

Institution: Lancaster University
Unit of Assessment: 19, Business and Management Studies
Title of case study: Maximising Human Resources: the Centre for Performance-led HR.
<p>1. Summary of the impact</p> <p>Impact for the CPHR is derived from its collaborative partnership between their world-leading HR researchers and 20 primary sponsor organisations. Through this network the Centre stays abreast of the current issues facing HR directors. This co-production of knowledge generates performance-driven solutions that have benefit to the wider business community. These are distributed through high-impact white papers, journal articles and initiatives with the CIPD (the professional HR institution). Examples of organisational impact include a new strategy at McDonald's 'Trust Based HR' and a 20% increase in job satisfaction of employees aged 60+ and the creation of an Executive Vice-President position at Shell.</p>
<p>2. Underpinning research</p> <p>The CPHR was developed in 2006 as a forum for academics and HR directors to come together and share insights into current and future issues facing organisations. This has resulted in an environment where research and impact are co-produced. The Centre's novel approach views HR not as a transactional service but as an embedded form of strategic intervention that can enact positive and sustainable change.</p> <p>To date, research has taken place and been applied across 20 primary sponsor organisations: BAE Systems, Britannia Building Society, Cabinet Office, Co-operative Financial Services, Hanson plc, IBM, Legal & General, McDonald's, NG Bailey, Nestlé, Nuclear Decommissioning Authority, Prudential, Royal Bank of Scotland, Royal Mail, Sellafield Ltd, Shell, United Utilities, Vodafone, and the Welsh Government. The CPHR team comprises Professor Paul Sparrow (Director), Matt Stripe (Chairman), Professor Cary Cooper CBE (Founder), Professor Mike West, Lilian Otaye (Research Associate), and involved Martin Hird (Executive Director), Shashi Balain (Research Associate) and Katharine Johnson (Executive Fellow). Rolls-Royce joined the Centre in 2013 and invited Professor Sparrow to speak at their HR conference in August.</p> <p><u>Engagement with industry:</u> The Centre's opening activity (2006-2010) focused on enhancing the experience of the UK workforce and the productivity and performance of employees and HR functions. To investigate how this could be achieved, the CPHR team conducted over 300 primary interviews with senior managers across business functions (CEOs, MDs, finance directors etc.) on topics ranging from strategic competence to the employee engagement-performance link.</p> <p>This has enabled cross-disciplinary insight into questions of organisation effectiveness. These issues are also being explored through joint involvement in an ESRC Research Seminar Series on 'Organizational innovation, people management and sustained performance'. The focus in 2012-2013 has been to additionally examine organisational performance from a societal and individual perspective. This research has culminated in approximately 18 white papers (a sample is provided below – see CPHR website for a full list):</p> <ul style="list-style-type: none"> 2008 – 'Reversing the Arrow: using business model change to tie into HR strategy' 2009 – 'Integrated Organisation Design: the new strategic priority for HR directors' 2010 – 'The Innovation Imperative: charting the territory for HR' 2011 – 'Talent Management: time to question the tablets of stone' 2012 – 'Beyond the Organization: delivering HR Across Multiple Partners' and 'Redefining the Contours of Fairness' (see Section 4 for further details) <p>In 2010 CPHR published 'Leading HR', a book which draws on findings from the Centre's research agenda (2006–2009). It was co-written with BAE Systems, Co-operative Financial</p>

Services, McDonald's, Nestlé, NG Bailey and Vodafone. In 2014 the Centre will be launching the *Journal of Organizational Effectiveness: People and Performance*. The journal addresses the implications of HR processes on people and organisations and challenges these processes through the integration of actions, theories and models based on CPHR's research. Several prominent academics and practitioners have already agreed to contribute papers and sit on the International Advisory Board. Further details of the research and outputs can be found in the ['Welcome to the Centre for Performance-led HR'](#) booklet. Over the years these activities have resulted in an active, knowledge sharing community for HR executives.

3. References to the research

1. Sparrow, P.R., Hird, M., Hesketh, A.J. and Cooper, C.L. (2010), *Leading HR*, Palgrave Macmillan: Basingstoke.
2. Sparrow, P. (2013), 'Strategic HRM and Employee Engagement' In: Truss, C., Alfes, K., Delbridge, R., Shantz, A. and Soane, E. (eds.), *Employee engagement in theory and practice*, Routledge: London, pp. 99-115.
3. Sparrow, P.R. and Cooper, C.L. (2003), *The Employment Relationship: key challenges for HR*. Butterworth-Heinemann: London.
4. Brewster, C., Sparrow, P. and Vernon, G. and Houldsworth, E. (2011), *International Human Resource Management*, 3rd Edition, Chartered Institute of Personnel and Development.
5. Sparrow, P. (2009), *Handbook of International Human Resource Management: Integrating People, Process and Context*, Wiley-Blackwell: Chichester.
6. Dickmann, M.; Brewster, C.; and Sparrow, P. (2008), *International Human Resource Management: a European Perspective*, Routledge: Oxon.

Grants:

From 2008-2013 the CPHR has attracted £1.31m in industrial funding. CPHR members pay an annual membership fee of £12,000, contracted over three years. CPHR has received funding from the CIPD under a new collaborative model for two research projects (see below).

4. Details of the impact

The CPHR has had considerable public impact. It was nominated as one of five Outstanding Employer Engagement Initiatives in the 2009 [Times Higher Education Awards](#). In June 2011 it came to the attention of the [Financial Times](#), who described it as '*an innovative research centre where academics and executives jointly set the agenda*', saying it has '*pioneered a new way to interact with business*'. LUMS has had three academics, Professors Sparrow, Cooper and West, in the 'Top 15 Most Influential UK Thinkers' as voted for by *HR Magazine*: all have considerable involvement in press, conference keynote, and professional development activity. CPHR was also recently the focus of a [Spotlight](#) feature by the Association to Advance Collegiate Schools of Business (AACSB) International Research and Scholarship Centre. Endorsements from several of the CPHR's members can be found on the centre's [website](#).

CPHR runs Special Interest Groups to feed research directly into Centre member practice and has designed a series of 'Executive Masterclasses', tailored to the needs of senior HR professionals/partners and mid-senior executives involved in organisational design, talent management, HR strategy and employee engagement. [HR Magazine](#) (18th January, 2012) featured the Centre's programme in a discussion on the challenges of ensuring that HR education is aligned to the business context. This section provides two examples of organisations that have experienced positive impact on their practices as a result of their collaboration with the CPHR: McDonald's and Shell.

Example 1: McDonald's

David Fairhurst, Chief People Officer at McDonald's Europe, approached the CPHR to analyse their data on organisational performance. He identified that one of the biggest challenges facing him when he joined the company was the portrayal of the "McJob" as a "low dignity, no

future job". This was effecting recruitment and staff morale so in April 2006 they undertook "a campaign to change the public's perceptions of so-called McJobs" (Fairhurst, 2008: 323). The journey to correct this perception, further improve employee engagement and enhance the corporate reputation is described in 'McDonald's UK: From Corporate Reputation to Trust-Based HR', a chapter written in 2010 by Sparrow, Balain and Fairhurst. Research carried out by CPHR led to several recommendations for improving performance including modifying employee survey data to capture drivers of restaurant performance, reorganising the 'McDonald's Performance Dashboard' to reflect performance related (and not related) to employee attitudes, and improved inclusion of demographic variables in determining restaurant performance. This resulted in the creation of ['trust-based HRM at McDonald's'](#).

Fairhurst reflects that HR departments are 'awash with data but HR people are usually not analytical'. Engagement with academic institutions such as with CPHR can offer *'fantastic business insights'* and *'clues to evolving HR strategy'*. He is a strong advocate of CPHR, and his influence as a high-visibility director (e.g. appointment to the UK Commission for Employment and Skills) has resulted in many collaborative publications with CPHR. In 2011 won the [HR Excellence Award](#) for Outstanding Employee Engagement Strategy.

Re-thinking the impact of older workers:

As part of the collaborative study conducted with McDonald's, the CPHR compared the performance data of 178 company owned McDonald's restaurants where one or more members of staff aged over 60 years of age is employed with the performance data of 239 company owned McDonald's restaurants where nobody over 50 years of age is employed. The [FT article](#), 'The kids are alright but they need help', evidenced findings from the research on the age-mix of staff and restaurant performance and that the presence of older members of staff encourages better behaviour. McDonald's confirmed in a [press release](#) that the 'levels of customer satisfaction were on average 20% higher in our restaurants that employ staff aged 60 plus'. This endorsement of the impact of older workers was widely reported in national media, such as [The Financial Times](#), at a time when this group was being disproportionately hit by the economic down-turn. In 2009 McDonald's had a national campaign celebrating their older workers and recognising the business benefit that they provide to the organisation ([McDonald's Lifelong Learning & Training](#)). The Campaign Director for the [Employers Forum on Age](#), said: 'I warmly welcome the research findings... it's vital that businesses across the UK continue to recognise the strong business case for age diversity.'

Example 2: Shell

In June 2011, the CPHR conducted an internal study for Shell entitled 'HR Operating for Joint Ventures'. The final report detailed four distinct types of joint venture and seven ways of thinking about the resulting management implications. One of the recommendations was to designate 'specialist responsibility' for HR issues and ventures. Shell has since created a position of Executive Vice President for HR Strategy and International Communications to meet this requirement, demonstrating the internal impact of the report. Jorrit van Togh, EVP HR Strategy, will be providing a paper on Shell's view of the future HR agenda in the CPHR's new journal.

The report commissioner and Senior Strategy Advisor at Shell reported back (e-mail available upon request) that they felt elements of the report warranted *'further embedding in our thinking and deliverables'* and that the suggested HRM functions would act as a checklist for their HR department to review the status of their joint ventures. In particular, he referenced the section of the report discussing trust vs. contractual based governance and that it provided, *'excellent materials which I passed on to our Governance team and could become relevant for HR once we agree how to structure and cost (recover) our offerings.'*

Joint CIPD impact and research activities based on case examples:

A CPHR Impact Advisory Group was set up as a benchmarking mechanism to test the validity of the Centre's research in terms of scope, efficacy and future impact. The CIPD as a member

of the group, was introduced to the McDonald's and Shell cases amongst other work.

Contours of Fairness: In 2013 the CIPD commissioned a report from CPHR, in conjunction with the [Lancaster Work Foundation](#), on 'The Changing Contours of Fairness'. The theme emerged out of work linking employee attitudes to organisational performance at McDonald's and from Professor Sparrow's involvement with the UK's Engagement for Success movement and prior MacLeod Review, commissioned by the Department of Business Innovation and Skills into '[Enhancing performance through employee engagement](#)'. In 2013 the CIPD incorporated questions on fairness into their national [Employment Outlook](#) survey (run by YouGov), producing a dataset of 2,000 employees, committing to also include items in their 2014 survey.

Beyond the Organization: Building on arguments made in 'Leading HR' and work with Shell on joint ventures, the CPHR realised further study into inter-organisational HR was needed. Building on an extensive literature review of past studies, the first research report was produced in July and published in August 2013 called 'Beyond the Organisation: Understanding the business issues in partnering arrangements'. The CIPD have confirmed that this will be publicised to the 134,000 CIPD members and academic members via a quarterly magazine and through an article in *Training Journal*. The second part of the report, containing quotes on aspects of the report from Shell, Nuclear Decommissioning and Sellafield, will be published in October. Additional research is planned with BAE to better understand HR's role in supporting their different partnering arrangements. The findings have attracted over 600 distinct page views on the CIPD's website and an article for the British Library 'Management and Business Studies Portal'. Public engagement has included the presentation of results at a senior HR leaders event in May, a seminar in June to over 50 lecturers delivering CIPD-accredited programmes and a forthcoming presentation by Sparrow at the CIPD's Annual HR Conference in November to around 100 delegates.

5. Sources to corroborate the impact

CPHR research activities:

1. Research Advisor, CIPD – corroborates the impact and significance of 'Beyond the Organisation' and public engagement activities.
2. Head of Insight and Futures, CIPD – corroborates the impact and significance of the research into 'The Changing Contours of Fairness'.

McDonald's:

3. Distinguished Professor and Robert H. Reynolds Chair in Global Leadership, University of Colorado – corroborates CPHR research/impact activities and use of McDonald's example in his teaching.
4. Vice President, People at McDonald's – confirms the impact on McDonald's employment strategy and a review of the current HR team structure.
5. Balain, S. and Sparrow P, '*Executive Report: HR and McDonald's Business Performance: A Research Insight*', August 2009.
6. Fairhurst, D. (2008), Am I 'bovvered'? Driving a performance culture through to the front line, *Human Resource Management Journal*, 18(4): 321–326.
7. Department for Work and Pensions, '[Good practice case studies: Managing without a fixed retirement age](#)', *Age Positive*, January 2011.

Shell:

8. Vice President, HR Functional Excellence, Shell – corroborates that the HR in Joint Ventures project influenced and shaped internal policies at Shell.
9. Senior Strategy Advisor, Shell – e-mail discussing how Shell would be incorporating the findings from the HR Operating for Joint Ventures report into their organisation, available upon request.