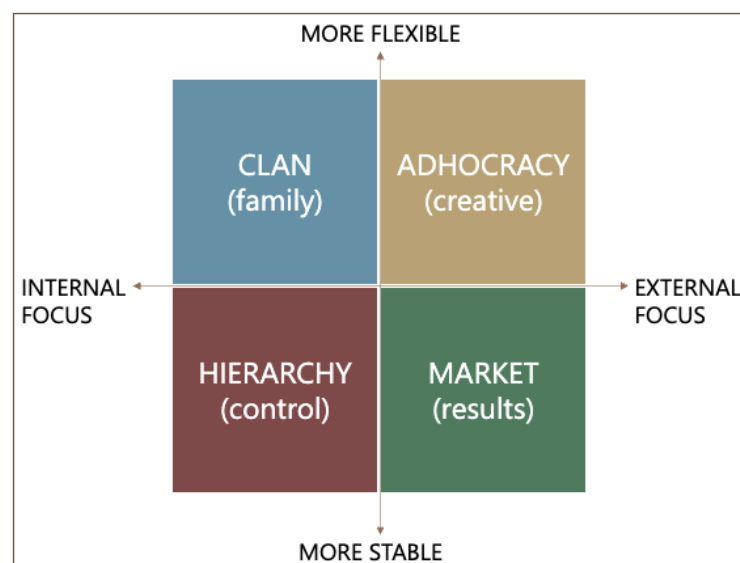
3.6. Main types of organizational / corporate culture

In the study of organizational culture, a useful framework is the four types of cultures represented on a 2D chart. Each culture type is associated with two others, one situated adjacent and the other directly above or below it. Interestingly, cultures located in diagonally opposite corners often exhibit significant differences.

The horizontal axis, extending from left to right, depicts the degree of internal versus external focus within an organizational culture. Specifically, Clans and Hierarchies,

which we will explore in greater detail shortly, tend to be more internally oriented. In contrast, Market and Adhocracy cultures lean towards being externally focused. Clans and Hierarchies prioritize internal aspects, such as nurturing employee relationships and refining internal processes. Conversely, Market and Adhocracy cultures emphasize external factors, including market trends, competition analysis, and client or customer engagement.

Distinct from the concept of how 'tight' or 'loose' a company culture might be, the vertical axis, running from top to bottom, signifies the degree of rigidity or flexibility present within an organization. A loose company culture encompasses a broad spectrum of acceptable practices and behaviors but may not undergo significant changes over time. On the contrary, a flexible organization is characterized by agility, enabling it to adapt swiftly to the evolving business environment. Such organizations often foster, encourage, and celebrate innovation. In contrast, a rigid organization experiences a high cost associated with change, both in terms of time and effort, and typically lacks support for innovation or encounters difficulties in implementing innovative practices.



Now that we have gained insights into how different culture types vary based on their position on the chart, let's delve into each type to uncover its distinctive characteristics, the types of companies and industries where it prevails, as well as the associated advantages and disadvantages.

3.5.1. Clan Culture

In a Clan culture, employees experience a sense of belonging akin to a family rather than just an organization. The culture is characterized by informality and strong

support for individuals. Typically, Clan cultures adopt a flat organizational structure and decentralized decision-making processes, allowing employees to work in ways that suit them best and enhance their job productivity. Key features include flexible work hours, informal dress codes, fewer stringent rules, individual trust, and an open-door policy. This culture is often found in smaller businesses and creative industries such as marketing and PR, where the organization serves as a platform to enable employees to pursue their passions. While Clan cultures empower individuals and promote adaptability, they may struggle with inconsistency in how employees are treated and variations in work quality due to a lack of central control.

3.5.2. Adhocracy Culture

The Adhocracy culture shares many traits with the Clan culture, with a primary distinction lying in its external focus. Unlike Clan cultures that exist to serve employees, Adhocracy cultures typically set their sights on a compelling external mission. This culture combines informality, a lack of rigid processes, and a strong external orientation, making it ideal for fostering creativity and innovation. It thrives in technology companies operating in fast-paced industries, where innovation is deeply embedded in their DNA.

3.5.3. Hierarchy Culture

On the opposite end of the spectrum, the Hierarchy culture, positioned in the bottom-left quadrant of the chart, is inwardly-focused and highly structured. It relies on central command-and-control mechanisms, layers of management, and strict rules to achieve its objectives. Hierarchy cultures excel in highly regulated industries, including safety-critical sectors, and large enterprises where achieving precise and efficient results is paramount. For instance, commercial airplane manufacturers like Boeing or high-volume, low-margin manufacturing entities like Foxconn rely on Hierarchy cultures for stability, control, and repeatability. While Hierarchy cultures are proficient in perfecting processes and achieving reliable outcomes, they come at the cost of limited employee agency, stifled innovation, and high resistance to change, making them less adaptable in evolving environments.

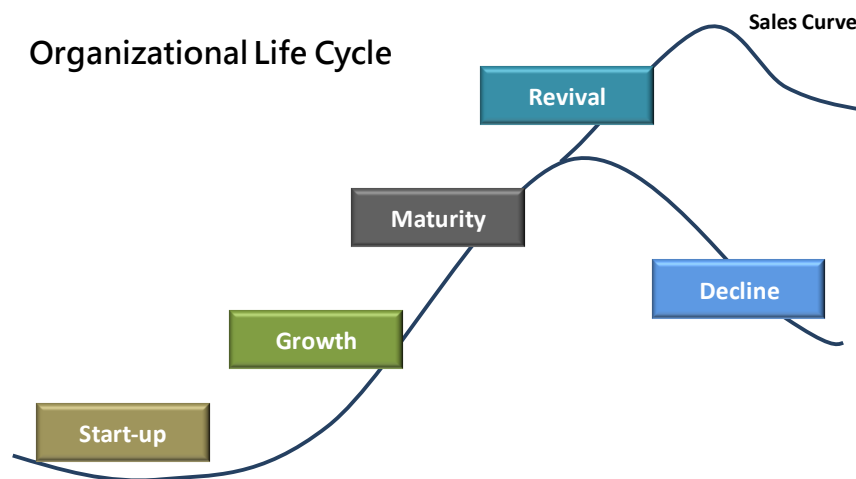
3.5.4. Market Culture

Finally, the Market culture, sometimes referred to as the Aggressive culture, is driven by a relentless pursuit of performance and results. It possesses an outward focus but operates within a framework of strict rules and structure designed to optimize financial outcomes. Organizations with a Market culture often adopt a 'sink or swim' approach,

pushing employees to become high performers or face the consequences. This can lead to a high-pressure, high-turnover environment characterized by internal competition rather than collaboration. For those who thrive in this environment, the Market culture can be highly rewarding, but for others, it can be stressful and challenging. Market cultures share the formal, rigid structure of Hierarchies and the external focus of Adhocracies. They are typically found in industries such as investment banking, real estate agencies, car dealerships, and some consulting firms, where performance metrics take precedence above all else.

4. Organizational Life Cycle

Organizations are not static, they change. Like children, organizations typically go through different phases. Discover the five phases of the organizational life cycle, from start-up to decline. The Organizational Life Cycle (OLC) goes through specific stages as a result of the company's success (or possibly lack of) in the market. Publications on this topic set the number of stages organizations go through anywhere from three to ten, with most settling on a basic set of four or five. Not surprisingly, the major stages are Start-up (or Birth), Growth, Maturity and Decline. A fifth stage, called Revival (or Diversification), can also occur between the Maturity or Decline stages.



The stages are considered developmental in the life of the firm, much like a biological model, and are sequential, cumulative, imminent, not easily reversed, and involve a broad range of activities and structures. Once at maturity, the stages can become more circular from Maturity to Revival and possibly to Decline. This evolution is the result of three influences in an organization's life. First, administration of the organization becomes more complex as the size increases and more stakeholders become involved. Second, this

increased complexity dictates the increased usage of more sophisticated organizational structures, information processing capabilities, and decision-making styles. Lastly, companies alternate between innovative phases and conservative ones - between stages that establish or renew organizational competences and those that exploit them through efficiencies.

The driver behind the OLC is that needs, opportunities and threats, both inside and outside the business, will predictably vary depending on the stage of development. For example, threats in the Start-up stage differ from those in the Maturity stage and changes in the environment exert pressure for change on the business. Organizations move from one stage to another because the firm and the needs of the environment are so misaligned that the company needs to adapt for basic efficiency or possibly even survival. Thus, different stages of the company's life cycle require changes in the firm's objectives, strategies, managerial processes, technology, culture and decision-making.

High tech companies present a unique situation because they can progress through the stages at a fairly rapid rate – from Start-up to Maturity in only a few years. An interesting side note is that firms tend to develop to a structure that mirrors the stage of the market they are in – for example, firms in a mature market will tend to be in a Maturity stage of development.

A complementary view of this model is that each stage represents a stable period of growth for the company - an evolutionary phase - but will reach a point where change is required, leading to a revolutionary or crisis period. It's the firm's ability to handle these crisis periods appropriately that will dictate the future direction and possibly survival of the organization.

The five stages of OLC illustrate changes in organizational structure and managerial processes as the business proceeds through developmental stages. Each stage is discussed, with specific emphasis on the product creation and delivery aspects of the stage.

4.1. Start-Up Stage

At Start-up, firms exhibit a very simple organizational structure with authority centralized at the top of the hierarchy. The main purpose during this stage is for the firm to establish its distinctive competences and generate some initial product-market success.

This is achieved mainly by trial and error as efforts are made to change products and

services in a manner that generates distinctive competences and creates a viable business model. This generally involves major and frequent product or service innovations and the pursuit of a niche strategy. Since the firm is small and has no established reputation, it must avoid direct confrontation with its more powerful competitors. It does this by finding gaps or niches in the market which are not being filled, and defends these niches by making extensive innovations.

Start-up firms cater essentially to one type of customer and sell one type of product and thus they face a (relatively) simple administrative task. An intuitive, rather than an analytical, mode of decision-making prevails. For example the owner-manager(s) makes almost all the key decisions, based in large part upon his/her intuitions about the situation.

The product development and delivery organization during the Start-up stage often involves staff wearing many hats. It is not uncommon in a high-tech start-up for at least one founder to be technical, and often multiple founders are. The leaders are involved at both a strategic and tactical levels in crafting and delivering the solution to initial customers. Key attributes of the environment are flexibility and lean management of resources and assets for continued existence. The organization will initially be very heavily weighted towards development staff and over time begins to fill in sparsely in marketing, sales, administration, and operations with an informal and overlapping structure.

Success in the Start-up stage is in finding a sustainable product/market niche that produces enough profit for the company to continue as a viable entity (either directly or with external financing). The Start-up stage, which involves growth through creativity and vision, eventually leads to leadership and organizational problems. More sophisticated and more formalized management practices must be adopted. If the founder(s) do not have the skills or desire to make this transition, then they often need to bring in an outsider and delegate authority to he/she to be able to continue to grow.

4.2. Growth Stage

The emphasis in the Growth stage is on sales growth and early product diversification. Product lines are broadened, but this generally results in a more complete array of products for a given market rather than new positions in widely varying markets. Efforts are also devoted to incrementally tailoring products to new markets, while less stress is placed on major or dramatic product innovations. Market segmentation begins to play a role, with managers trying to identify specific subgroups of customers and to make small product or service modifications in order to better serve them. In other words,

the niche strategy is often abandoned as broader markets are addressed. The company may attain profitability during this phase, or the need for additional funding to meet the growth opportunity is often achieved with an IPO.

Typically, a functionally-based structure is established, some authority is delegated to middle-managers, and procedures are formalized. Decisions are now more influenced by customers as major stakeholders, and the goal becomes to fulfill a customer-facing function effectively rather than simply to cater to the wishes of the owner(s). A departmentalized, functionally-based structure is adopted where managers are appointed to head marketing, production, and perhaps accounting or development departments.

The owner-manager plays a less central role in routine administration. In the Start-up stage the owner-manager(s) could take all the risks he/she wanted, but in the Growth stage the delegated leaders cannot. Strategy is still focused at the top of the hierarchy, with input from within the organization. Also, the product innovation emphasis becomes incremental rather than dramatic as the market pull makes extremely dramatic moves less necessary.

From a product development and delivery perspective, roles within the organization become more differentiated, and there is a relative increase in the sizes of the marketing, sales and operations organizations versus development to generate and fulfill demand. Due to the diversification of the product line and customer base, specialization is beginning to occur in responsibilities. In order to maintain control and direction of the firm, more formalized methods of information sharing are required as are cross-functional coordination activities. The formal emergence of project, program, and product managers will likely occur if they have not already appeared.

As indicated, drastic product innovation takes a back seat to incremental innovation. This is primarily the result of the growth of the existing product line being sufficient to drive the organizational success without taking significant risks. In addition, the existing customer base begins to influence the product evolution and resource allocation through smaller feature enhancements and product improvements.

One problem that can occur during the Growth stage is the crisis of autonomy. The limited decentralization of power coupled with less emphasis on major innovation activities makes the organization increasingly less responsive to market changes. The crisis that develops is driven by top-level managers' reluctance to delegate authority and creates the associated frustration at lower levels. The Growth stage officially begins to end as sales start to slow.

4.3. Maturity Stage

At Maturity, sales levels stabilize due to a high level of competitive activity and possibly due to market saturation. The company may be highly profitable and have a cash-cow product. The goal then becomes smooth and efficient functioning to maximize profits in the wake of declining sales growth. Firms demonstrate more concern for internal efficiency and install more control mechanisms and processes. Structures are in some ways similar to those found in the growth phase.

Departmental, functionally-based structures prevail since they continue to suit the focused product-market scope. By now, firms are usually run by professional managers who are somewhat more in favor of a participative management approach.

Nonetheless, firms do remain fairly centralized. There is less delegation of power than in the growth phase, perhaps because the simplicity and stability of operations make it easier for only a few key managers to dominate.

Firms in the Maturity stage are conservative with the level of innovation falling and a more bureaucratic organization structure established. Information processing activity changes in several key ways - there is more emphasis upon formal cost controls, budgets and performance measures. Companies also implement systems of coordination to enable their various business units and departments to work together. These efforts, however, tend to cause an influx of red tape. Coordination techniques such as product groups, formal planning processes, and corporate staff become, over time, a bureaucratic system that causes delays in decision making.

The Maturity stage shows a style of decision making which is less innovative, less proactive, and more risk averse than in any other phase. The aim is to not rock the boat and to focus upon efficiency rather than novelty. The tendency, more than in any other stage, is to follow the competition - to wait for competitors to lead the way in innovating and then to imitate the innovations if it proves to be necessary. The Maturity stage can persist for some period of time depending on the industry. As long as sales and profits are stable, there is not a huge incentive to change the status quo, even if industry threats loom on the horizon.

The product development and delivery structure is highly focused on analysis and cost control. In essence, the finance organization is running the product-based company. Development is primarily in a product sustaining or me-too development mode and justification of major activities is strongly tied to business case analysis. The marketing organization will be more focused on monitoring competition and on pricing and promotion strategies in a highly competitive and defined market versus finding

innovative new offerings or markets. There may be some projects looking at potential future technologies and products, but they will tend to be underfunded and not prioritized as major initiatives.

Ultimately, the crisis that strikes the firm in the Maturity stage is the envisioned or actual progression to the Decline stage. While the realization may occur, the firm and its managers are paralyzed by a combination of bureaucratic processes and lack of innovation capabilities.

4.4. Revival Stage

The Revival stage is optional and can occur during a Mature or Decline stage for a firm who recognizes and initiates drastic changes to alter their current trajectory. This is typically a phase of diversification and expansion of product-market scope. Firms pursue rapid growth through innovation, acquisition, and diversification and this involves a good deal of risk taking. New top-level leadership is often required to initiate or effectively implement this stage and it is also a period of necessarily increased investment.

It also encourages a focus on innovation rather than imitation of the strategies of competitors as in the Maturity stage. Risk is mitigated and informed by an analytical, reflective and participative approach to decision making. It is common for task forces and project teams to be formed to analyze major capital expenditures, innovations or acquisitions. Groups of experts come together to analyze problems and to generate and evaluate different solution alternatives in a systematic and scientific way. Some firms begin adopting divisional and matrix structures for the first time in order to cope with the more complex and heterogeneous markets. Decision-making needs to be accelerated, and thus typically pushed down lower in the organization and with fewer formal hurdles at an executive level.

Information processing also becomes much more diverse and expanded. Instead of a focus on financial controls and performance reporting, the need for information to inform about market and customer opportunities is required. Reorganizing data around markets and sub-segments is required, in addition to potential research into new trends and opportunities. In order to support an innovation mindset across the organization, information availability and sharing must be enabled.

Significant changes begin to take place in the product-market strategies being followed. For example, there are more major and minor product-line and service innovations than in any other period. Also, new markets are entered for the first time as firms seek

to become more diversified. For the product development and delivery organizations, this can be a very exciting time and also very chaotic. The drivers and expectations are on rapid growth and opportunities are high, but analysis and internal coordination across a number of different functions is demanded. Acquisitions require due diligence activities in addition to post agreement product and system integration. Collaboration is key, both through formal structures and processes, and through informal networks and partnerships.

The crisis that results from the Revival stage can follow one of two paths: the revival itself was not successful and sales growth does not occur; or the revival was successful and maintaining continued high growth is challenging for such a diverse and large firm.

4.5. Decline Stage

The Decline stage is marked by declining sales and profitability. It is often preceded by market stagnation and firms begin to decline with them. Profitability drops because of the external challenges and because of the lack of innovation. Firms in the decline stage react to adversity in their markets by becoming stagnant. Decision making is characterized by extreme conservatism. There is little innovation, an abhorrence of risk taking, and a reluctance even to imitate competitors' innovations, let alone lead the way.

Firms tend to conserve resources depleted by poor performance by abstaining from product or service innovation. Their sales are poor because their product lines are unappealing versus alternatives, such as new technology solutions. The market scope of declining firms is quite narrow as they begin to sell-off non-core or underperforming divisions, laying somewhere between that of firms in the Start-up and Growth stages. One of the most notable structural features of firms in the Decline stage is the absence of any well-developed information processing mechanisms. Finally, communications between hierarchical levels and across departments are poor.

The product development and delivery functions are likely minimal or non-existent. It's possible that a Revival stage will be initiated, but the reality may be that the company can no longer afford to invest due to the decline of the entire market. The cash cow is already ground beef.

5. Vision, Mission, and Value

A mission statement is a guiding light for a business and the individuals who run the business. It is usually made up of three parts:

5.1. Vision (big picture idea of what you want to achieve)

Your vision communicates what your organization believes are the ideal conditions for your organization – how things would look if the issue important to you were perfectly addressed. This utopian dream is generally described by one or more phrases or vision statements, which are brief proclamations that convey the organization's dreams for the future. By developing a vision statement, your organization makes the beliefs and governing principles of your organization clear to the greater community (as well as to your own staff, participants, and volunteers).

5.2. Mission (general statement of how you will achieve your vision)

Developing mission statements are the next step in the action planning process. An organization's mission statement describes what the group is going to do, and why it's going to do that. Mission statements are similar to vision statements, but they're more concrete, and they are definitely more "action-oriented" than vision statements. The mission might refer to a problem without going into a lot of detail. They start to hint - very broadly - at how your organization might go about fixing the problems it has noted.

While vision and mission statements themselves should be short, it often makes sense for an organization to include its deeply held beliefs or philosophy, which may in fact define both its work and the organization itself. One way to do this without sacrificing the directness of the vision and mission statements is to include guiding principles as an addition to the statements. These can lay out the beliefs of the organization while keeping its vision and mission statements short and to the point.

5.3. Value (how you will behave during the process)

Whether written to be effective or ineffective, Mission Statements and Vision Statements are relatively common in this sector. But that is where most organizations stop. Vision and Mission Statements of where we are headed, and what we will do to get there. It is the rare organization that takes the time to then define HOW they will do that work - the talk they want to walk.

The only way we can create an amazing future for our communities is if we do our work in a way that reflects universally shared values. This ensures we do not squander our time and resources rationalizing our actions. It helps to ensure we are not potentially squandering our community's goodwill.

Further, if your goal is to create the future of your organization - the lofty goals of your

vision statement - then you will want to ensure your work reflects the values you want to see in your organization.

A Values Statement provides the tools for the organization to accomplish that. First, the Values Statement will look outside the organization, to the visionary outcomes you want to create for your community, such as “what values will need to be present in the community for your vision to come to pass?”, “what values would the community need to emphasize?”, and “what values would have to be the norm?”

From there, the Values Statement will look inside, to see how your own work will model those values, to teach those values by example: How will your work reflect those values? How will you ensure you are modeling those values to the community? When you have a tough decision to make, will you always err on the side of those values?

6. Strategic Management

Strategy is about positioning an organization to have a competitive advantage by making choices about: 1).which countries/industries to participate in; 2).what products/services to offer; 3).how to allocate corporate resources.

The primary goal of strategy is creating value for shareholders and the other stakeholders by providing customer value. In a global organization, this may be a challenge, since stakeholder expectations may differ from one society to the next.

Strategic management involves positioning an organization for competitive advantage through decisions on market participation, product offerings, and resource allocation. The primary aim is to create value for shareholders and stakeholders by delivering customer value, which can be complex in a global context with varying stakeholder expectations. The process includes defining the organization's strategy, ongoing evaluation of the business environment and competitors, and setting and reassessing goals. Strategic planning is a component of strategic management, emphasizing communication of goals and actions to achieve them. Traditionally, a top-down approach was common, where top executives formulated the strategy and communicated it for implementation. The strategic management process consists of four key steps.

6.1. Environmental Scanning

Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organization.

SWOT Analysis is a useful technique for analyzing the internal and external environment including your **Strengths** and **Weaknesses**, and both the **Opportunities** open to you and the **Threats** you face. The aim of any SWOT Analysis is to identify the key internal and external factors that are important to achieving the strategic objective. These come from within the company's unique value chain.

6.1.1. Internal Analysis (Strength and Weakness)

Internal analysis examines the capabilities of the organization (or of the strategy, if the group has already developed and prioritized strategies). This is done by identifying the strengths and weaknesses.

6.1.2. External Analysis (Opportunity and Threat)

External analysis examines the context or environment in which the organization operates, such as partner agencies, authorizing environment, stakeholders, and the influence of economic or other demographic trends. The purpose of this analysis is to identify external factors that could in the future create opportunities for the organization (or the proposed strategy) and those that pose threats or obstacles to performance.



After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it.

6.2. Strategy Formulation

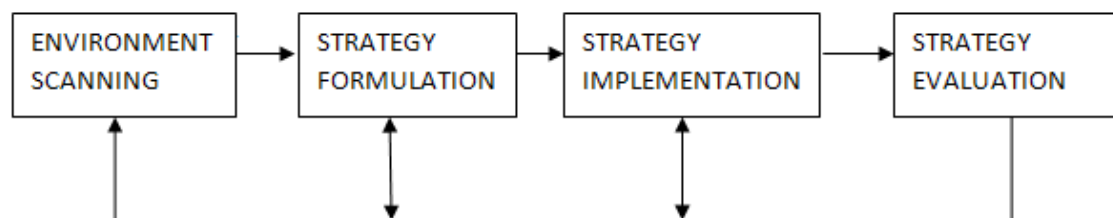
Strategy formulation is the process of deciding best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environment scanning, managers formulate corporate, business and functional strategies.

6.3. Strategy Implementation

Strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation includes designing the organization's structure, distributing resources, developing decision making process, and managing human resources.

6.4. Strategy Evaluation

Strategy evaluation is the final step of strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial/corrective actions. Evaluation makes sure that the organizational strategy as well as its implementation meets the organizational objectives.



7. Change Management

Organizational change is a response to various internal and external factors, and change management is the structured approach used to facilitate and guide these changes, making them more effective, efficient, and less disruptive to the organization and its employees. Change management refers to the systematic process of planning, implementing, and effectively managing organizational changes. It involves the coordinated efforts of HR professionals and leaders to facilitate transitions within an organization, encompassing changes related to policies, procedures, systems, structures, or culture.

The connection between change management and strategic management is a close one. Change management plays a vital role in aligning and executing an organization's strategic objectives. It ensures that changes required to meet those strategic goals are effectively implemented, and it addresses employee resistance, making the strategy's execution smoother and more sustainable. In essence, change management is the bridge that helps organizations turn their strategic plans into reality.

7.1. Why managing change is important

In the evolving workplace, people professionals and HR functions play a crucial role in

driving effective change by addressing various aspects such as organizational development, (re)design, due process, employee engagement, and clear communications during the change process. L&D professionals are essential for ensuring the long-term success of change through well-designed learning initiatives. Collaboration across departments is vital for anticipating, designing, and shaping organizational change comprehensively. Change management is critical due to the accelerating pace of change and the high failure rates of change initiatives, which can result in significant consequences like loss of market position, management changes, reduced credibility, talent attrition, and decreased employee engagement.

Moreover, evolving organizational forms, driven by competitive challenges and changing environments, are introducing new models alongside traditional ones. The COVID-19 crisis accelerated shifts in how and where work is conducted, necessitating adaptive change management responses. While newer models offer flexibility, they may introduce challenges such as knowledge sharing and efficiency concerns. Additionally, these models can impact communication and employee commitment, affecting overall change effectiveness and potentially leading to feelings of isolation or disruptions to established routines.

7.2. Key Considerations for Change Management

Several critical factors can adversely affect successful change management and require careful consideration and planning.

7.2.1. Organizational Issues

Effective change management requires a holistic approach, where individual initiatives are part of a broader change plan. Neglecting to align changes in structure with necessary system and process adjustments can hinder success. Effective project and program management disciplines are essential to meet timelines and desired outcomes. Adequate training in project management, change management, and leadership skills is crucial.

7.2.2. Communication

Poor communication can impede change efforts. Imposed changes may lead to employee resistance or misaligned expectations. Striking the right balance between project management and change enactment is essential. Effective leadership is critical for successful change implementation.

7.2.3. Resistance to Change

Resistance to change can manifest in various forms, from subtle undermining to active resistance like strikes. Two main types of resistance include resistance to the content of change (e.g., new technology) and resistance to the process of change (e.g., lack of consultation). Reasons for resistance include fear of loss of control, uncertainty, inconvenience, and threat to status. It's important to diagnose the cause of resistance to focus efforts on addressing underlying issues.

Neuroscience research suggests that "resistance to change" may be a deep-rooted threat response aimed at ensuring safety.

7.3. Enhancing Change Management

Change is a complex process with no one-size-fits-all solution. Research, in collaboration with the University of Bath, has identified ten techniques across three themes to improve change program effectiveness. While these areas should always be considered, the pace of change sometimes requires rapid responses. In such cases, focusing on communication and voice becomes crucial for achieving the best results in challenging circumstances.

7.3.1. Designing the Transformation

Leaders and change designers must assess and modify the context hindering change, creating initiatives that overcome obstacles.

7.3.2. Aligning Strategy and Culture

Successful transformation requires aligning strategic goals with a culture that supports those objectives.

7.3.3. Techniques for Building Understanding:

Ambiguity and Purposeful Instability: Ambitious yet clear change visions encourage individuals to question and understand their situation.

Narratives, Storytelling, and Conversations: Communication through stories helps individuals grasp new strategies and their implications.

Physical Representations, Metaphors, and Play: Using objects, symbols, and play engages individuals in meaningful change actions.

7.3.4. Managing the Transformation:

Relational Leadership: Transformation is achieved through negotiations and interactions rather than strict authority.

Building Trust: High levels of trust create conditions for successful change, with trustworthiness demonstrated through competence, benevolence, and integrity.

Voice, Dialogue, and Rethinking Resistance: Employee concerns should be seen as legitimate voices rather than resistance, and change champions can encourage feedback.

Emotion, Energy, and Momentum: Acknowledging and managing emotions throughout the change process, while maintaining energy and momentum, are essential for success.

7.4. HR in Managing Change

The CIPD (Chartered Institute of Personnel and Development) research delves into HR and L&D's role in change management through four case study organizations. It highlights the pivotal yet often behind-the-scenes role of people professionals as the 'stage directors of change.' To excel in facilitating transformational change, they should:

7.4.1. Embrace the role of the 'hidden hand' of change, working closely with the CEO and executive team to support their front-stage efforts.

7.4.2. Translate the overall vision effectively through mass communication, appropriate techniques, and system improvements.

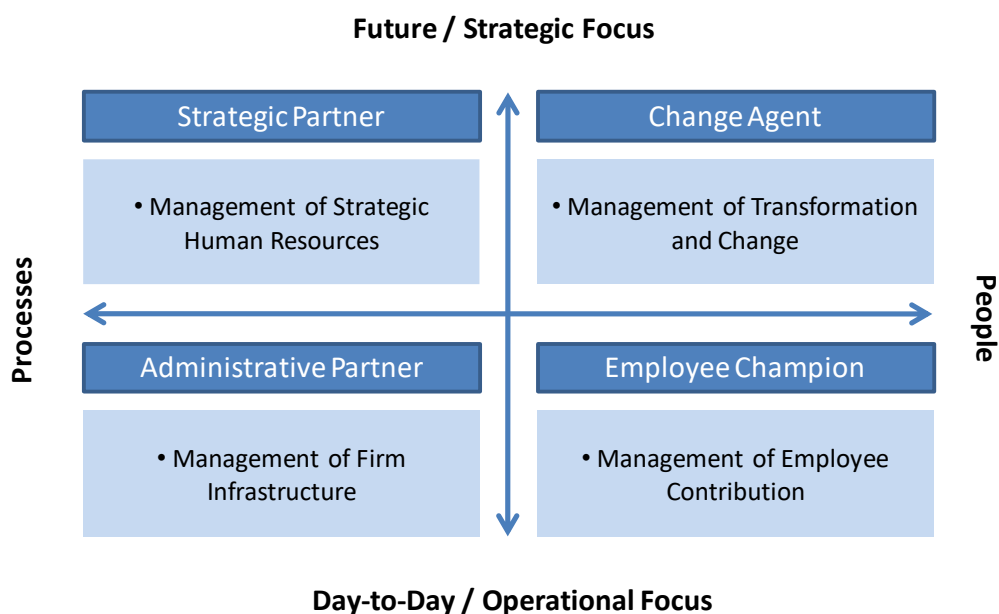
7.4.3. Foster change advocates, eliminate barriers, act on measurement data, and ensure leadership visibility.

The ability to facilitate change is a core knowledge area for all HR professionals. Balancing the interests of the business and employees during change may pose a challenge. However, the capacity to exercise situational judgment and uphold moral integrity positions them as trusted advisors, contributing to the organization's long-term sustainability. Given HR's impact on employees' lives, maintaining professional standards in challenging situations is essential.

Part Two: HR and the Best Practices

1. HR's Main Roles

In the new economy, winning will spring from organizational capabilities such as speed, responsiveness, agility, learning capacity, and employee competence. Successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions for seamless change. The need to develop those capabilities brings us back to the mandate for HR set forth at the beginning of this article. Let's take a closer look at each HR imperative in turn.



1.1. Becoming a Partner in Strategy Execution

The role of Human Resources (HR) in shaping an organization's strategy is not to create the strategy itself, but rather to act as an integral member of the executive team responsible for driving it forward. To fulfill this role as strategic partners, HR executives must facilitate and guide meaningful discussions on how the company's organizational structure can effectively support its strategic goals. Achieving this necessitates a structured approach comprising four key steps.

1.1.1. Defining Organizational Architecture:

First and foremost, HR should assume the responsibility of defining the organizational

architecture. This entails identifying the foundational model that underpins the company's operational framework. Numerous established frameworks, such as Jay Galbraith's star model and McKinsey & Company's 7-S framework, can be employed for this purpose. The choice of framework is less critical than the need for explicit articulation. Without such clarity, managerial perspectives may become myopic, focusing solely on structural aspects while overlooking critical elements such as systems, skills, and shared values, which are equally instrumental in driving strategy execution.

1.1.2. Conducting an Organizational Audit:

HR's next imperative is to conduct a comprehensive organizational audit. This audit serves as the equivalent of an architect examining an existing building to identify areas in need of improvement. Just as blueprints reveal structural flaws in a house, organizational-architecture plans help pinpoint components that require modification to facilitate strategy execution. HR plays a pivotal role in facilitating discussions around these blueprints and guiding management through the necessary adaptations.

1.1.3. Proposing Renovations:

The third role for HR as a strategic partner is to propose and implement renovations to the organizational architecture. This may encompass initiatives such as culture change programs or the redesign of appraisal and reward systems. When strategy execution demands a shift to a team-based organizational structure, HR assumes responsibility for presenting state-of-the-art approaches to senior management.

1.1.4. Setting Priorities and Self-Assessment:

Lastly, HR must engage in continuous self-assessment and priority setting. HR initiatives should be rigorously assessed for their alignment with strategy implementation and their potential impact on business outcomes. This necessitates collaboration with operational managers to systematically evaluate the significance and relevance of each initiative. Acquiring new skills and capabilities may be required to fulfill this evolving role effectively, enabling HR to confidently contribute value to the executive team and align HR functions with strategic objectives.

The concept of HR as a strategic partner represents a transformative shift, one that may necessitate skill development and knowledge acquisition. However, as HR evolves into this role, it becomes a vital component in driving organizational success and aligning HR functions with overarching business goals. Over time, the concept of HR as a strategic partner will demonstrate its profound business relevance.

1.2. Becoming an Administrative Expert.

For many years, HR professionals have often been associated with administrative tasks. In their new role as administrative experts, however, they must undergo a transformation, shedding the traditional image of rule-making policy enforcers while ensuring the efficient execution of routine tasks within organizations. To transition from their former role as administrators to their new one, HR personnel must enhance the efficiency not only of their own department but also of the entire organization.

Within the HR function, numerous processes offer opportunities for improvement in terms of speed, cost-effectiveness, and overall quality. Identifying and rectifying these processes is a central facet of the new HR's responsibilities. Some forward-thinking companies have already embraced this challenge, yielding impressive results. For instance, one company has established a fully automated and flexible benefits program that enables employees to manage their benefits without cumbersome paperwork. Another organization has harnessed technology to streamline resume screening and reduce the time required to hire new candidates. A third has implemented an electronic bulletin board facilitating direct communication between employees and senior executives. In all these cases, HR's work quality improved, and costs were reduced, often achieved by eliminating unnecessary steps or leveraging technology.

However, the benefits of HR assuming the role of the organization's administrative expert extend beyond cost reduction. Enhancing efficiency enhances HR's credibility, creating opportunities for HR to evolve into a strategic partner in executing the organization's strategy. Consider a scenario where a CEO had a negative perception of the HR staff because they had once sent a job offer letter with an incorrect salary figure (due to a decimal point error). Only after the HR staff demonstrated their ability to streamline organizational systems, deliver impeccable administrative services, and eliminate such errors did the CEO feel comfortable involving HR in strategic discussions.

HR executives can further establish their value as administrative experts by reimagining how work is executed across the organization. For instance, they can design and implement systems that allow different departments to share administrative services. An example is Amoco, where HR played a pivotal role in establishing a shared-service organization encompassing 14 business units. Additionally, HR can create centers of expertise that gather, coordinate, and disseminate crucial information about market trends, organizational processes, and best practices. These groups can function as internal consultants, not only reducing company expenses but also enhancing its competitive position.

1.3. Becoming an Employee Advocate / Champion.

Today's work environment is more demanding than ever, with employees continually facing the pressure to accomplish more with fewer resources. As organizations shift away from the traditional employment contract built on stability and predictable promotions, replacing it with vague assurances of trust, employees respond accordingly. Their relationship with the organization becomes transactional, where they contribute their time but not much beyond that.

However, this limited contribution is a recipe for organizational failure. Companies cannot thrive unless their employees are fully engaged. Engaged employees, those who feel valued, bring a myriad of benefits, including sharing innovative ideas, exerting extra effort, and delivering enhanced customer relations.

In this evolving landscape, HR professionals must take responsibility for ensuring employee engagement. Their role extends beyond organizing social events like picnics and parties, or conducting United Way campaigns, though these activities remain relevant. Instead, HR's new agenda supersedes these traditional tasks. HR must now focus on orienting and training line management about the significance of maintaining high employee morale and how to achieve it. Furthermore, the new HR role involves acting as the voice of employees in management discussions, offering opportunities for personal and professional growth, and providing resources to help employees meet the demands placed upon them.

To effectively orient and train line management on morale enhancement, HR can employ various tools, including workshops, written reports, and employee surveys. These tools aid managers in understanding not only specific sources of low morale but also the underlying conceptual causes. For example, HR may inform line managers that 82% of employees feel demoralized due to recent downsizing, which is valuable information. However, HR should go beyond this and educate the line about the factors contributing to low employee morale. Research by organizational behavior experts indicates that morale declines when employees perceive that the demands placed on them exceed the available resources to meet those demands. Unclear goals, unfocused priorities, and ambiguous performance metrics also contribute to morale issues. HR plays a pivotal role in providing senior executives with this crucial insight.

Furthermore, HR can recommend strategies to address morale problems, ranging from advocating for additional support staff to suggesting reengineering for certain tasks. This new HR role may involve proposing the use of more teams for specific projects or granting employees more control over their work schedules. It could also entail raising awareness among line managers about the potential for employees to be burdened

with repetitive or uninteresting tasks. For instance, Baxter Healthcare's HR department identified and addressed boredom-related issues by redesigning work processes to create a more direct connection between employees and customers.

In addition to educating operating managers about morale, HR staff must be strong advocates for employees. They should represent employee interests to management and actively participate in management discussions. Employees should have confidence that when decisions are made that affect them, HR's involvement clearly reflects their views and protects their rights. This advocacy must be visible and transparent, ensuring that employees trust HR as their voice before they are willing to share their opinions with HR managers.

1.4. Becoming a Change Agent.

In the realm of organizational dynamics, change is an omnipresent force, its pace accelerated by factors such as globalization, technological advancements, and the widespread access to information. This rapid rate of change distinguishes the winners from the losers in the business world. Successful entities possess the capacity to swiftly adapt, learn, and take decisive actions, while others struggle to control and master change.

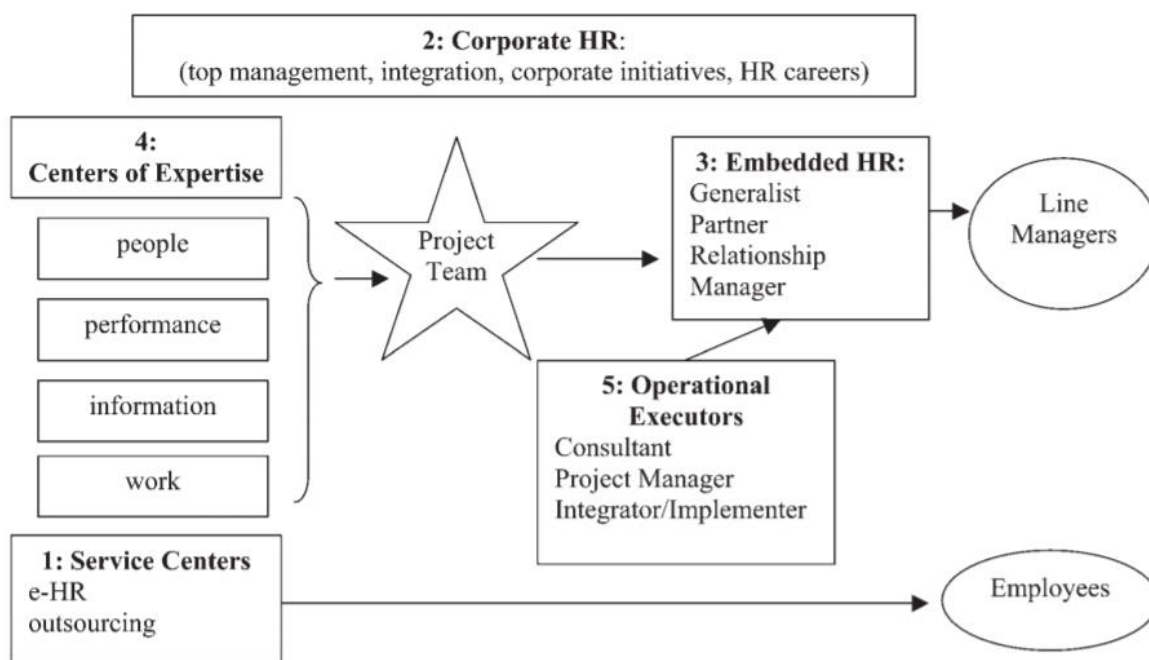
The evolving role of HR encompasses a fourth responsibility: facilitating the organization's readiness to embrace and leverage change. This entails ensuring that initiatives aimed at fostering high-performing teams, reducing innovation cycle times, or implementing novel technologies are effectively conceived, developed, and executed in a timely manner. Furthermore, HR plays a pivotal role in translating broad vision statements, such as becoming a global market leader, into tangible behaviors. This involves assisting employees in identifying the actions they need to cease, commence, or continue to make the vision a reality. A notable example can be found at Hewlett-Packard, where HR initiatives have empowered employees with more control over their work schedules, aligning with the company's core value of treating employees with trust, dignity, and respect.

Change often evokes fear and resistance among individuals, hindering progress. HR, as a change agent, aims to replace resistance with determination, planning with tangible outcomes, and apprehension with excitement about the prospects of change. The key to achieving this transformation lies in the establishment and utilization of a well-defined change model. HR professionals introduce this model to their organizations and guide executive teams through its framework, facilitating productive discussions and addressing the myriad questions that arise. The change model, in essence, becomes a managerial tool championed by HR. It aids organizations in identifying

critical success factors for change and evaluating the strengths and weaknesses associated with each factor. Although the process may be demanding, it represents one of HR's most valuable contributions. As change agents, HR professionals do not directly execute change initiatives, but they ensure that these initiatives are effectively implemented.

2. HR Organization

An HR structure must match the business structure. A holding company business structure would lead to a decentralized and dispersed HR organization. A single-business company would have an HR department organized by functions (staffing, training, rewards, organization design, etc.). But, since most large organizations diversify and operate with a multiple-business-unit structure, most HR departments are governed by more complex organization structures. Most large HR departments are emerging into five distinct roles and responsibilities, each with unique contributions.



Overview of the HR organization

Source: Ulrich, D., Young, J., & Brockbank, W. (2008)

In contemporary HR departments, a clear distinction has emerged between transactional and transformational functions. Transactional responsibilities encompass standardized, routine, and administrative tasks, often managed through service centers, e-HR systems, and outsourcing. On the other hand, transformational work, characterized by its

distinctiveness and strategic nature, finds its home within embedded HR teams and HR centers of expertise.

2.1. Service Centers

Service centers emerged in the late 1990s as HR leaders recognized the potential for increased efficiency in centralizing and standardizing many administrative tasks. Employees have become increasingly willing to seek answers to routine, standard inquiries through these service centers, and technological advancements have allowed these centers to access employees as effectively as or even better than alternative methods. Service centers benefit from economies of scale, allowing them to resolve employee needs and concerns with fewer dedicated HR resources. Moreover, they necessitate the standardization of HR processes, reducing redundancy and duplication. Service centers have revolutionized traditional HR functions, including employee assistance programs, relocation administration, benefits claims processing, pension plan enrollment and administration, applicant tracking, payroll, and learning administration.

Human Resource Information Systems (HRIS) or Electronic Human Resource Management (E-HRM) have gained prominence as technology empowers employees to manage much of their own HR administrative work. Employees can access information related to HR policies and usage, such as allocated and taken vacation days, retirement provisions, job or career opportunities, required qualifications, and their own skill levels through self-assessment surveys. Furthermore, they can handle numerous routine transactions at their convenience since automated systems are not constrained by office hours. Approximately 60 percent of employee HR inquiries or transactions can be independently addressed online.

Outsourcing operates on the premise that knowledge is an asset that does not necessitate ownership to be accessible. HR expertise can be shared across organizational boundaries through alliances, where two or more firms collaborate to establish a common service, or through direct procurement from specialized vendors. These vendors leverage economies of knowledge and scale. The economy of knowledge enables them to stay current with the latest HR research and technology, delivering transactional support that incorporates the most recent insights efficiently. Economies of scale allow for investments in facilities and technologies that might be impractical for a single company.

2.2. Corporate HR

HR professionals in corporate HR roles fulfill crucial responsibilities within the evolving HR organization, encompassing six key areas:

2.2.1. Establishing a Unified Culture and Identity

They cultivate a consistent organizational culture and identity that resonates with external stakeholders, including customers, investors, and communities.

2.2.2. Shaping Strategic Programs

They play a pivotal role in shaping programs that align with the CEO's strategic agenda, whether it involves fostering innovation, expanding globalization efforts, or customizing services to meet specific needs.

2.2.3. Ensuring Alignment with Business Goals

They guarantee that all HR activities conducted within the corporation are harmonized with overarching business objectives.

2.2.4. Mediating Disputes

They serve as mediators in resolving conflicts that may arise between centers of expertise and embedded HR teams.

2.2.5. Nurturing Corporate-Level Employees

They assume primary responsibility for nurturing and supporting employees at the corporate level, facilitating their growth and development.

2.2.6. Fostering HR Professional Development

They are dedicated to fostering the professional development of HR practitioners within the organization, ensuring that the HR team remains well-equipped to meet the evolving demands of the corporate landscape.

2.3. Embedded HR

In intricate organizational structures, certain HR professionals operate within defined organizational units based on factors such as geography, product lines, or functions. These HR experts, often referred to as "embedded HR," assume various titles, including

relationship manager, HR business partner (HRBP), or HR generalist. Regardless of their specific designation, they directly collaborate with line managers and the leadership team of their respective organizational units. Their roles encompass the following HR functions:

2.3.1. Strategic Engagement

Embedded HR professionals actively participate in discussions surrounding business strategy. They represent employee interests and delve into the implications of organizational change.

2.3.2. Requirement Definition

They delineate the requirements essential for attaining business objectives and identify potential problem areas within the organization.

2.3.3. HR Practice Selection

They are responsible for selecting and implementing HR practices that align most effectively with the execution of the business strategy.

2.3.4. Performance Measurement

Lastly, they assess and monitor performance to ascertain whether the HR investments made by the organization yield the anticipated value.

2.4. Centers of expertise (CoE)

Centers of expertise or centers of excellence (CoE) function as specialized consulting entities within the organization, akin to internal consulting firms. Depending on the organization's size, these centers may have a corporate-wide reach or operate regionally, such as in Europe or on a country-specific basis. CoEs often operate like independent businesses, catering to multiple clients within the organization's various business units. Their funding mechanisms may involve user fees, a "chargeback" formula, or an overhead charge for fundamental services. The financing approach for CoEs can vary, with some focused on cost recovery and others pegged to market prices.

Typically, business units are encouraged to engage with CoEs through their embedded HR units before considering independent external vendors for specific needs. When working with CoE experts, if the decision arises to collaborate with external vendors, the knowledge acquired from these vendors is then incorporated into the

organization's menu of services for broader utilization. CoE HR professionals fulfill several critical roles:

2.4.1. Service Menu Alignment

They align service menus with the capabilities that drive the organization's business strategy.

2.4.2. Needs Diagnosis

CoE professionals diagnose organizational needs and recommend services best suited to address specific situations.

2.4.3. Collaboration with Embedded HR

They collaborate closely with embedded HR professionals to select and implement the most appropriate services.

2.4.4. Development of New Offerings

CoE professionals are responsible for creating new service offerings if the existing ones are deemed inadequate.

2.4.5. Menu Management

They oversee and manage the service menu, ensuring it remains relevant and effective.

2.4.6. Learning Community Facilitation

CoEs take on the role of shepherding the learning community within the organization, fostering continuous development and knowledge sharing.

2.5. Operational HR

Many HR departments have made efforts to implement the model outlined above, involving shared services (service centers and centers of expertise) and embedded HR. However, these departments often encounter challenges where some tasks remain unaddressed. Embedded HR professionals, who are expected to be strategic and conduct organizational diagnoses, often become overwhelmed by operational HR tasks that conflict with their strategic focus. This situation hinders their ability to allocate

time for strategic activities.

Embedded HR professionals find themselves increasingly involved in individual casework, operational tasks, analysis and reporting, project delivery, and business initiative implementation. These operational tasks are typically not handled by service centers or centers of expertise due to their unique nature or personal attention requirements. As a result, embedded HR professionals may become entangled in operational work even when they possess the skills and capability to be more strategic.

Another challenge arises from the rapid pace of program changes initiated by corporate HR or centers of expertise. Embedded HR professionals are expected to keep up with numerous corporate initiatives, spanning from new measurements and training programs to modifications in performance management systems. This often leads to a situation where embedded HR professionals are encouraged to be strategic by line management but required to focus on implementation by corporate HR.

In some cases, embedded HR professionals may lack the confidence or skills to operate at a more strategic level, with the immediacy and familiarity of operational requirements outweighing the appeal of a more strategic focus. HR professionals in centers of expertise may offer insights and choices but do not actively participate in operational implementation. Service centers address administrative challenges but do not handle the implementation of new administrative systems at the business level.

What has been missing in some HR restructuring efforts is the capacity to deliver and implement ideas generated by the centers while maintaining a focus on the business and its customers. Companies are adopting various approaches to address these implementation gaps:

2.5.1. Some companies have introduced junior business partners assigned to HR generalists or business partners to translate strategic ideas into operational practices within the business.

2.5.2. Others have created HR operational consultant teams dedicated to specific business units to turn strategies into action, focusing on project work and project implementation.

2.5.3. Certain companies employ case advisors from the service center to follow up on employee requests.

As organizations transition into truly global entities, there is a growing need for

standardized practices in employee development for succession management and leadership competency development. Centers of excellence continually provide innovative HR practices, expecting embedded HR groups within business units to implement them. However, embedded groups are often occupied with managing both strategic and day-to-day business requirements, resulting in tensions. Companies are exploring the possibility of establishing an operations HR unit that offers support to both centers of expertise and embedded HR units.

Some organizations introduce a fifth component known as the HR consulting pool, consisting of high-performing midlevel HR professionals managed as a unified unit. This pool supports joint efforts between center and embedded HR teams to implement HR projects, ensuring that well-defined issues are effectively addressed and not delegated to line management.

Each company experiments with solutions to a common problem: how to ensure HR implements cutting-edge strategies tailored to business needs. This role, referred to as an operational executor, necessitates blending business requirements for success, driven by embedded HR professionals, with innovative HR practices from centers of expertise into an operational plan that can be executed effectively.

Operational HR roles demand specific competencies and are suitable for individuals who excel in execution and implementation rather than focusing on strategic relationships (embedded HR) or new knowledge creation (centers of expertise). Nevertheless, operational HR roles can serve as valuable developmental opportunities for both embedded and center professionals. Over time, HR organizations will find that operational HR benefits from a mix of seasoned professionals who enjoy this work and rotational resources.

3. HR Outsourcing

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.

Determining whether to outsource human resources is a pivotal decision for organizations, but it's essential to weigh various factors before making this choice. The benefits of outsourcing HR are summarized as follows:



Reclaiming Core Focus: Top executives in large enterprises often find themselves overwhelmed by day-to-day HR challenges, diverting their attention from their primary objectives. Outsourced HR professionals play a crucial role in refocusing leadership on strategic goals while efficiently managing complex HR paperwork and other essential tasks. By collaborating with HR professionals, employees can also develop and grow while maintaining a clear focus on achieving the organization's core objectives. Outsourcing HR functions can help organizations improve focus by streamlining administrative tasks, accessing specialized expertise, and aligning HR efforts with strategic goals. This, in turn, allows HR professionals to concentrate on activities that enhance the organization's overall success.

Cost savings: Another key factor is cost savings; outsourcing HR can reduce the financial burden associated with maintaining an in-house HR department, particularly for small businesses with limited budgets. A fully functional HR department necessitates a substantial infrastructure and a large workforce, making outsourcing a more cost-effective option.

Efficiency: Outsourcing HR allows employees, supervisors, and managers to focus on improving workforce quality, efficiency, and effectiveness rather than getting bogged down in paperwork. Outsourced HR providers often employ advanced technology, streamlining administrative processes and enhancing overall productivity.

Definite impact: Moreover, outsourcing can lead to a definite positive impact, aligning HR strategies with organizational goals. However, it's crucial to thoroughly research your industry and business nature to ensure that outsourcing will yield the desired results. If

uncertain about the process, consulting a reliable HR consultant is advisable.

HR technology investment avoidance: HR outsourcing also helps companies avoid investing in HR technology, as many outsourced providers use self-automated software that empowers employees to handle HR clerical tasks efficiently.

Strategy delivery: Furthermore, HR departments play an essential role in long-term planning and strategy delivery, especially as organizations grow. Outsourcing can free up substantial resources, including financial, operational, and human resources, allowing HR teams to focus on strategic initiatives and projects.

Quality improvement: Quality improvement is another benefit, as outsourcing streamlines administrative HR tasks and ensures that efficient systems, technology, and standards are in place. This enhances employee motivation and job satisfaction within the organization.

Risk management: Risk management is a significant advantage of outsourcing, particularly in a changing legal landscape. HR departments are well-equipped to manage complex functions such as compliance and paperwork, reducing the risk of employee-related lawsuits and false allegations.

Knowledge base increases: Additionally, outsourcing can expand a company's knowledge base, keeping it updated with industry trends and best practices. Reputable HR organizations provide training and expertise to ensure that HR departments remain competitive and effective.

Employer branding awareness: The HR department plays a pivotal role in recruiting, and selecting the right candidates can significantly impact a company's brand. Outsourcing ensures that recruitment processes are efficient and aligned with industry standards, attracting skilled candidates and reducing turnover rates.

Enhanced Productivity and Customer Service: In the case of large companies with HR departments spread across different time zones, the advantage of continuous operations becomes evident. Even during non-business hours, significant progress can be made. Furthermore, for businesses with international expansion, customers can access product information through the HR department in their own time zones. This results in improved customer satisfaction as clients receive information promptly, without having to wait for their local business hours to commence.

3.1. Outsourcing

Managing different aspects of employee management processes on a day-to-day basis is a complicated task—one that requires a substantial amount of energy, time, and expertise. By adopting a sound and cost-effective human resources outsourcing

solution, HR can transfer this responsibility to a third party and focus solely and completely on what HR do best- managing and growing your business!

Many large and mid-sized companies turned to outsourcing as a way to realize the future state of HR service delivery. They transferred a large portion of the HR department's processes, technology, and people to outsourcing providers with the expectation that those firms would effectively transform the delivery of HR by providing an outsourced shared services model.

3.2. Offshoring

Outsourcing HR is gaining momentum both locally and overseas. Offshoring is the process by which companies undertake some activities at offshore location instead of in their country or origin. The biggest reasons for outsourcing offshore are lower administrative costs and increased access to a highly skilled workforce. More and more organizations are handing over back office operations and transactions processes, offshoring payroll, paperwork, processing and administration, among other HR functions. Among the factors that often attract companies to offshore outsourcing is the opportunity to access best HR practices, as well as critical mass expertise and technology.

Not surprisingly, global outsourcing is not without controversy – and consequently not without risks. Exchange rates can be volatile so cost advantages often fluctuate along with them. Also, one of the biggest issues companies face is potential backlash from the public and unions, as well as opposition from politicians. People are fearful of job losses and offshoring can sometimes create a publicity nightmare.

And sometimes the day-to-day running of the business can also be difficult from abroad. There can be issues with infrastructure in terms of finding consistent telephones and power and water supplies that are reliable. With offshoring there's a number of key decisions that have to be made, ranging from deciding where best to locate the offshore operation to how best to resource and manage it and how best to operate and deliver the services.

Extensive research, transparency, a solid understanding of the scope of the project, the capabilities of the workers and the global reach and a well-planned transitional approach are keys to making offshore outsourcing run smoothly.

3.3. HR Outsourcing Services

HR outsourcing services generally fall into four categories: PEOs, BPOs, ASPs, or e-

services. The terms are used loosely, so a big tip is to know exactly what the outsourcing firm you are investigating offers, especially when it comes to employee liability.

3.3.1. Professional Employer Organization (PEOs)

- A Professional Employer Organization (PEO) assumes full responsibility of your company's human resources administration. It becomes a co-employer of your company's workers by taking full legal responsibility of your employees, including having the final say in hiring, firing, and the amount of money employees make. The PEO and business owner become partners, essentially, with the PEO handling all the HR aspects and the business handling all other aspects of the company.
- By proper definition, a service is only a PEO when it takes legal responsibility of employees. But take note--some HR outsourcing services like to use the recognized term "PEO" when they handle the primary aspects of HR like payroll and benefits, yet they do not take this legal partnership.

3.3.2. Business Process Outsourcing (BPOs)

- Business Process Outsourcing is a broad term referring to outsourcing in all fields, not just HR. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process. Specifically in HR, a BPO would make sure a company's HR system is supported by the latest technologies, such as self-access and HR data warehousing.

3.3.3. Application service providers (ASPs)

- Application service providers host software on the Web and rent it to users-some ASPs host HR software. Some are well-known packaged applications (People Soft) while others are customized HR software developed by the vendor. These software programs can manage payroll, benefits, and more.

There are no clear-cut price ranges with HR outsourcing. The fees range greatly between services, as well as within the services. Aspects like number of employees, the options you choose to use, and even geography, will affect your overall cost. Contracts with HR outsourcing firms will usually run a year. But you should work in a clause in which you can give 30 days' notice to break the contract if you are dissatisfied with the services or don't need the services anymore.

There are some definite drawbacks to not having an HR manager in-house. An in-house

HR person handles perks that you can't necessarily count on an outsourcing service to carry out--like looking into group offerings, building employee incentive programs, even taking care of recognition for employees' birthdays. And employees may want someone in-house--an impartial co-worker they can trust and see daily--to turn to if they have a work-related problem or dispute with another co-worker.

Because an in-house HR person interacts daily with your employees, they will likely have more of an interest in your employees. Also, in the case of using a PEO, giving up the right to hire and fire your employees may not be desirable for your particular business. Most PEOs insist that they have the final right to hire, fire, and discipline employees. While having the extra time and not having to deal with the stress of this may be appealing, you may not want this responsibility out of your hands.

If you have fewer than 100 employees, you should consider outsourcing HR. At this size, you often don't have the resources for an in-house HR staff, so outsourcing is just right for you. You don't have to worry about managing all the details that are so critical to HR in your business, and most small-business owners just don't have the skills and experience to do so. Remember, HR functions must be handled correctly as close to 100 percent of the time as possible; slip-ups can cause your business major problems.

If you're uncertain about outsourcing everything but know you don't have the staff or experience to keep it in-house, try outsourcing only certain parts, such as payroll and benefits. You can also purchase HR software right off the shelf to support any in-house efforts. And if you decide to use an e-service, the same issues you'd have with any ASP remain. When everything is stored and handled online, there are concerns about security as well as potential crashes, both of which can be detrimental to your business.

3.4. Cosourcing and Insourcing

Cosourcing arrangement refers to an enterprise outsources only one part of a function. Co-sourcing is a way of attacking the problem by providing a service without having to be fully outsourced RPO.

Insourcing refers to contracting a function out to another entity that manages and performs the function on-site, transferring a previously outsourced function back in-house, or the hiring of local workers by foreign companies operating subsidiaries locally. Open sourcing is a way of eliciting innovative ideas from nonemployees or contractors.

3.5. Outsourcing Process

3.5.1. Analyze needs and objectives

- A thoughtful needs analysis is the most critical stage in which project goals and expectations of the potential third-party contractor are defined.

3.5.2. Plan the budget

- Know what can be spent for the outsourced service and what it costs to provide that service in-house. This information provides a look at the expected financial return on investment.

3.5.3. Develop request for proposal (RFP)

- An RFP is a written request asking contractors to propose solutions and prices that fit the customer's requirements. The purpose of all RFP is not only to ensure that responses actually meet HR's needs but also to ensure some consistency among responses so that the responses may be more easily compared.

3.5.4. Forward RFPs to potential vendors

- Instructions on the manner and date for submission should be included in this request.

3.5.5. Evaluate vendors

- These variables differ based on the organization's size, priorities, and industry. For procuring HRIS, their ability to meet specifications, customization options, and price should be considered.

3.5.6. Choose vendor

- Get the names of possible contractors, state contractor licensing, ask to see their certificates for insurance, and assess their business longevity.

3.5.7. Set up contract

- This written contract will describe not only the key deliverables of the project but will include additional information such as implementation time frames, payment terms, performance standards, training expectations, and upgrade costs and responsibilities.

3.5.8. Develop and execute project plan

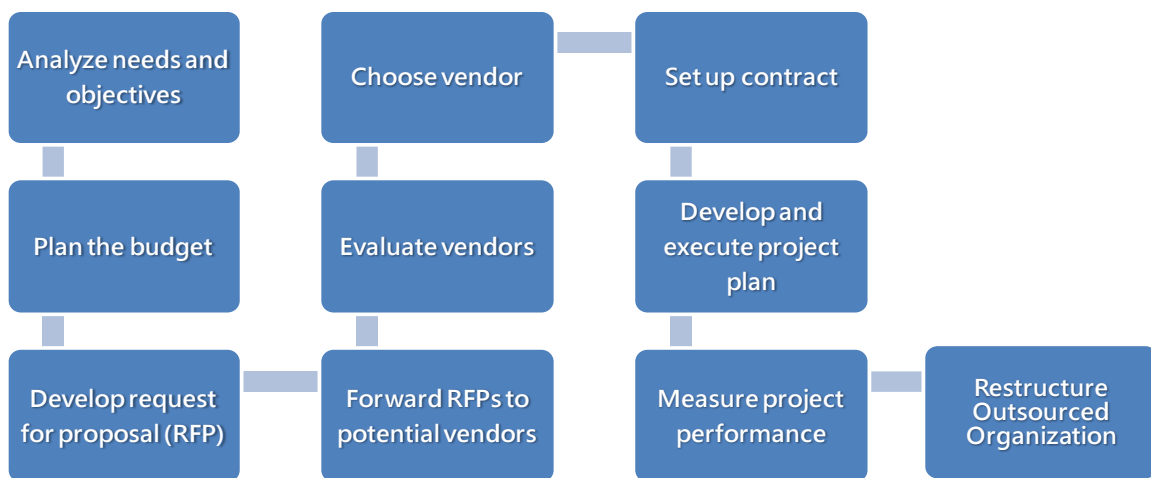
- Conduct an initial project planning meeting to review and refine implementation targets in the project schedule. Outsourcing may curtail loss of morale, and therefore it is important to have an employee briefing when an outsourcing partner is announced. This enables employee questions to be answered, and it provides the business rationale for the outsourcing decision in a consistent manner for all employees.

3.5.9. Measure project performance

- All payment terms are -usually settled and the contractor could ask for an evaluation of its services.

3.5.10. Restructure Outsourced Organization (if applicable)

- It challenges management to build a more flexible organization structured around core competencies and long-term relationships.



Focus on Core Competencies and Outsource the Rest.

HR metrics play a vital role as meaningful indicators, empowering HR professionals to oversee, gauge, and even foresee performance across various facets of human resources management. Nevertheless, it is crucial to acknowledge that not all HR metrics hold equal importance. As outlined in the PHRi exam content, we can categorize HR metrics into four key areas, as detailed below:

4. HR Metrics

HR metrics that focus on efficiency and effectiveness across HR departments, people, and the organization are critical for measuring and improving HR's impact on the overall business. These metrics assess how HR functions contribute to organizational goals and help in optimizing HR processes.



4.1. HR Metrics in Recruitment

4.1.1. Time-to-Hire

Time-to-Hire (TTH) is an HR metric that measures the number of days it takes for an organization to complete the hiring process from the moment a job opening is posted to the moment a candidate accepts the job offer. This metric focuses on the efficiency of the recruitment process and provides insights into how quickly an organization can identify, evaluate, and hire suitable candidates.

Let's say a company posted a job opening for a software developer on January 1st. The company received 50 applications, conducted initial interviews, technical assessments, and final interviews, and made a job offer to a candidate who accepted it on February 15th. In this case:

Time-to-Hire = February 15th (date of offer acceptance) - January 1st (date of job posting) = 45 days

So, the time-to-hire for this position is 45 days, indicating the recruitment process took 45 days to complete.

4.1.2. Time-to-Fill

Time-to-Fill (TTF) is another HR metric that measures the number of days it takes to fill a specific job vacancy once the organization has actively started the recruitment process for that position. Time-to-fill focuses on the speed of finding a suitable candidate for a specific job role.

Imagine a company had a vacancy for a marketing manager position that was actively being recruited for. The company began the recruitment process on February 1st and successfully filled the position when the selected candidate started on March 15th. In this case:

Time-to-Fill = March 15th (date the position was filled) - February 1st (start of recruitment process) = 42 days

So, the time-to-fill for this marketing manager position is 42 days, indicating that it took 42 days to find a suitable candidate and fill the job vacancy.

Both time-to-hire and time-to-fill metrics provide valuable insights into the efficiency of an organization's recruitment process, helping HR professionals optimize their hiring strategies and reduce time-to-fill and time-to-hire durations.

4.1.3. Cost per Hire (Total Cost of Hiring / Number of New Hires)

Another crucial metric is 'Cost per Hire,' which shows how much it costs the company to hire new employees. To calculate this, consider your annual internal recruiting costs of \$50,000, external recruiting costs of \$30,000, and 20 new hires in the year:

- Cost per Hire = (Internal Recruiting Costs + External Recruiting Costs) / Number of Hires
- Cost per Hire = (\$50,000 + \$30,000) / 20 hires
- Cost per Hire = \$80,000 / 20 hires
- Cost per Hire = \$4,000 per hire

In this example, the cost per hire is \$4,000.

4.1.4. Early Turnover (Percentage of Recruits Leaving in the First Year)

'Early Turnover' is a critical metric to determine hiring success. It indicates whether there is a mismatch between the person, the company, or the position. Suppose you hired 50 employees last year, and 10 of them left the company within the first year:

- Early Turnover Rate = (Number of Early Leavers / Total Number of Hires) x 100
- Early Turnover Rate = (10 / 50) x 100
- Early Turnover Rate = (0.2) x 100
- Early Turnover Rate = 20%

In this example, the early turnover rate is 20%.

4.1.5. Time Since Last Promotion (Average Time in Months Since Last Internal Promotion)

'Time Since Last Promotion' is useful in explaining why high potentials leave. Suppose you have 30 high-potential employees:

- Average Time Since Last Promotion = Total Time Since Last Promotion / Number of High-Potential Employees
- Average Time Since Last Promotion = 360 months / 30 employees
- Average Time Since Last Promotion = 12 months

In this example, the average time since the last internal promotion for high-potential employees is 12 months.

4.1.6. Employee Net Promoter Score (eNPS)

eNPS is an HR metric that measures employee satisfaction and loyalty within an organization. It is adapted from the Net Promoter Score (NPS) commonly used in customer feedback assessments. eNPS aims to evaluate how likely employees are to recommend their workplace to others, which serves as an indicator of overall employee satisfaction and engagement.

To calculate eNPS, organizations typically administer a survey to employees, asking a single key question: "On a scale of 0 to 10, how likely are you to recommend our organization as a place to work?" Based on their responses, employees are categorized into three groups:

Promoters (score 9-10): These are enthusiastic and loyal employees who are likely to recommend the organization.

Passives (score 7-8): These employees are somewhat satisfied but not particularly enthusiastic, which makes them less likely to actively promote the organization.

Detractors (score 0-6): Detractors are dissatisfied employees who may not recommend the organization and could potentially harm its reputation.

The eNPS score is calculated by subtracting the percentage of detractors from the percentage of promoters. The resulting score can range from -100 to +100, with higher scores indicating a more positive and engaged workforce. Organizations can use eNPS results to assess their workplace environment, identify areas for improvement, and track changes in employee satisfaction over time.

Suppose a company surveys its employees and receives the following responses:

- Promoters (score 9-10): 60% of respondents
- Passives (score 7-8): 20% of respondents
- Detractors (score 0-6): 20% of respondents
- To calculate eNPS:
- $\text{eNPS} = \text{Percentage of Promoters (60\%)} - \text{Percentage of Detractors (20\%)}$
- $\text{eNPS} = 60\% - 20\% = 40$

In this example, the company's eNPS score is +40, indicating a relatively positive level of employee satisfaction and a strong likelihood that employees would recommend the organization as a place to work.

4.2. HR Metrics Related to Revenue

4.2.1. Revenue per Employee (Revenue / Total Number of Employees)

The 'Revenue per Employee' metric is a key indicator of the organization's overall efficiency. It measures how effectively the company generates revenue per employee, reflecting the quality of its workforce. For instance, if a company generates \$10 million in revenue and employs 100 people:

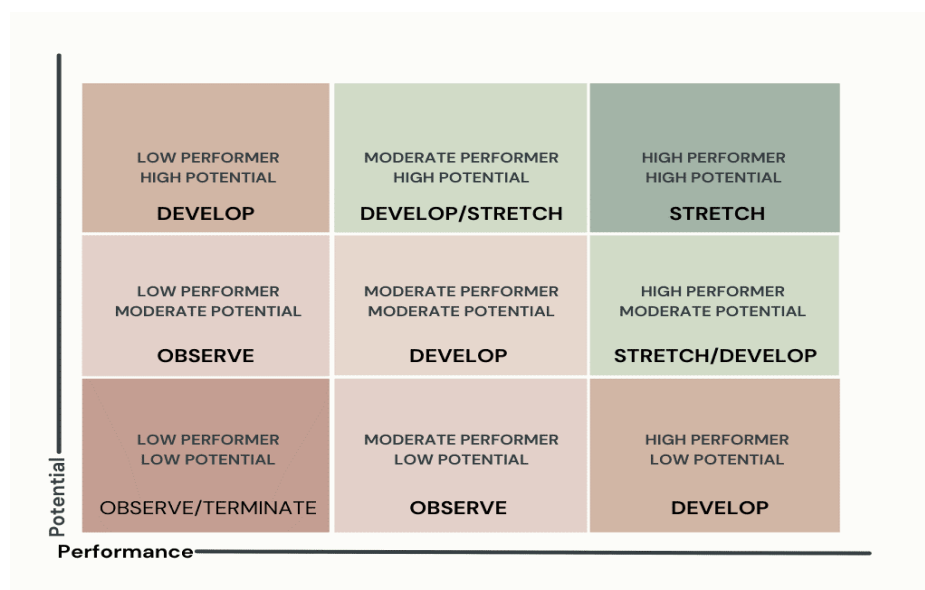
- Revenue per Employee = Total Revenue / Total Number of Employees
- Revenue per Employee = \$10,000,000 / 100 employees
- Revenue per Employee = \$100,000 per employee

In this example, the revenue per employee is \$100,000.

Check out this Business Insider article to see how the top 12 tech companies in the world score on this metric.

4.2.2. Performance and Potential (The 9-Box Grid)

The 'Performance and Potential' metric involves using a 9-box grid to assess both an individual's current performance and their potential in three levels: underperformers, valued specialists, emerging potentials, or top talents. This model helps differentiate between wanted and unwanted turnover. To apply this metric effectively, HR professionals consider various performance measurements such as Net Promoter Score, management by objectives, number of errors, 360-degree feedback, forced ranking, and more.



The 9-box grid serves as a valuable tool for identifying high-performing individuals within the organization who exhibit significant potential to become future leaders. It facilitates strategic resource allocation to effectively engage and cultivate the next generation of organizational leaders. Furthermore, when internal promotion opportunities arise, the 9-box grid aids in identifying suitable candidates for consideration.

While seeking out high-potential leaders within the 9-box grid, it also highlights individuals who may currently face challenges in their roles or require specific skill enhancements. This process sheds light on employees who may benefit from further investigation by HR and managers, allowing for tailored support to help them progress toward their career objectives and enhance their performance.

After employees have been allocated to their respective segments within the 9-box grid, managers can craft personalized development plans for each employee according to their grid placement.

As a general guideline, it is advisable to allocate the greatest amount of time and resources to high performers with high potential, while dedicating fewer resources to low performers with low potential. The level of investment should progressively rise as you move to the right and upward on the grid, and conversely decrease as you move to the left and downward.

4.2.3. Billable Hours per Employee

'Billable Hours per Employee' is a concrete performance measure, particularly relevant in professional service firms like law and consultancy firms. It calculates the number of billable hours worked by each employee. For example, if a law firm records a total of 50,000 billable hours with 10 employees:

- Billable Hours per Employee = Total Billable Hours / Total Number of Employees
- Billable Hours per Employee = 50,000 hours / 10 employees
- Billable Hours per Employee = 5,000 hours per employee

In this example, each employee worked an average of 5,000 billable hours.

This metric is also related to 'Employee Utilization Rate,' which measures the portion of an employee's working time spent on billable tasks.

4.2.4. Engagement Rating

An engaged workforce is a productive one, making 'Engagement Rating' a crucial 'soft' HR outcome. It indicates how engaged employees are and their level of satisfaction with their job and company. Several methods, such as surveys or questionnaires, can measure engagement. For instance, if an engagement survey rates employee engagement on a scale of 1 to 5, with 5 being highly engaged:

- Engagement Rating = (Total Engagement Score / Total Number of Respondents) x

100

- Engagement Rating = $(400 / 500) \times 100$
- Engagement Rating = 80%

In this example, the engagement rating is 80%, signifying a highly engaged workforce. Team engagement is also a vital metric for evaluating a team manager's success in fostering a positive work environment.

These HR metrics provide valuable insights into various aspects of HR management, enabling organizations to make informed decisions and enhance overall performance.

4.3. HR Metrics Related to HR Programs

4.3.1. HR Cost per Employee

This metric reveals HR's cost-effectiveness in monetary terms.

Example: If an organization's total HR expenditure is \$600,000, and it employs 1,000 people, the HR cost per employee is \$600 ($\$600,000 / 1,000$).

4.3.2. HR-to-Employee Ratio

The HR-to-employee ratio measures HR's cost efficiency. For instance, if a company has 60 HR professionals overseeing a workforce of 3,600 employees, the HR-to-employee ratio is 1:60 (60 HR professionals / 3,600 employees).

4.3.3. HR Business Partners-to-Employee Ratio

Similar to the previous metric, this ratio assesses HR's efficiency. If a company employs 4,800 workers and has 60 HR business partners, the HR business partners-to-employee ratio is 1:80 (60 HR business partners / 4,800 employees).

Turnover (Number of Departures/Total Organization Population)

Turnover quantifies the annual rate of employees leaving the company.

Example: If 120 employees left a company with a total workforce of 1,200 during a year, the turnover rate would be 10% (120 departures / 1,200 total employees).

4.3.4. HR Software Effectiveness

Measuring HR software effectiveness involves various metrics.

Example: A learning and development platform records 1,000 active users, with an average session duration of 30 minutes, and a monthly total usage of 10,000 hours among users. These metrics help assess the software's impact and user engagement.

4.3.5. Success of Training

Success of Training is an HR metric that evaluates the effectiveness and impact of training and development programs on employees' skills, performance, and overall contribution to the organization's goals. It measures the extent to which training initiatives achieve their intended objectives and deliver tangible benefits to the

company.

Suppose a company invests in a training program designed to enhance the sales skills of its sales representatives. The training program includes workshops, online courses, and on-the-job coaching. The company spends \$50,000 on developing and delivering this training.

After the training program is completed, the HR department conducts assessments and evaluations to measure its success. The following outcomes are observed:

Sales representatives who underwent training achieved a 20% increase in their monthly sales performance on average.

Customer feedback and satisfaction scores for the sales team improved by 15%.

Employee retention within the sales department increased by 10%, reducing recruitment and onboarding costs.

To calculate the Success of Training metric, you can use a combination of key performance indicators (KPIs) related to training effectiveness:

Training Impact on Performance: Calculate the percentage increase in sales performance due to training.

Training Impact on Performance (%) = $[(\text{Post-Training Performance} - \text{Pre-Training Performance}) / \text{Pre-Training Performance}] \times 100$

In this case:

Training Impact on Performance (%) = $[(120\% - 100\%) / 100\%] \times 100 = 20\%$

Customer Satisfaction Improvement: Measure the percentage increase in customer satisfaction scores attributable to the trained sales team.

Customer Satisfaction Improvement (%) = $[(\text{Post-Training Satisfaction} - \text{Pre-Training Satisfaction}) / \text{Pre-Training Satisfaction}] \times 100$

In this case:

Customer Satisfaction Improvement (%) = $[(115\% - 100\%) / 100\%] \times 100 = 15\%$

Employee Retention Impact: Calculate the reduction in turnover rate within the sales department after training.

Employee Retention Impact (%) = $[(\text{Pre-Training Turnover Rate} - \text{Post-Training Turnover Rate}) / \text{Pre-Training Turnover Rate}] \times 100$

In this case:

Employee Retention Impact (%) = $[(10\% - 0\%) / 10\%] \times 100 = 100\%$

The Success of Training metric considers all these KPIs to evaluate the overall effectiveness of the training program. In this example, a 20% improvement in sales performance, a 15% increase in customer satisfaction, and a 100% reduction in turnover demonstrate the success of the training initiative in positively impacting both

employees and the organization.

4.3.6. Internal Mobility Rate

The HR metric measures the movement of employees within an organization, specifically the rate at which employees transition to different roles, departments, or positions within the company. It assesses the organization's ability to promote and retain talent by providing growth opportunities and career development paths to existing employees.

To calculate the Internal Mobility Rate, you need two key pieces of data:

The number of internal employee moves or promotions during a specific time period.

The average total number of employees during the same time period.

The formula for calculating the Internal Mobility Rate is as follows:

- Internal Mobility Rate = (Number of Internal Moves or Promotions / Average Total Number of Employees) x 100
- Let's say a company had 20 internal employee moves or promotions over the course of a year, and the average total number of employees during that year was 500.
- Internal Mobility Rate = (20 / 500) x 100
- Internal Mobility Rate = 4%

In this example, the Internal Mobility Rate is 4%, indicating that 4% of the company's workforce transitioned to different roles or received promotions within the organization during the year. This metric helps assess the organization's success in fostering career growth and providing opportunities for its employees.

4.4. HR Metrics in Key Business Areas

Human Resource metrics serve as crucial measurements that enable organizations to monitor and analyze data within the HR department, leading to more informed decisions. Below, we outline key areas of HR metrics and provide illustrative examples associated with each area.

4.4.1. Organizational Performance Metrics

Turnover Percentages: Calculated as the number of employees who leave the organization divided by the total number of employees, providing insights into employee retention. For example, if a company has 50 employees, and 5 of them leave within a year, the turnover percentage is 10%.

% of Regretted Loss: The percentage of employees whose departure the organization regrets, often accompanied by analysis on why they left. If 3 out of 5 departing employees were regretted losses, the % of regretted loss is 60%.

Statistics on Why Personnel is Leaving: Gathering data on the reasons behind

employee departures, such as career advancement, compensation, or work-life balance.

Absence Percentages and Behavior: Measuring the percentage of scheduled workdays missed due to employee absences, accompanied by analysis of absence patterns.

Example: If a company has 20,000 scheduled workdays in a year, and employees were absent for a total of 800 workdays, the absenteeism rate would be 4% (800 absences / 20,000 scheduled workdays). Monitoring these metrics provides valuable insights into HR's performance, cost efficiency, and overall organizational health.

Recruitment Cost: Calculating the expenses associated with sourcing, interviewing, and hiring candidates, helping to assess recruitment budget efficiency.

Attrition rates: Attrition rates refer to the measurement of employee turnover within an organization over a specific period. It is commonly expressed as a percentage and signifies the proportion of employees who have left or exited the company during a given time frame, typically on an annual basis. Here's an example calculation:

Let's say a company started the year with 200 employees, and by the end of the year, 30 employees had left or resigned. To calculate the attrition rate:

- Attrition Rate = (Number of Employees Who Left / Total Number of Employees at the Start of the Year) x 100
- Attrition Rate = (30 / 200) x 100 = 15%

So, in this example, the attrition rate for the year would be 15%, indicating that 15% of the employees left the company during that period. Attrition rates are crucial HR metrics as they provide insights into employee turnover trends, which can help organizations identify and address retention issues.

Diversity in hiring: Diversity in hiring HR metric is a quantifiable measure used to assess the success and effectiveness of an organization's efforts to promote diversity and inclusion in its hiring practices. This metric evaluates the extent to which an organization is attracting, selecting, and hiring candidates from diverse backgrounds, including but not limited to different races, genders, ethnicities, ages, sexual orientations, and abilities.

Suppose a company had 100 job openings in a given year and received a total of 1,000 job applications. Out of those 1,000 applicants, 600 were from underrepresented minority groups, and 400 were from majority groups. After the hiring process, the company filled 40% of the positions with candidates from underrepresented minority groups and 60% with candidates from majority groups.

In this example, the Diversity in Hiring HR Metric can be calculated as follows:

- Diversity in Hiring Metric (%) = (Number of Hires from Underrepresented Minority Groups / Total Number of Hires) * 100

- Diversity in Hiring Metric = $(240 / 600) * 100 = 40\%$

This means that 40% of the company's hires in that year were from underrepresented minority groups, indicating a certain level of diversity in their hiring practices. The metric provides a clear numerical representation of the organization's commitment to diversity and can be tracked over time to measure progress and set goals for improvement.

4.4.2. HR Operations Metrics

HR Efficiency: Measuring the time it takes to resolve HR self-service tickets, evaluating the speed of HR processes.

HR Effectiveness: Assessing employees' perception of HR service quality through surveys and feedback.

Process Optimization Metrics: Process optimization focuses on improving HR efficiency and effectiveness over time, often requiring advanced data and analytics capabilities.

These metrics aim to re-engineer and enhance HR processes, leading to more streamlined and efficient HR operations.

By leveraging these HR metrics, organizations can gain valuable insights into their HR performance, enabling data-driven decisions and continuous improvement across various HR functions and areas of the business.

Promote Continuous Improvement Using Data: this is an HR metric that assesses an organization's ability to leverage data-driven insights to identify areas for improvement within the HR function and the broader business operations. It involves the systematic analysis of HR-related data to drive informed decision-making, enhance processes, and achieve better outcomes.

Let's say a manufacturing company wants to assess the effectiveness of its employee training programs in reducing defects in its production process. They have implemented a data-driven approach to achieve continuous improvement. Here's how they calculate the metric:

Data Collection: The company collects data on the number of defects detected in the production process before and after employees receive specific training. They track this data over several months.

Data Analysis: Using statistical analysis, they compare the defect rates before and after training. They find that before training, the average monthly defect count was 200, and after training, it reduced to 50 defects per month.

Calculation: The metric can be calculated as follows:

- Continuous Improvement Using Data = $[(\text{Defects Before Training} - \text{Defects After Training}) / \text{Defects Before Training}] * 100$
- Continuous Improvement Using Data = $[(200 - 50) / 200] * 100$

- Continuous Improvement Using Data = $(150 / 200) * 100$
- Continuous Improvement Using Data = 75%

In this example, the "Promote Continuous Improvement Using Data" metric is calculated as 75%. This means that the training program led to a 75% reduction in defects in the production process, demonstrating the company's ability to use data to drive continuous improvement. A higher percentage indicates a more significant improvement resulting from data-driven initiatives.

This metric encourages organizations to leverage data analysis to identify areas for enhancement and implement strategies that lead to continuous improvement in various aspects of their operations, including quality control, employee performance, and customer satisfaction.

4.4.3. HR ROI

HR ROI (Human Resources Return on Investment) is an HR metric that quantifies the return on investment an organization receives from its human resources activities and initiatives. It measures the financial or strategic benefits gained in relation to the costs incurred by the HR department or function.

Let's consider a scenario where a company invests in a comprehensive employee training and development program. The program aims to enhance employee skills and productivity, reduce turnover, and ultimately contribute to the company's financial performance. The HR department spends \$100,000 on designing, implementing, and delivering the training program over a year.

After the program is completed, the company experiences the following outcomes:

Increased employee productivity, leading to a 10% increase in overall company revenue.

Reduced turnover by 15%, resulting in savings on recruitment and onboarding costs.

To calculate HR ROI, you can use the following formula:

$$\text{HR ROI (\%)} = [(\text{Net Benefits} - \text{Costs of HR Program}) / \text{Costs of HR Program}] \times 100$$

In this case:

$$\text{Net Benefits} = (\$50,000 \text{ from increased revenue} + \$20,000 \text{ from reduced turnover costs}) = \$70,000$$

$$\text{Costs of HR Program} = \$100,000$$

$$\text{HR ROI (\%)} = [(\$70,000 - \$100,000) / \$100,000] \times 100 = -30\%$$

The HR ROI is -30%, indicating that the HR program resulted in a negative return on investment. In this example, the costs of the program exceeded the financial benefits gained. A negative ROI suggests that the HR initiative may need adjustments or further evaluation to improve its effectiveness and achieve a positive return on investment in

the future.

4.5. How to set HR Metrics and KPIs

In the realm of Human Resource Management, Key Performance Indicators (KPIs) play a pivotal role as they encompass the vital data points tracked and communicated across an organization. These KPIs are intrinsically linked to HR metrics but are distinctly tied to specific objectives, providing a clear indication of your HR team's progress in achieving strategic goals.

In a recent comprehensive study, it was unequivocally established that both executives and HR professionals unanimously recognize the paramount importance of measuring HR's impact within an organization. This paradigm shift signifies that HR metrics are no longer considered optional but have transformed into an indispensable tool for any HR team aspiring to construct a robust, data-driven management strategy.

4.5.1. Align HR KPIs with Strategic Goals

In alignment with our research findings, over two-thirds of respondents emphasized the utmost importance of measuring the consequences of HR initiatives. As Peter Drucker aptly articulated, "What gets measured gets improved." Expanding on this concept, it becomes evident that not only does what gets measured improve, but it also significantly matters. An astounding 87% of respondents affirmed that HR reports exert a profound influence on their organization's strategic decisions.

For organizations committed to making judicious, data-backed choices for their future endeavors, the integration of HR metrics into their strategic planning is unequivocally imperative.

4.5.2. Collaborate with Executives to Determine Reporting Needs

Although HR professionals concur on the critical role of HR metrics, our research reveals that HR teams often fall short of providing the volume of information desired by their executive counterparts. Alarming, nearly one-third of non-HR executives conveyed that their HR teams fail to report with adequate frequency, with an additional 16% expressing uncertainty about their HR team's reporting cadence.

These findings underscore the opportunity for enhancement within many organizations. A crucial step towards becoming a more strategic force in an organization involves comprehending the reporting requisites of the executive team and subsequently meeting those needs. Crafting a reporting strategy tailored to your organization's unique attributes, such as size, priorities, and HR composition, necessitates close collaboration with your executive peers. This synergy will facilitate the identification of pivotal HR metrics that are not only valuable today but also hold

strategic significance for the future.

4.5.3. Emphasize HR KPIs on Employee Experience and Retention

In our survey, respondents were asked to specify the types of HR reports they currently employ for assessing HR's impact, as well as the kinds of HR reports they aspire to possess. Remarkably, nearly one-quarter of the respondents expressed their desire for employee satisfaction reports, while 20% advocated for employee engagement reports.

Given that HR is fundamentally designed to serve the individuals within an organization, it becomes imperative to encompass the employee experience as a cornerstone of HR measurement. HR initiatives should not only be evaluated in terms of their impact on employee satisfaction and engagement but also their potential to enhance or hinder these crucial aspects. HR metrics emerge as the catalysts for answering these pivotal questions, thereby substantiating their relevance and significance.

By implementing these strategic tips and integrating HR metrics and KPIs effectively, HR professionals can steer their organizations towards data-driven decision-making and a more comprehensive understanding of HR's profound impact on the workforce and overall business objectives.

5. HR Audits

Human resource (HR) audits serve as essential assessments of HR practices within organizations. They aim to determine if these practices are legally sound, adequate, and effective. The results of such audits are instrumental in identifying gaps in HR operations. By pinpointing these gaps, organizations can prioritize improvements, not only to minimize the risk of lawsuits or regulatory violations but also to enhance their competitiveness in key HR practice areas.

5.1. The Main Objectives of HR Audits

One primary objective of HR audits is to proactively avoid legal and regulatory liabilities that may stem from an organization's HR policies and practices. In addition to identifying potential legal risks, these audits often include a comparative analysis of an organization's HR strategies against industry best practices. Essentially, HR audits involve a comprehensive review to identify issues and devise solutions before they escalate into unmanageable problems.

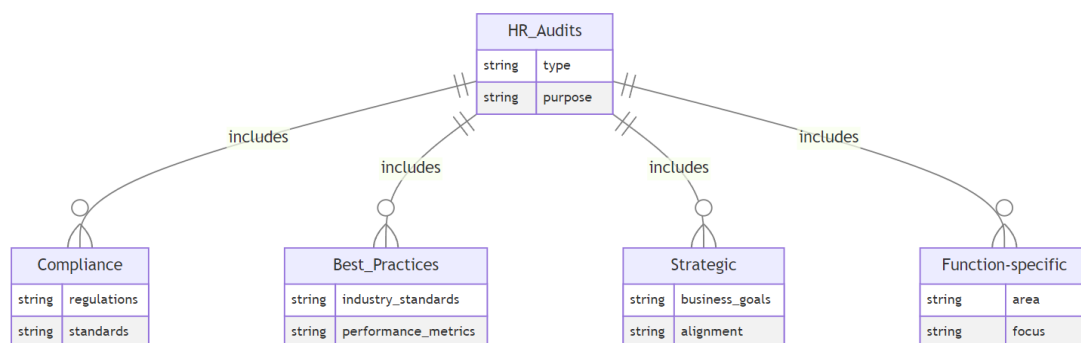
In today's highly competitive landscape, organizations operate within a complex and heavily regulated employee environment. This environment necessitates compliance

with numerous intricate laws and regulations. HR departments are responsible for establishing and administering various policies and practices that significantly impact an organization's productivity and profitability. However, many HR departments are understaffed and overburdened, and the true financial costs of neglecting HR-related legal obligations often become apparent only in hindsight.

Noncompliance with applicable laws and regulations poses substantial financial risks to organizations. To mitigate these risks, some organizations invest in employment practices liability insurance. While this is a prudent approach, organizations can take proactive measures to address potential HR-related legal issues before they escalate and become costly challenges.

5.2. Types of HR Audits

An HR audit can be tailored to suit specific needs and constraints, such as time limitations, budget considerations, and available staff resources. Various types of audits are employed to achieve distinct objectives. Here are some of the more prevalent types:



5.2.1. Compliance Audit

This audit centers on evaluating the organization's adherence to existing federal, state, and local laws and regulations. It assesses the extent to which the organization complies with legal requirements.

5.2.2. Best Practices Audit

Designed to maintain or enhance a competitive edge, this audit involves benchmarking the organization's HR practices against those of companies renowned for their exceptional HR strategies and procedures.

5.2.3. Strategic Audit

This audit delves into the strengths and weaknesses of systems and processes, evaluating their alignment with both the HR department's and the organization's strategic objectives. It assesses whether these systems and processes contribute to the strategic plan.

5.2.4. Function-Specific Audit

Focusing on a particular area within the HR function, such as payroll, performance management, or records retention, this audit scrutinizes the processes and practices specific to that area.

5.3. Key Areas for HR Audits

Determining the focus of an HR audit depends on various factors, including perceived weaknesses in the organization's global HR environment, the chosen audit type, and available resources. Maintaining a record of issues that have surfaced but aren't addressed in the organization's policies or procedures can help pinpoint areas of potential concern that HR can address during the annual review (unless immediate action is required).

However, some areas pose higher risks to organizations worldwide. Many legal disputes stem from issues related to hiring, performance management, discipline, or termination. Additionally, global employers should pay close attention to the following risk areas during an audit (if applicable):

5.3.1. Misclassification of Exempt and Nonexempt Jobs

Many organizations worldwide have mistakenly classified job positions as exempt from overtime eligibility. Employment laws and regulations vary across countries, making it easy to misclassify jobs and potentially expose employers to past overtime liability.

5.3.2. Inadequate Personnel Files

A review of personnel files often reveals insufficient documentation of performance, including informal, vague, or inconsistent disciplinary warnings. Performance evaluations may lack clarity, accuracy, or currency. Ensuring that personnel records comply with data privacy regulations is crucial.

5.3.3. Prohibited Attendance Policies

Managing excessive absenteeism is a common concern for global employers. However, varying leave laws and protections worldwide can render many once-acceptable absence control policies inadequate. Organizations may have attendance policies that don't comply with relevant laws or may provide employees with more protections than

required.

5.3.4. Inaccurate Time Records

Employers worldwide typically require nonexempt employees to maintain accurate time records. These records are vital for defending against wage and hour claims. Thus, time-keeping policies and practices must be clearly communicated and consistently administered, considering the diverse labor laws across countries.

5.3.5. Employment Verification and Recordkeeping

Compliance with employment verification requirements and proper recordkeeping is crucial in the global context. Inadequate documentation, such as missing or incomplete employment records, can result in legal and regulatory issues.

5.4. Process of HR audits

Conducting a comprehensive HR audit is a resource-intensive process that organizations typically undertake annually. However, mini-audits, occurring roughly every six months, allow for periodic course correction without significant disruption. Regular annual checkups help maintain the discipline of ongoing review and are more effective than occasional or panic audits triggered by potential problems or significant events like management changes. The scope, time, and effort required for an audit depend on factors such as organization size, objectives, audit type, and team size.

While the cost of an HR audit varies based on scope and resources, it's a cost-effective investment compared to the potential expenses of legal disputes. Some insurance providers offer audit services as part of their compliance programs, potentially making the audit cost-free. Conducting an audit in-house is an option if the organization has the necessary expertise, time, objectivity, and influence to implement needed changes. However, it's important to note that audit results conducted internally or by non-legal consultants may be subject to discovery in legal disputes. To protect audit results, organizations with concerns about noncompliance should consider hiring external legal counsel to conduct the audit, potentially invoking legal privileges to safeguard the findings.

Conducting an audit involves several key steps, which include:

5.4.1. Determine the Scope and Type of the Audit

The audit team defines the areas to review based on the organization's specific needs. This can range from a comprehensive audit covering all HR practices to a focused review of particular processes or policies.

5.4.2. Develop the Audit Questionnaire

Whether comprehensive or specific, the audit team creates a thorough questionnaire to gather information related to the audit's objectives. Specific questions are devised to ensure a comprehensive assessment.

5.4.3. Collect the Data

The audit team conducts reviews according to the questionnaire, collecting data on the organization and its HR practices. The questionnaire serves as a guide during this data collection phase.

5.4.4. Benchmark the Findings

Findings are compared against HR benchmarks, providing insights into how they align with similar organizations, national standards, or internal data. Benchmarking areas may include HR staff ratios, HR spending, administrative costs, and hiring metrics.

5.4.5. Provide Feedback About the Results

The audit team summarizes the data, offering feedback to HR professionals and senior management through written reports. Recommendations are prioritized based on risk levels (e.g., high, medium, low), and a timeline for action is developed.

5.4.6. Create Action Plans

The organization must act on audit findings by creating action plans. These plans should prioritize high, medium, and low importance issues to address, as inaction can increase legal risks.

5.4.7. Foster a Climate of Continuous Improvement

HR leaders should continuously observe and improve organizational policies, procedures, and practices. Monitoring legal developments, keeping HR systems up-to-date, and tracking audit findings, turnover, complaints, and employee surveys help identify trends and allocate resources effectively for future improvements.

Part Three: HR and Sustainability

1. People Sustainability

In recent times, numerous companies have appointed Chief Sustainability Officers (CSO) and initiated a series of critical programs aimed at curbing carbon emissions and mitigating the threat of global climate change. Concurrently, the European Union (EU) is advancing a range of regulations aimed at safeguarding the workforce. This juncture calls for an expanded understanding of sustainability, one that encompasses "People Sustainability." This comprehensive approach delves into corporate human capital practices, encompassing facets such as diversity and inclusion, employee well-being, safety, and equitable compensation. Importantly, it elevates these human capital concerns to the highest echelons of leadership, compelling Chief Human Resource Officers (CHRO) to collaborate closely with Chief Sustainability Officers on these imperative initiatives.

Within the framework of People Sustainability, a paramount focus revolves around corporate human capital practices encompassing diversity and inclusion (DEI), employee well-being, safety, fair pay, and corporate social responsibility (CSR). The crux of People Sustainability lies in fostering a workplace culture that not only comprehends but also actively reinforces these critical elements.

DEI initiatives, for instance, play a pivotal role in cultivating a sustainable work environment. By recognizing opportunities and making recommendations for enhancing diversity and inclusion, organizations not only bolster their commitment to People Sustainability but also build a stronger and more equitable workforce. DEI efforts contribute to an inclusive corporate culture where every individual is valued, respected, and empowered, aligning perfectly with the broader objective of People Sustainability.

Similarly, emphasizing employee well-being and safety forms an integral part of this concept. Promoting well-being initiatives, ensuring fair pay, and upholding safety standards within the organizational culture are not just commendable practices; they are essential for nurturing a sustainable and engaged workforce. When employees feel their physical and mental well-being is a priority, it translates into enhanced productivity and satisfaction, further strengthening the organization's commitment to People Sustainability.

Furthermore, linking corporate social responsibility (CSR) to organizational culture serves as a cornerstone for People Sustainability. Integrating CSR practices into the workplace culture signifies a commitment to ethical behavior and community engagement. It portrays the organization as a responsible global citizen, aligned with the values and expectations of today's socially conscious workforce.

In essence, the concept of understanding and reinforcing organizational culture, core

values, and ethical expectations within the context of corporate human capital practices, including DEI, well-being, employee safety, fair pay, and CSR, is not only relevant but imperative for advancing People Sustainability. It underscores the organization's dedication to creating a sustainable, diverse, inclusive, and socially responsible workplace that benefits both employees and society at large.

People Sustainability matters profoundly for several compelling reasons, as it addresses critical aspects of modern organizations and aligns with broader societal expectations:

1.1. Talent Attraction and Retention

In today's competitive job market, attracting and retaining top talent is paramount. People Sustainability initiatives, such as diversity and inclusion programs, employee well-being, and fair pay practices, make organizations more appealing to prospective employees. When employees feel valued and supported, they are more likely to stay with the company.

1.2. Enhanced Productivity

A sustainable workplace culture that prioritizes employee well-being, safety, and fair pay contributes to higher productivity levels. Engaged and motivated employees are more efficient and committed to their roles, resulting in improved overall performance.

1.3. Reputation and Branding

Organizations that champion People Sustainability are viewed positively by the public, customers, and investors. A commitment to diversity, equity, and inclusion, as well as ethical behavior and social responsibility, enhances an organization's reputation and strengthens its brand.

1.4. Legal and Regulatory Compliance

Adhering to People Sustainability practices ensures compliance with labor laws, regulations, and reporting requirements related to diversity, inclusion, and fair pay. This minimizes the risk of legal issues and penalties.

1.5. Mitigating Risks

People Sustainability extends to employee safety, which is essential for mitigating workplace accidents and potential legal liabilities. Creating a safe working environment is not only ethical but also financially prudent.

1.6. Community and Society

Being socially responsible and engaged is increasingly important to both employees and consumers. Organizations that contribute positively to their communities and society at large through CSR initiatives are seen as good corporate citizens.

1.7. Long-Term Success

Sustainable organizations are better equipped to adapt to changing market dynamics and economic challenges. Investing in the well-being, development, and diversity of their workforce positions companies for long-term success.

1.8. Global Citizenship

People Sustainability aligns with the concept of global citizenship, where organizations recognize their role in addressing global challenges, including social inequality and climate change. It reflects a commitment to making a positive impact on the world.

1.9. Financial Performance

Studies have shown that companies with strong sustainability and social responsibility practices tend to perform better financially in the long run. This can be attributed to factors such as employee engagement, customer loyalty, and risk mitigation.

2. Corporate Social Responsibility (CSR)

Incorporating corporate social responsibility (CSR) into an organization goes beyond mere marketing tactics; it requires authenticity. Stakeholders today can discern sincerity, making the integration of HR and CSR crucial for driving meaningful change within the company and society. HR holds a pivotal role in facilitating actions aligned with CSR initiatives and transforming them into a part of the company's daily culture and purpose. According to HRCI, HR can contribute to CSR in the following ways:

2.1. Refine Value Proposition

At the executive level, revisit and clarify the organization's mission, vision, and values. This helps refine the employer brand and value proposition, attracting individuals who resonate with your social objectives. While this may lead to attrition among employees whose values don't align, it also draws in those enthusiastic about supporting your mission. HR plays a key role in translating these values into actionable policies and practices.

2.2. Foster Greater Impact

HR can maximize its influence by aligning HR, diversity and inclusion, marketing, and

CSR functions to work collaboratively toward shared objectives. By providing clear guidance on mission and values, HR facilitates more inclusive work environments, streamlined processes, and heightened individual purpose and engagement. Engaged employees tend to perform better and contribute to innovation.

2.3. Facilitate Purpose and Influence

HR should assist employees in discovering their own spheres of influence, emphasizing that titles aren't prerequisites for making an impact. Aligning personal purpose with professional roles can be powerful. HR can encourage employees to learn from cross-functional teams and industry advocacy groups to address CSR challenges and encourage innovation.

3. Employee Wellbeing

Employee wellbeing encompasses a comprehensive assessment of an individual's mental, emotional, and physical health within the professional context. Gallup researchers have identified five core components that constitute employee well-being:



3.1 Types of Employee Wellbeing

3.1.1. Career wellbeing

This aspect focuses on an individual's contentment with their job responsibilities and the overall work experience on a daily basis.

3.1.2. Social wellbeing

Social well-being emphasizes the cultivation of healthy and meaningful relationships

with friends and family members, contributing to a sense of fulfillment

3.1.3. Financial wellbeing

Financial well-being pertains to one's ability to effectively manage personal finances, ensuring financial stability and security.

3.1.4. Physical wellbeing

This facet encompasses an individual's overall health and vitality, enabling them to perform essential tasks and functions effectively.

3.1.5. Community wellbeing

Community well-being underscores the importance of having connections with others and experiencing a genuine sense of belonging within the local community or place of residence.

3.2. Business Effects of Employee Wellbeing

Employee wellbeing is a critical aspect that greatly influences an organization's performance and success. HR professionals play a pivotal role in fostering and promoting employee wellbeing, which encompasses mental resilience, emotional intelligence, and overall physical health. These attributes are essential soft skills that contribute significantly to productivity, creativity, and efficiency within the workplace. The advantages of prioritizing employee wellbeing are manifold:

3.2.1. Enhanced Goal Achievement

Wellbeing empowers employees to set and attain their goals effectively.

3.2.2. Encouraging Risk-Taking

A workforce with a strong sense of wellbeing is more likely to take calculated risks to drive innovation.

3.2.3. Problem-Solving

Wellbeing fosters the ability to find practical and intelligent solutions to challenges, benefiting the organization.

3.2.4. Reduced Absenteeism

Employees with high wellbeing tend to have fewer absences, ensuring a consistent workforce.

3.2.5. Increased Retention and Engagement

Wellbeing initiatives contribute to higher employee retention rates and engagement levels.

3.2.6. Cost Savings

Organizations can potentially reduce healthcare expenses related to employee wellbeing.

3.2.7. Positive Company Culture

A focus on wellbeing nurtures a thriving and positive company culture.

3.3. EU Worker Wellbeing and Sustainability Reporting

In the European Union (EU), a strong commitment to enhancing worker well-being and creating transparent and predictable working conditions for its vast workforce of 182 million individuals has been longstanding. This commitment is being actively pursued through various measures:

3.3.1. Transparency

The Transparent and Predictable Working Conditions Directive, a requirement for member states to implement by August 2022, is aimed at bolstering employee protections and enhancing transparency in labor markets.

3.3.2. Work-Life Balance

The Work-Life Balance Directive, which took effect in 2019, seeks to establish minimum standards for paternity, parental, and career leave, along with flexible work arrangements.

3.3.3. Sustainability Reporting

The Corporate Sustainability Reporting Directive (CSRD), set to commence in May 2024, mandates that any company operating in Europe with €40 million in net turnover, €20 million in assets, or a workforce of 250 or more employees must publish comprehensive information detailing their efforts to address a wide range of sustainability challenges.

3.4. Promotion of Wellbeing

HR leaders can actively promote employee wellbeing by integrating it into the company's culture. Here are three effective strategies:

3.4.1. Balance Work and Play

Encourage a work environment that values the importance of leisure and relaxation. Organizing events like staff hikes or park picnics provides opportunities for employees to recharge and strengthen connections.

3.4.2. Cultivate Gratitude

Acknowledge and appreciate employees' hard work and achievements. Expressing gratitude fosters camaraderie and meaningful work experiences.

3.4.3. Encourage Mindfulness

Implement mindfulness practices within the workplace to enhance decision-making, communication, and creativity. Designate tech-free zones for quiet, uninterrupted reflection.

3.5. Building Effective Wellbeing

Building effective employee wellbeing programs requires a tailored approach:

3.5.1. Identify Problem Areas

Recognize specific challenges such as burnout, lack of purpose, or work-life imbalance.

3.5.2. Assess Barriers

Evaluate potential obstacles, which may include management issues or misalignment with organizational values.

3.5.3. Evaluate Costs

Understand the financial impact of low employee wellbeing on productivity and the bottom line.

3.5.4. Plan Initiatives

Develop a customized program that addresses identified challenges, including offerings like Employee Assistance Programs (EAPs), coaching, or financial advising.

3.6. Measuring Employee Wellbeing

Measuring employee wellbeing involves gathering comprehensive data through various methods:

3.6.1. Pulse Surveys

Use targeted questions and rating scales to gauge employees' wellbeing, covering topics like compensation, engagement, workload, and career goals.

3.6.2. Workforce Data

Monitor workforce data for indicators of underlying issues, such as absenteeism or low productivity.

3.6.3. Regular Check-Ins

Facilitate routine meetings between HR professionals or managers and employees to gain valuable feedback.



4. Diversity, Equity, and Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI) are interrelated concepts that, when combined, have a profound impact on an organization. Some organizations also incorporate the concept of belonging into their DEI strategies. However, it's crucial to understand the distinct meanings and implications of each of these terms:

4.1 Definition of DEI

4.1.1. Diversity

Diversity pertains to the composition of the workforce and encompasses various aspects such as:

Gender diversity: The representation of men, women, and nonbinary individuals within a given population.

Age diversity: Whether a group consists mostly of one generation or includes a mix of age groups.

Ethnic diversity: Whether individuals in a group share common national or cultural

backgrounds or come from diverse origins.

Physical ability and neurodiversity: Taking into account the perspectives of individuals with disabilities, whether visible or hidden.

While racial, gender, and ethnic diversity are commonly discussed, it's equally important to recognize diversity in thought and perspectives, as emphasized by Nobel Prize winner Richard Thaler.

4.1.2. Equity

Equity focuses on ensuring fair treatment for all individuals, regardless of their identity, in a way that ensures opportunities and outcomes are not predetermined by factors like race, gender, or other characteristics. Equity goes beyond equality, acknowledging that unique circumstances may require tailored treatment to achieve equitable outcomes. For instance, paying all interns equally, without considering financial circumstances, may perpetuate inequalities for those who can't afford unpaid internships.

4.1.3. Inclusion

Inclusion concerns how employees experience the workplace and the extent to which organizations embrace all employees, enabling them to contribute meaningfully. To effectively leverage the benefits of a diverse workforce, organizations must foster an inclusive culture where all employees feel valued and heard. Failure to do so can result in employees feeling like "outsiders," experiencing microaggressions, and being unable to openly discuss their identities.

4.2. Benefits from DEI

Diversity in the workplace is vital for business success, as evidenced by a series of McKinsey reports that highlight its positive impact on performance.

4.2.1. Boosting Business Profits

These reports, spanning several years and encompassing data from 15 countries and over 1,000 large companies, reveal a strong correlation between diversity and business outcomes. Companies with gender-diverse executive teams in the top quartile were 25% more likely to achieve above-average profitability, a figure that has increased over time. Furthermore, ethnic and cultural diversity also proved beneficial, with top-quartile companies outperforming their counterparts in profitability by 36%. While these findings emphasize the compelling business case for diversity, the reports also underscore the need for continued efforts to improve inclusion and create workplaces

that foster equality, openness, and belonging among employees.

Besides contributing to profitability, inclusion and diversity have a profound impact on an organization's overall performance across five key domains:

4.2.2. Talent Retention

Organizations that track workforce demographics can retain top talent and prevent the loss of diverse employees.

4.2.3. Enhance Decision Making

Diversity brings multiple perspectives to the decision-making process, particularly beneficial during complex problem-solving scenarios.

4.2.4. Increase Innovation and Customer Insight

Diverse teams are more innovative and proficient at anticipating industry changes, providing valuable insights into customer needs.

4.2.5. Employee Motivation and Satisfaction

Research in Latin America indicates a 75 percent higher likelihood of a pro-teamwork culture in companies committed to diversity, leading to improved employee motivation and satisfaction.

4.2.6. Global Reputation and Sustainability

Maintaining a focus on inclusion and diversity during crises enhances a company's global reputation and ensures its continued operation, mitigating potential talent shortages, customer attrition, and reduced government support.

4.3. Create a DEI Workplace

To create a DEI workplace, organizations can take structured actions across five critical areas to enhance diversity, equity, and inclusion (DEI) efforts:

4.3.1. Ensure Representation of Diverse Talent

Organizations should strive to have a workforce that reflects diversity, ensuring that individuals from various backgrounds are well represented.

4.3.2. Strengthen Leadership Accountability and Capabilities

It's essential to empower leaders with the skills and responsibility to champion DEI initiatives within the organization.

4.3.3. Promote Equality of Opportunity

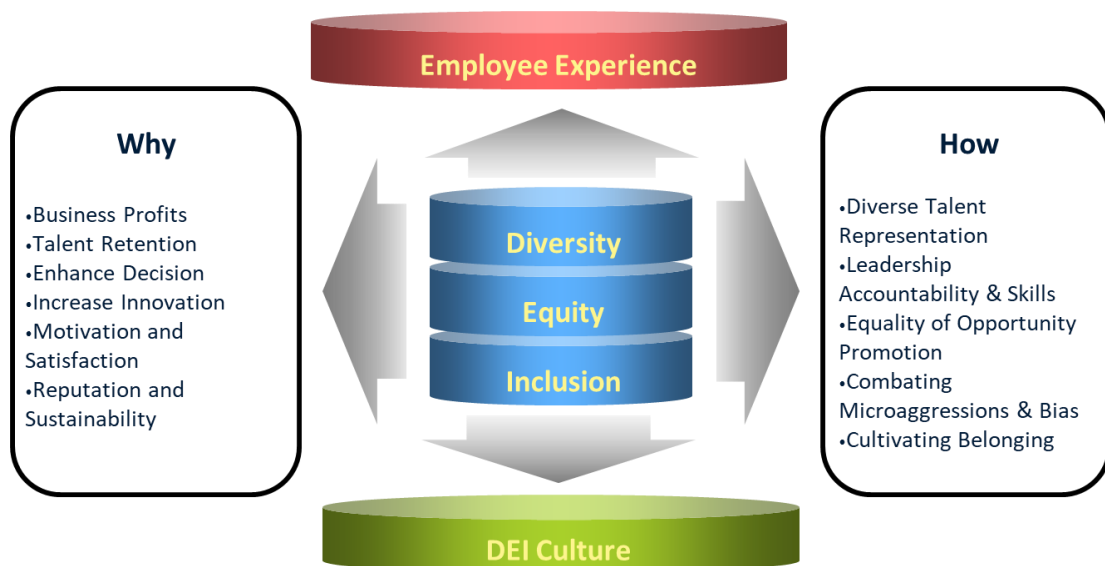
Employers should foster fairness and transparency in their practices, ensuring that everyone has an equal chance to advance and succeed.

4.3.4. Address Microaggressions, Bias, and Discrimination

To create an inclusive environment, organizations must confront and combat microaggressions, biases, and discrimination.

4.3.5. Foster a Sense of Belonging

Encouraging employees to embrace their unique identities and experiences fosters a sense of belonging and inclusion.



Source: McKinsey & Company (2022)

5. Employer Branding

Modern companies are under intense examination to show their dedication to sustainable practices and corporate social responsibility (CSR), while also striving to be seen as top-choice employers. These efforts in sustainability and employer branding have become crucial elements in a company's strategic plan.

Being a responsible employer involves key aspects like effective communication, ensuring a safe work environment, and setting realistic job expectations. Additionally, a company's Environmental, Social, and Governance (ESG) efforts are deeply linked to its employer

branding. ESG evaluates a company's ecological impact, social involvement, and governance ethics. A firm commitment to ESG principles greatly enhances a company's appeal as an employer in a marketplace increasingly influenced by ethical and social values. Integrating ESG objectives into employer branding is both beneficial and essential. Firms with strong ESG policies are more attractive to talent and demonstrate their commitment to societal and environmental issues. In terms of ESG:

Environmental factors involve a company's ecological impact, including greenhouse gas emissions, resource conservation, and response to climate-related challenges.

Social factors relate to a company's engagement with stakeholders, encompassing fair labor practices, employee involvement, and community impact. This extends to supply chain management, particularly in areas with lax regulations.

Governance focuses on how a company is led, evaluating the alignment of leadership incentives with stakeholder expectations, shareholder rights, and internal controls for transparency and accountability.

Employer branding is intrinsically linked to the "Social" element of ESG. It involves managing the company's image as a favorable workplace and includes practices related to employee treatment, engagement, and development, as well as overall workplace culture. This aspect of ESG highlights the need for a welcoming, inclusive, and supportive employee environment, which is a vital part of effective employer branding. A strong employer brand reflects a company's commitment to its social responsibilities, influencing its appeal to both existing and future employees.

The synergy between ESG and employer branding is crucial in the business world. Companies that truly embed ESG values in their operations are favored by consumers and investors who prefer firms with sustainable and responsible approaches. This union with ESG significantly boosts a company's employer brand, making it attractive to current and potential employees who prioritize socially and environmentally responsible workplaces.

5.1. The Definition of Employer Branding

An employer brand reflects the reputation and overall experience an organization presents as an employer. It is essentially how the public perceives the organization, shaped by its policies, programs, benefits, company culture, work environment, values, and more, regardless of whether this perception is entirely accurate.

One can consider an employer brand as the distinct identity of a company. Whether intentionally crafted or not, an employer brand is a reality, experienced daily by an organization's employees, customers, and the broader community. Simply claiming to

be a great place to work or producing excellent products isn't sufficient; it's crucial for a company to demonstrate that it is a commendable employer and to deliver on any promises made.

In today's world, an organization's reputation is incredibly important. Studies indicate that 75% of job applicants assess a company's brand before applying. This means that an employer brand, whether actively managed or not, is already influencing an organization's ability to attract talent.

5.2. The Benefits of Employer Branding

Effective employer branding strategies offer numerous benefits to organizations. Below are the key reasons why every business today should have an employer branding strategy:

5.2.1. Reduced Turnover and Improved Retention

A robust employer branding strategy increases the likelihood of current employees staying and makes it easier to attract and retain top talent. According to a Glassdoor survey, 69% of employees value working for a brand they are proud of. Additionally, 86% would hesitate to apply or continue working for a company with a negative reputation.

5.2.2. Increased Number of Qualified Applicants

A compelling employer brand can enhance talent acquisition efforts without extra costs. By aligning company values, policies, culture, work environment, and benefits with the desired candidate profile, organizations can attract more qualified applicants. Glassdoor reports that 86% of job seekers read company reviews before applying, and 95% consider an employer's reputation crucial in their job decision.

5.2.3. Cost Savings in Hiring

A strong employer branding strategy can reduce time-to-fill and time-to-hire, leading to up to a 50% reduction in cost per hire. An attractive employer brand reduces the need for increased salaries to attract talent away from competitors. This does not imply low compensation but means that candidates are drawn for reasons beyond just salary and benefits.

5.2.4. Faster Business Growth

A company's most valuable asset is its people. Organizations with a solid employer brand and reputation are more likely to hire top talent, contributing to faster business growth. LinkedIn research shows that companies with a strong Talent Brand Index (TBI)

grew 20% faster than those with a weaker talent brand.

5.2.5. Attracting More Diverse Talent

A clear employer branding strategy allows organizations to display their values, vision, and corporate social responsibility across various platforms. This approach helps attract a more diverse workforce.

5.2.6. More Loyal Customers

The candidate experience during recruitment and selection can impact consumer behavior. A survey found that 64% of consumers stopped patronizing a brand after learning it treated its employees poorly. This underscores the broader impact of employer branding on customer loyalty and business reputation.

5.3. The Strategies of Employer Branding

For businesses aiming to expand and enhance their workforce, or to better retain current employees, developing and managing an employer branding strategy is key for bolstering talent acquisition and improving retention.

This is particularly vital for organizations with 50 or more employees. The steps to develop or refine an employer branding strategy include:

5.3.1. Auditing the Current Employer Brand

Evaluate what the organization conveys to employees, applicants, and the public through surveys, social media monitoring, employer review sites, and external brand reputation analysis.

5.3.2. Reviewing Recruitment and Selection Processes

Ensure the brand is clearly communicated throughout the recruitment process, from job postings to onboarding.

5.3.3. Building an Employer Brand Based on Unique EVP (Employee Value Proposition):

Focus on compensation, work-life balance, stability, location, and respect. These elements form the foundation of the employer brand.

5.3.4. Setting Specific Goals for the Employer Brand

Define clear objectives for what the organization wants its employer brand to represent.

5.3.5. Engaging the C-Suite in Employer Branding Initiatives

Garner support from top leadership to demonstrate commitment to these initiatives.

5.3.6. Dividing Responsibilities

Integrate employer brand, EVP, and employee experience (EX) into a cohesive team effort.

5.3.7. Selecting Relevant Metrics for Tracking Progress

Measure awareness, attraction, and experience related to the employer brand.



Source: Jay (2023) from AIHR.com

Awareness pertains to the visibility of your brand achieved through marketing and branding efforts. The aim is to assess the public's awareness and perception of your brand.

Measuring this involves surveying potential candidates or target groups about their awareness of your company, quantifying the affirmative responses. Open-ended questions, such as asking which companies seem most appealing as employers, gauge recall awareness. Social media metrics like follower count, impressions, likes, comments, and shares also provide insights. Increasing numbers on these platforms indicate growing engagement and interest in your brand.

Attraction focuses on the appeal of your employer brand to potential candidates, gauged by the number and quality of applicants attracted. Rising awareness often leads to an increase in applicant numbers. Metrics include the volume of applications received, responses per job listing, and positive feedback from targeted recruitment efforts. Monitoring correlations between brand perception and application rates, as well as differences across recruitment channels, is essential. Applicant quality can be measured by the success rate in application screenings and any changes in assessment

scores, indicating an increase in the caliber of candidates.

Experience encompasses candidates' and employees' interactions with your employer brand. It's crucial to continuously enhance how people perceive your brand as awareness grows. Integrating Employer Branding (EB), Employee Value Proposition (EVP), and Employee Experience (EX) ensures delivery on promises, fostering engagement, performance, and productivity.

Platforms like Glassdoor, CareerBliss, Comparably, Indeed, and Simply Hired offer valuable insights into company ratings, culture, and leadership, based on reviews from employees and candidates. Regular analysis of this feedback aids in monitoring and improving the employer brand experience.

5.3.8. Determining Effective Channels and Formats for Promotion

Use various platforms such as social media, blogs, and podcasts to promote the employer brand.

5.3.9. Showcasing Company Values and Vision

Consistently communicate the organization's core values and vision through various mediums.

5.3.10. Maintaining Transparency

Be open about goals and progress, especially in areas like diversity and company culture.

5.3.11. Involving Employees in Branding Efforts

Utilize employee testimonials and content to enhance the brand's authenticity.

5.3.12. Developing an Internal Employer Branding Strategy

Engage employees internally to strengthen the employer brand.

5.3.13. Monitoring Progress Regularly

Use data and analytics to track the effectiveness of the employer branding strategy.

5.3.14. Fine-Tuning the Strategy

Continuously assess and adjust the strategy based on performance metrics and organizational needs.

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