

INVEST EAST YORKSHIRE

The Changing Face of HR

Introduction

Human Resource Management or HR for short is essentially a support function within an organisation that provides effective and efficient management of people to enable it to meet its overall objectives.

HR has evolved over the years due to the sophistication of management techniques and increased complexity of the competitive environment meaning that for many employers the people they recruit are their greatest asset. HR therefore becomes integral in managing human capital in identifying skills and knowledge, equipping employees via learning and development practices and putting policies in place to support employees in investing their knowledge and skills to the benefit of the organisation.

Over the years HR has had different names such as Staffing and Personnel, and the purpose of this article is to explore those changes and demonstrate how HR can support SME's now and into the future.

Welfare Workers

HR in its inception was involved in improving the welfare of working women undertaking factory work during World War 1 (WW1), alongside notable Quaker industrialists such as Rowntree and Cadbury's the focus was to recognise the contribution made by women in the war effort and as the war had a devastating effect on the number of men returning it was anticipated that women would continue in the workforce.

Increased specialisation

The influence of the armed forces over both world wars on HR was significant in that it led to specialisation. Recruitment and selection processes and training and instruction techniques employed by the armed forces along with the growth in scientific management meant that HR started to employ these processes and practices in place to deliver on the increasing demand for production.

Further specialisation occurred post WW2 within the area of employee relations, as HR became the representative of the organisation in managing the employment relationship within an increasingly unionised workplace. Aspects such as involving trade union representatives in decision-making and subsequent pay negotiations also lead to further specialisation in reward, with HR seeking to offer further benefits e.g. sick pay, various

allowances for different roles and working patterns, uniform/PPE, annual leave etc. as alternatives were offered to improve working lives and satisfy trade unions as industrial action became more prevalent.

From Administrative to Strategic

It is perhaps unsurprising given the growth in the HR function that much of their work was administrative and technology gave way to HR shifting from an administrative role to a more strategic function, with automation handling routine tasks (payroll, scheduling, benefits management).

Due to the shift from manufacturing to service-based sectors in the late 1980's, a reduction in trade union membership and advent of the 'flexible firm' model which presented an alternative to workforce planning including reduction of permanent full-time staff and an increase on alternative approach to utilising part-time flexible workers and those who are temporary such as sub-contractors and agency workers. This meant that HR professionals now focus more on workforce planning, talent management, and employee experience.

The Trusted Legal Advisor

In the 1990's and beyond has seen a growth in employment legislation, including more complexity in discrimination legislation. Therefore, HR has had to become more knowledgeable and skilled in the application of legislation in any HR activity and manage the risk of potential claims to their organisation.

Data-Driven Decision-Making

HR is becoming more analytical. AI, HR software, and people analytics provide insights into employee engagement, performance, and turnover rates. Instead of relying on gut feelings, HR teams can now make evidence-based decisions to improve hiring, retention, and productivity.

AI is becoming more prevalent across all parts of the business however, in HR it is being used to streamline processes. AI-driven applicant tracking systems (ATS) scan CVs, rank candidates, and even conduct initial screening interviews. This can reduce bias in hiring and improve efficiency, allowing HR professionals to focus on culture fit and candidate experience. Already some businesses have AI-powered HR assistants which are virtual HR chatbots managing routine tasks

Greater Focus on Employee Experience

After the pandemic the shift to working remotely has become a reality for lots of employers and employees within the UK. Therefore, HR has had to consider the challenges and benefits of hybrid working i.e. the impact upon team cohesion and socialisation of having remote workers. The rise of flexible work models requires new approaches to ensure fairness, engagement, and performance tracking for both remote and in-office employees.

After the great resignation, where employers suffered higher numbers of attrition due to employees reflecting and questioning the expectations they had of a role and their employer post-Covid. HR refocused on wellbeing practices in the light of greater hybrid working, skills-based hiring gained traction, and has prioritised the overall employee experience. This means

- Ensuring remote and in-office workers feel equally supported.
- Creating wellbeing programs that address mental health and work-life balance.
- Building clear career progression and training pathways to retain talent.

Evolving Role in Ethics

Whilst HR professionals now play a bigger role in legal compliance there has been a greater spotlight on the role of HR in encouraging ethical practice in organisations. This has been because of large-scale organisational failings such as the BBC and high-profile paedophile scandals, Royal Mail/Horizon failings, and the behaviour of Mohammed Al-Fayad at Harrods.

HR as a Change Agent

With rapid technological advancements and shifts in workforce expectations, HR is now leading change management efforts. Whether it's implementing new HR tech, rolling out diversity initiatives, or preparing for future workforce needs, HR teams must be proactive rather than reactive. Managing change to gain buy and engagement from employees will reduce issues further down the line and also speed up the pace of the change taking effect. HR teams are becoming the organisation's experts in change management which add to diverse skills HR professionals already have. Businesses who do not embrace change will not be able to compete effectively.

Diversity, Equity, and Inclusion (DEI)

HR plays a pivotal role in supporting business owners and leaders with embedding DEI into any organisation ensuring that diversity is celebrated, equity is upheld, and inclusion is the norm.

For SMEs, embracing DEI can lead to enhanced innovation, better decision-making, and access to a broader talent pool. According to research, companies with robust DEI practices often experience increased productivity and employee satisfaction. Here's some examples of how HR can support DEI:

- Design hiring processes that minimise bias, such as blind recruitment, where names, ages, and genders are removed from applications. Diverse interview panels also help bring varied perspectives, reducing unconscious bias.
- A well-communicated DEI policy sets the tone for inclusivity. HR ensure policies cover equal opportunities, anti-discrimination measures, and grievance procedures, and keep them up to date with legislation.
- Design and deliver training sessions on unconscious bias, cultural awareness, and inclusive behaviours to help employees understand and support DEI principles, fostering a more inclusive culture.
- Support voluntary, employee-led groups that promote inclusivity and provide valuable insights to leadership. These groups give employees a platform to share experiences and drive positive change.
- The Equality Act 2010 protects individuals from workplace discrimination. HR ensure policies align with this legislation to safeguard both your employees and your organisation.

Increased Collaboration Across Departments

HR is no longer working in isolation. It collaborates more with IT (for HR tech and AI integration), finance (for payroll and benefits), and leadership (for workforce planning, strategic direction, and culture initiatives). This cross-functional approach ensures HR is aligned with overall business goals.

What does this mean for SME's

The changing nature of HR has meant that it has kept strands of all these aspects within its function. SME's can leverage this knowledge and skills from HR particularly as they move from start up into sustainable growth by putting HR policies and practices in place that support the organisational business objectives and its employees.

Similarly, as the organisation takes off, becoming larger and more complex HR can lean into

its role as a change agent, undertaking re-organisations to ensure the business is effective and efficient in its product/service delivery, whilst considering the future employee experience to identify and acquire talent that will realise the ambitions of the organisation.

The Information in this document is correct as of 1st March 2025. It has been written as a helpful guide, but does NOT replace legal or HR expertise.

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