Current trends of HRM towards Effectiveness of the organisation

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ABSTRACT
Human Resource Management (HRM) like many other fields in Business continues to rely largely on trends in the practices strategic objectives in maximising the performance of the employee while understanding them towards the effectiveness of the organisation. The HR Management Trends is the one which is concerned with focusing on the organizational design, system, HR and policies. It is essential that Human Resource Management is operating appropriately and in accordance with the latest trends impacted by ‘Covid19’ and technology to be able to deal with the business life challenges. In the study, current trends of HRM and their implications are identified and evaluated in understanding the present challenges towards better performing organisational activities following the design, system, HR and policies leading to the effectiveness of the company ensuring sustainable competitive advantage. Methodology utilizes the reviewing the current findings on studies coupled with a survey done with senior managers/HR managers of the corporate sector in the world with special reference to Australia. Hence, in addition to the literature review, this study was based on senior line managers and HR managers, and measures a range of subjective and objective outcomes. The analysis confirms the strong positive relationship between HR focused practices and HR effectiveness and it is proven that more the strong HR focused practices leads to higher range of performance outcomes. The associations are mostly stronger for HR effectiveness. There are low levels of agreement between HR and line managers about HR effectiveness and where agreement exists; it is not associated with superior outcomes. According to the study it is revealed that trends including personalisation of individual needs, work-life balance, Trusting issue of technology and leaders, Balancing three bottom-lines via proper managing HR towards CSR and sustainability, attitude towards Development, decreasing of the Employee Experience, withdrawn Paternalism, People Analytics, More expectation out of less effort (smart move), dealing with big innovative technology, HR is about People, HR Innovation Labs mainly resulted by the trends including handling the Covid19 context. This study, therefore, confirms the importance of HR effectiveness by well addressing these upcoming trends including handling the impact of Covid19 towards higher productivity and sustainable competitive advantage through proper managing most valuable live resource: people. It could be safely concluded that impact of coronavirus (Covid19) towards HRM as an accelerator for defining the role of the corporation, remote working, re-skilling, skills based hiring, and the transformation of corporate learning.

Keywords: Impact of covid19 towards HRM practice, HRM current trends, challenges, sustainability, innovation, HR effectiveness
INTRODUCTION

Today more than ever, the future of work is the future of employee wellbeing. With the growth of the digital economy, ‘always on’ way of working, the stresses in managing work-life integration, and now dealing with the coronavirus, assisting workers with their wellbeing has never been more important. Therefore, the proper HR practice ensures the company’s effectiveness and sustainability in the long run ensuring ascertaining the sustainable competitive advantage through human resource.

Reviewing the human resource (HR) – performance relationship (Boselie, Dietz & Boon 2015 & Hall & Liu, 2016) confirm that an association between more extensive use of HR practices and various indicators of organisational performance. However, these associations are often modest and, as both reviews note, they leave a number of issues unresolved. Central among these is a concern about the process whereby HR practices are linked to performance. In this context, two issues are regularly signalled yet remain relatively under-researched. These concern the effectiveness of HR practices and of their implementation, in addition to the mere presence of practices, and the role of employee attitudes and behaviour, as potential mediators of the HR – performance relationship. There is an increasing focus in research on the role of employee attitudes and behaviour in the link between human resource management (HRM) and performance, but the issue of the effectiveness, as opposed to the presence of practices as a result of Covid19, remains relatively neglected. In an attempt to remedy this neglect, we explore the impact on performance of HR practices that are judged to be more or less effective. Further, it is highlighted the current trends of HRM that contributes to proper understanding in designing policies, processes and systems of HRM towards higher productivity and sustainable competitive advantage via proper management of HR.

There are number of potential stakeholders who are likely to have a view on the effectiveness of HR practices (Tsui, 2017). These include HR specialists who are responsible for designing and administering the practices, line managers who have to implement them and especially senior line managers who not only have to implement them but also make judgment about future investment in HRM, and employees on the receiving end of HR practices. There is, a strong case for a stakeholder perspective in judging the effectiveness of HR practices. Recent research has increasingly sought information from employees about HR practices and their reactions to them (Nishii, Lepak & Schneider, 2018). In this paper, it is explored the perceptions of HR effectiveness among a group of senior line managers, a key stakeholder group, and compare them with the perceptions of HR managers.

Bowen and Ostroff (2014) argued that the HRM – performance linkage – is likely to be greater where what they describe as a ‘strong’ HR system is in place. Core characteristics of their ‘strong’ system are high levels of distinctiveness, consistency and consensus. In cases where these are present, they argue that there will be an organisational climate that supports HR implementation. A core feature of consensus is “agreement among the principal HR decision makers” (p. 212, Bowen and Ostroff, 2014). Research is emerging on the impact of consensus among employees and between management and employees (Liao, Toya, Lepak & Hong 2019). However, there has been little research exploring the consensus among senior managers. Therefore, it needs to explore the agreement among the principal HR decision makers referred to by Bowen and Ostroff. A further aim of this paper is to test whether higher levels of agreement between HR managers and senior line managers about the effectiveness of HR
practices are associated with more positive outcomes. This would be one way of beginning to assess the impact of consensus in determining the ‘strength’ of the HR system.

One of the concerns rose in the reviews of HRM and performance is that a wide range of indicators of performance is used. Models that explore the linkage between HRM and performance (Becker, Huselid, Pickus & Spratt, 2017) distinguish between proximal outcomes such as employee attitudes and behaviour, which might be reflected, inter alia, in labour turnover and absence levels, and distal outcomes such as sales and financial performance. It is argued that the impact of HRM should be greater on the proximal outcomes that can be more strongly linked to HR policy and practice. The key research questions explored in this paper are: what is the impact of HR effectiveness on a range of proximal and distal outcomes; and in particular, is this impact greater if there is consensus on (high) effectiveness between senior line managers and HR managers, as proposed by Bowen and Ostroff (2014).

Guest and Peccei (2014) noted that HR effectiveness can be defined in different ways including the use of organisational performance as a proxy for HR effectiveness, a range of proximal quantitative, workforce-related measures such as labour retention and absence, the achievement of specific goals such as meeting employee development targets, or a political perspective, which emphasises stakeholder judgements of effectiveness in accepting that the stakeholder perspective is the most appropriate one because it allows for the interpretation of, and attribution for the various outcomes subsumed under the other three approaches.

From a different perspective, Khilji and Wang (2016) have emphasised the importance of the effectiveness of HR implementation, distinguishing between intended and implemented HR practices. Khilji and Wang found a gap between these which they attributed to the poor quality and communication of the intended HR practices, to the lack of support for implementation from senior line managers, reflecting a ‘weak’ HR system, and to the lack of competence and reluctance to implement them among local line managers. They suggested that the key factor affecting HR implementation is likely to be senior managers’ views on the role and effectiveness of HR practices.

Only a few studies have examined the association between HR effectiveness and performance. Huselid, Jackson and Schuler (2014) explored the effectiveness of technical HR, which they viewed as the traditional approach, and strategic HR, which they considered to be more developmental and commitment oriented. They found a relationship between effectiveness in strategic HR and business performance, but no association between technical HR effectiveness and business outcomes.

Richard and Johnson (2018) found an association between HR managers’ satisfaction with the effectiveness of HR practices and lower labour turnover. When they interacted effectiveness with capital intensity, they additionally found an association with return on equity and a more tentative association with productivity. Using the same data set, Richard and Johnson found no association between high performance work practices and subjective performance, but they did find an association between effectiveness of these practices and performance. When they interacted HR practices and effectiveness, there was a positive association with both performance and innovation. This second study reported by Richard and Johnson is one of the very few that looks at both HR practices and HR effectiveness; there are limitations to this study
because of its small sample, the use of a single respondent and the nature of both the independent and the dependent measures. However, it supports the need to take account of the effectiveness of the HR practices in seeking to understand their impact on outcomes.

In this juncture understanding of trends in HRM would be of useful tool as designers, system analysts along with the strategic thinkers should get the sense of current trends of HRM. Trends of HR is based on the current important elements in the world of work based on the research done in the corporate sector in the world of work with special reference to the Australian corporate sector.

Personalisation in managing HR involves in identification of individual employees. Historically HR has focused very much on standardisation and “One-Size-Fits- of candidates and employees are the trend today especially in selecting, training and motivating along with compensation of HR (Yahya & Goh, 2012). Traditionally, many HR-practices take the needs of the organisation as the starting point. I.e. recruitment: ‘as a starting point we have an organisation structure, with a hierarchy, and well-defined jobs. Then how do we find the candidates that can fill the vacancy’?

Comments given by the corporate sector HR managers are ‘most on boarding processes are designed top-down: what do we want new employees to know when they enter the organisation?’ The reverse question is hardly ever asked: ‘what can we learn from the new employees who enter the organisation’? That’s the trend now to be successful in achieving sustainable competitive advantage through HRM (Krama et al, 2018).

Also Learning & Development has a hard time to make the shift to an individualised approach. We still see many programs targeted at groups (e.g. high potentials, senior managers), with a large classroom component (Armstrong, 2018). Office design is an area where the standard approach has backfired. Most of the new office designs now take the different needs of users into account. If you are work better near other people and if you regularly need advice from colleagues, you can work in open space. When you need to concentrate on a complicated report, you can sit alone in a quiet room. For a call with a client, you can find one of the small phone booths. In 2019, personalisation will get a lot of attention, and employees and organisations will benefit according to many CEOs and HR personnel in the corporate sector.

Success of the HR processes are depending mainly on trust but the question is do people trust the organisations they work in? Do employees trust technology? Are people confident the organisations will use technology for their benefit? A recent global survey of Ernst & Young ‘trust in the workplace’ showed that less than half of the respondents have “a great deal of trust” in their current employers, boss or team/colleagues (Jackie Wiles, 2020).

The results of the annual ‘Edelman Trust Barometer’ are a bit more promising: globally 72% of the employees trusted their employers “to do what is right”. Trust in government and the media is a lot lower. Cognitive dissonance might be an element in the explanation of the higher trust in employers than in the government and the press. If you do not trust your employer, why do you still work there? Opined by a practising manager of the Australian context (Survey results). Further, this trust issue needs to be addressed importantly, because many of the HR initiatives are designed under the assumption that employees trust the organisation and that employees
trust technology (Krama et al, 2018). Unfortunately, the trust level might be lower than expected according to the corporate sector. Approximately 67% trust their employees yet feedback revealed by the focus groups consists of trust issues with their supervisors and managers. Consequently, micro management has evolved and improved as to experience employees are over managed and under lead (responses from senior level managers based on the in-depth analysis, 2019).

Treating employees focusing on the long-term effect is heavily connected in balancing three bottom-lines via proper managing HR towards CSR and sustainability. In this juncture, Covid-19 pandemic offers a great opportunity for businesses to shift towards more genuine and authentic HR development and contribute to address urgent global social and environmental challenges as the aftermath of it (Harris & He, 2020). Therefore, a more optimistic view is that Covid-19 pandemic will accelerate post-pandemic HR development in the long run, as more and more firms and businesses realize that their long-term survival and development hinges on achieving a delicate balance between profitability and harmony with its various stakeholders. Probably the more relevant and pressing question is not about whether to balance three bottom-lines or not, but more about how to invest in achieving the mutually beneficial and interdependent social/environmental and economic goals via HR development. The pandemic will teach us a lesson that “we are all in this together”, which undoubtedly will raise people’s expectation of businesses being more socially responsible. Therefore, we can envision the post-pandemic period as a one that the thriving businesses are those with strong CSR commitment and effective CSR strategies and efficient implementations via HR/Mgt practices.

Hence, the attitude towards Development as a service rather than expecting ROI on it in treating employees’ professional development is another trend in this context. Considering what we learn from Footy can be illustrated in elaborating this, In Footy, some of the top players hire organisations, as your tactical analyst to help them with their development. The provider gathers data about the player (per match), analyses the data and sits with the player to discuss the outcomes and the lessons. The provider is there for the player, paid by the player. The club of the player is not involved. This seems to work well, although some clubs do not like it. The interests of the player (the employee) and the club (the employer) are not totally aligned. The club wants to become champion this year. The player wants to develop into one of the most valuable strikers in the world. The interests of the service provider (Your Tactical Analyst and others) are totally aligned with those of the player. “We are here to help you to become better”. As per the survey results in the corporate sector, it is considered a responsibility of a HR division to develop employees, no matter the duration they stay with the company. However, this notion of believing proper HRM towards company effectiveness based on the alignment with company objectives in the corporate sector in Australia is yet to be proven, as per the survey. Further, in business life we have not seen it a lot (a bit in the executive coaching area) as revealed by the survey/feedback outcome. However, there is a positive sign of respecting this need by the senior/HR managers rather than expecting proper ROI from the investment. Therefore, there is a hope and potential towards a great perspective for data-driven “Development as a service”. Consequently, much attention is paid on developing HR towards lifelong learning especially in the business corporate sector as observed by the practice of HR in the Australian corporate sector.
The “Employee Experience” is a bit of hype, and the corporate HR designers have incorporated the employee experience in their designs and interventions. But, as we can see in the majority of the employee journey maps, they have not changed their approach. The approach is top-down, and organisation focused. “If you want an employee experience, we will give you one you will never forget” and ‘they design employee experiences to please the boss, with no real focus on the employee’ commented by HR personnel.

The initial starting point of the employee experience concept is commendable: how can we give employees an experience that fits with their needs, expectations and capabilities? Unfortunately, practicality is as such, it is eroding into a consultancy led framework, trying to fool employees into a journey on a one-way road with no exists, as the brief was “We want to attract and retain our talent”. Therefore, the reality suggests improving the attitude of employee experience rather than pleasing the boss as per the survey results.

Often HR takes a very paternalistic and normative approach. “Our leaders and managers should be good coaches”. “We expect our employees to take responsibility for their own development”. Self-learning approach is highly recognised and no more Paternalism as per the survey results. “You cannot opt out of life-long learning”. Coaching is a good example. It starts with the global leadership model. These models (often a circle) always contain an element like “Developing People” and/or “Coaching. As an example, 3T (Tactics, Think and Team) according to the Leadership Model can be identified (Wright and Nishii, 2016).

The reality is as such, many managers are not good coaches; the next step is training (mandatory). Also, HR designs a process that forces managers to have coaching sessions with their direct reports at least twice per year. The process is incorporated in the HR System. Reality is that neither the manager nor the employee is happy with the process. ‘Why force people to do things they do not like, and they are not very good at? It is time to consider other approaches’: Opined by the corporate sector employees. This was the opinion by 78% of Aussie employees in commenting on the learning packages they are going through. They were of the view that T&L is based on ready-made packages rather than based on needs of employees.

Using People Analytics as one of the matrixes in evaluating HR effectiveness by HR management in the corporate sector can also be identified as one of the trends. Already the “Trust Issue” was identified as an issue. Trust is an important issue to deal with in people analytics. In people analytics the starting point is often the needs of the organisation. How can we reduce staff turnover? Are higher levels of productivity possible? Can we measure the risk level in the different parts of the organisation? The benefits for the individual employee get less attention. The issue of data ownership also needs to be addressed. Most employees do not work somewhere for life. They move on. What happens to the data that was gathered about the employee? Will it stay with the organisation, or will the employee be able to take his or her personal data file? Our expectation is, that the expectation of employees will move in this direction.

This creates an opportunity for a “My Personal Data” solution. The employee can use the data in the personal file in several ways. Plug it into personal people analytics solutions (e.g. for career advice) or sell it to providers who are keen to analyse and use longitudinal people data.
This situation was proven in the survey as more than 85% are involving in improving their personal analytics for them to move forward in their career ladder.

The realisation that HR is doing too much, and that the list of HR initiatives is far too long, is slowly dripping into organisations. What employees and senior management are looking for: more impact, with less effort? ‘Keep it simple’, i.e. work from home, work-life balance, Job sharing, under study, cover-up activities will lead to get more out of less cost. As per the research study, 85% managers expect employees to think in this direction. Staff is hardly replaced for those who are on maternity leave, annual leave and covering the routine absenteeism. At the same time, staff collaboration and merging across branches within and outside the country via Zoom. This has emerged specifically as an impact of the Covid19 focusing on cost management strategy.

The big players in HR business solutions are getting bigger. LinkedIn bought ‘Glint’. LinkedIn launched ‘talent insights’ SAP buys ‘Qualtrics’ Workday announced workday people analytics. In the past we have been sceptical about the ability of the big players to incorporate new technologies and to be flexible enough to cater the different needs of organisations. Our scepticism is decreasing, and our expectation is that especially the big players will be able to help HR to make the transformation into digital. The creative and innovative small players, and there are many, will increase their chances of survival if they are bought by one of the big players, if they work seamlessly together (as a plug-in) with the big players or if they have been able to capture a truly unique niche area. Based on the survey, 59% believed that one of their growth strategies is to diversify the business via M&As (Mergers and Acquisitions) that has been embedded to their annual goals in expanding the business.

Experimenting with new technologies and new innovative HR solutions can be enhanced by installing an “HR Innovation Lab” being another trend in the HR arena. Big innovative organisations, as employment agencies are investing in software that focus on HR capability assessments and the possible applications of HR Tech. We consider this as a positive development. It is good for the organisations, as they increase the angle of the learning curve. HR tech providers’ benefit, as it helps HR to change the image of HR, from slow and traditional to fast and innovative (Kramar et al, 2018).

In these trying times, corporations should vouch to look after the needs of the employees in distress. An HR professional should bring the humane back into the workings of the corporations. The decisions taken by Human Resources impact the livelihood of the employees, and the entire workforce in a nutshell. This includes their ability to earn money to pay for essentials like food and housing among other expenses. One cannot stress on infrastructure enough! The Human Resource department should ensure that all the employees have capable work laptops to complete their day-to-day tasks. This move saves the employees from risking their lives to reach office amid lockdown as they can now work from home, a concept that is increasingly being accepted in Australia. Approximately, 78% employees believed that they are comfortable working from home. However, employees were of the view that they are being micro managed by their HR managers due to trust issues working from home.

As HR is about People, the expectations of workforce analytics and technology are often too high. Three elements are considered. In the first place, human behaviour is not so easy to
predict, even if you have access to loads of people data. Even in domains where good performance is very well defined and where a lot of data is gathered inside and outside the field, as for example in football, it is very difficult to predict the future success of young players. Secondly, the question is to what extend managers, employees and HR professionals behave in a rational way. All humans are prone to cognitive biases that influence the way they interpret the outcomes of workforce analytics projects. Some interesting articles on this subject are ‘why psychological knowledge is essential to success with people analytics’ opined by HR managers in the corporate sector. Many survey respondents commented on how the coronavirus could be an opportunity to re-think assumptions on their business model as well as cross training and creating new products to be better prepared for the next pandemic.

Considering the aftermath of the pandemic resulted towards HRM, the following points to be considered by HR managers/C suites (as per the survey reveals).

- Staff have an ecological hangover_ this is due lack of long-term disaster plan. “A lot of companies will have business continuity plans or natural disaster plans, but those have been built for one off events, like a terrorist attack or a cyber security breach. Nobody has really built anything for something that could last for months and has increasingly unpredictable consequences”.

- Managers need improving knowledge in managing remotely, “The advice we give to HR here is that we can expect employees will continue to have to work remotely for some time. So, HR should be looking at how they can support their managers to manage remotely effectively. [Managers] need to communicate more and in different ways, such as holding regular virtual meetings. There’s skill in doing that effectively”. Therefore, organisations should be looking for resources and experts who can help their managers excel in this time of social distancing.

- We should change our benchmarks. ”They won’t necessarily get their bonuses. So we really have to re-think what performance looks like during a crisis. We need to redirect peoples’ efforts to high value activities.” Essentially, his advice is to make sure you’re using lens that values quality over quantity.

- We should also change our engagement strategies. “The immediate response from employers should be how to help their employees maintain focus, engagement and productivity”. It’s also important for managers to help their staff to feel connected to the purpose of their work. This is always important, but even more so during tough times.

- Fear rules, but vision should trump everything. It is required to “get people thinking about the good your organisation does and how their work contributes. And don’t neglect that they still want to develop in their career. Consider what training can be provided remotely and let people know what opportunities are available or on the horizon”.

- Impacts on women are greater. “You might not consider coronavirus to be a gender issue, but it absolutely is. Women account for the majority of the casual workforce. Casual and contract workers are likely to feel the pinch the most due to a lack of job security and benefits”.

- Thinking cost first can damage your employment brand. “Heads of HR will need to step in and be the ethical voice. Otherwise, these things could have an impact on your employment brand and corporate reputation,” “We're operating in an age of radical
transparency. So how businesses act and the decisions they make during these times will have enormous potential consequences.”

- Not prepared for the scale of mental health issues. “By moving beyond simple measures, it was able to change their mental health framework. That’s the kind of big picture thinking companies should be using during these troubling times”.
- Know who your key players are. “it might be worth developing a separated, targeted communication and support framework for your key players in a crisis”.
- There are silver linings as aftermath of Covid 19 as opportunities

CONCLUSION

This brief overview highlights the trends of HRM towards higher productivity leading HR effectiveness as an impact of current global challenges and changes including Covid19. Then needs work on three components towards HR performance. First, the HR practices must be present; second, they must be judged effective and third, they must be effectively implemented. It can be argued that the presence of effective practices is an essential prerequisite to any possibility of effective implementation and, therefore, constitutes the key step in the sequence. To take a common example, studies often ask about the presence of a formal appraisal system for all staff. This does not address the possibility that it is a very poor system and therefore unlikely to be effectively implemented. Indeed, on this basis, we can argue that although the presence of a HR practice is a necessary first step, the effectiveness of the practice is likely to determine its impact on relevant outcomes leading to sustainable competitive advantage via proper managing HR. Further, the coronavirus pandemic is fundamentally shifting the way of doing businesses and will accelerate the Fourth Industrial Revolution, fuelled by smart technologies such as Artificial Intelligence and mobile supercomputing. The Future Workplace Survey asked HR leaders, how could the Coronavirus be advantageous to your business? Making it as an opportunity in getting competitive advantage via proper managing HR. Overall, in this VUCA (Volatile, Uncertain, Complex and Ambiguity) world, Covid19 that has opened the possibilities to earn your living from the living room. The definite and drastic shift from the way employees have worked thus far is increasingly being evident. As everybody embraces the changing normal, everyone needs to be more attentive and effective at what they do. Employees are on their own and got to think well as they own it up. Research establishes that People who are healthy and happy make better workers in any given context. When work gets inside the four boundaries of home, life outside of work should have its space uncompromised. Research indicates that internal conscience coupled with a sense of discipline is a prerequisite for a productive ‘home-workforce’. Finally, food for thought: ‘You do something because it is the right thing to do, not because you feel like doing it and that aids trust that is the underlying foundation of a committed remote worker’.

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