Barišić, Anton Florijan; Klopotan, Igor; Miloloža, Ivan

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Human Resources Management: Current Issues

Anton Florijan Barišić
University VERN, Croatia
Igor Klopotan
University North, Croatia
Ivan Miloloža
University of Osijek, Faculty for Dental Medicine & Health, Croatia

Abstract

Human resources management (HRM) as a function providing organizations with workforce and thus assisting the achievement of organization’s business strategy is an inevitable element of contemporary organisation’s arrangements. Passing through different stages from conventional one to strategic service, HRM has transformed its concept, content, philosophy and scope of services affecting the way of understanding and role of the HR function in the organization. Becoming one among most important organizational functions, HRM was transiting from reactive function, over independent function towards the integrative and supportive function. This paper is aimed in contributing to the better understanding of contemporary challenges of HRM function and HR services in organizations, analysing various concepts and describing development and nature of different aspects and recent approaches to the HRM in terms of their influence to achieving and maintenance of organizational business strategy and competitive advantage. In that sense, the objective of the paper is to provide the overview of HRM contemporary challenges, and assess its impact to modern organization in context of organizational performance and organizational effectiveness.

Keywords: management, human resources, human resources management, organisation, organisational performance, organizational effectiveness, digital transformation, aging workforce

JEL classification: M10, M12, O32, L22, L25, M55

Introduction

In the last decade, human resource management (HRM), especially international HRM, became the discipline of significant importance for organizations of all kind and all sizes.

Becker and Huselid (2006, p. 899) emphasize HR function significance saying that it refers to “systems, practices, competencies, and employee performance behaviours that reflect the development and management of the firm’s strategic human capital” in achieving success of an organisation.

Human resources management (HRM) function within the organisation supports development of organisation specific competences and abilities as an outcome of organizational learning (Collins and Smith, 2006; Baghshady et al., 2014). The nature and role of the processes in HR planning and delivery is facing radical changes because of the extensive utilisation of information technologies (Chen and Huang, 2007; Oliveira and Martins, 2011; Omotayo, 2015), although various studies argue that
methods and modes of HR management will become more challenging for than use of technology for organisational performance (La Rocca, 2012).

Organizations consider the HRM as an approach comprising functions and activities such as employment, training and development, compensation and remuneration, accomplishment appraisal and retaining policies (Ioannou and Serafeim, 2012; Bargshady et al., 2014).

In delivering its services HRM is connected with and experience different forms of relationship with all other departments within the organization and external stakeholders which makes it a very complex structure with different purposes and responsibilities (Ulrich, Younger and Brockbank, 2008).

Within the organisation HRM covers a wide range of activities including incentives and work organization (Spooner and Kaine, 2010; Renwick, Redman and Maguire, 2013). Incentives embrace remuneration and the appraisal, promotion and career advancement services (Singh, Darwish, Costa and Anderson, 2012; Bargshady et al., 2014). Work organization is understood as the distribution of decision rights between managers and employees, job design, team work and provision of information (Chen and Huang, 2007; Spooner and Kaine, 2010).

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In the early stages of HRM development, employees were treated as to be passive recipients of HR services (Paauwe, 2009; Mishra and Akman, 2010; Guest and Conway, 2011). Nowadays, HR professionals should make employees motivated and committed to have positive attitudes on the daily work, involving them also into decision-making processes with regard to achieve better working performance (Savaneviciene and Stankeviciute, 2012; Spooner and Kaine, 2010). These changes of HR function support employees to become independent and take the initiative in participating in both individual and organization development (La Rocca, 2012; Renwick, Redman and Maguire, 2013).

Increasing importance and recognition of HRM in contemporary organizations arises from the resource-based theory of the organization in which human resources are recognized as a strategic resource in upgrading and maintaining organizational effectiveness (Boothby, Dufour and Tang, 2010; Savaneviciene and Stankeviciute, 2012).

Contemplating the systems view and underlining its significance, Becker and Huselid (2006), state that HR function is the “systems, practices, competencies, and employee performance behaviours that reflect the development and management of the firm’s strategic human capital”.

The foundation of all HR services includes selection and recruitment, accomplishment management, management of changes and management and supervision (Boothby, Dufour and Tang, 2010). The objective of staffing is finding the suitable human resources necessary to ensure complete and appropriate workforce provision (La Rocca, 2012; Paşaoğlu, 2015). Consequently, staffing includes design of organizational structures, definition of working conditions (Paşaoğlu, 2015) followed by recruitment, selection and development of the personnel. Performance management develops workforce motivation and commitment delivering employees training and development services (Becker and Huselid, 2006; Janssens and Steyaert, 2009).

The presented approaches highlight the significance of HRM, proving that HRM objectives are to enable and ensure achievement of organizational performance in terms of tangible results, but also to establish the frame and circumstances for effective HR use (Savaneviciene and Stankeviciute, 2012; Paşaoğlu, 2015).
Snape and Redman (2010) state that “Human resource management is one that provides a systematic check on a set of interrelated processes affecting and involving all members of an organization, processes that include human resource planning, recruitment, selection and evaluation employee training and human resources development, motivating and rewarding employees.”

A particular HRM practice is a product of interaction among different influencing factors, where, as a consequence, some HRM processes may occur to be responsive to requests for modification to local circumstances, while others may tend to internal consistency (Janssens and Steyaert, 2009; Cox, 2014). In other words, the traditional HR function work with employees according to and under the requirements of business policy, while new transformed HR function takes responsibility to motivate employees for the better performance and development. In modern HRM approach line managers are important associates to HR professionals, assisting them in implementation of HR strategy and policy and supervising employees to achieve organizational objectives (Snape and Redman, 2010).

A number of studies of future trends suggest that HRM evolution will be disseminated among various ranges of different managerial levels (Janssens and Steyaert, 2009; Van de Voorde, Paauwe, Van Veldhoven, 2010). Recently, the HRM function involves HR professionals, line managers, employees, and also the external HR experts (Snape and Redman, 2010; Cox, 2014).

Acceptance and utilization of HR metrics is an additional essential feature of HRM (Janssens, and Steyaert, 2009), with the focus on cost effectiveness (Mishra and Akman, 2010). In a sense of metrics, Hussain, Wallace and Cornelius, (2007), recognize three classes vital in review of the HR function; administrative tasks effectiveness, HR practices efficiency, and influence considering the achievement of organizational objectives in terms of development and utilization of employee’s skills and competences (Spooner and Kaine, 2010; Paşaoğlu, 2015). By adjusting, integrating, and shaping the HR systems, Marler and Fisher, (2013, p. 23) have introduced “HR Balanced Scorecard” in order to analyze critical HR determinants (employee attitude, technological skills, and employee behavior).

The growing use of ICT in the organizations and modified role of the HRM function, transformed it into a strategic partner in accomplishing organization’s strategic objectives (Marler and Fisher, 2013). Further development associated with the role of HRM was implementation of HRIS facilitated “Six Sigma” procedures (Paauwe, 2009; Singh and Raghuvanshi, 2013). The DMAIC (define measure, analyze, improve, and control) concept from Six Sigma approach uses diverse tools for business processes reengineering, improvement of decision-making processes, and improvement of customer services (Becker and Huselid, 2006; Goodeham and Nordhaug, 2011). In that sense, it has been proposed an approach to HRM containing some basic functions such as staffing, employee training and development, employee motivation and commitment, and workforce maintenance (Van de Voorde, Paauwe, Van Veldhoven, 2010; Guest and Conway, 2011).

Beregszaszi and Polay (2012) have proposed a framework explaining the relations between the HRM and the ICT, which involves the work and organizational structure, the HR experts and workforce. The framework suggests that development of the ICT may generate the changes in the organization and work structure, altering possible outcomes of HR practices (Oliveira and Martins, 2011; Marler and Fisher, 2013).

Some research studies reveal that HR-IT applications, regarding e-staffing, e-compensation and reward, e-training and development and e-career planning, can affect HR processes both positively and negatively (Chakraborty and Mansor, 2013).
The HR planning function has been considered as a part of management practice since the beginning of modern organization and should be set on according to organization’s mission, vision and strategies (Gooderham and Nordhaug, 2011; Beregszaszi and Polay, 2012; Chakraborty and Mansor, 2013). Selection and recruitment are processes directly related to HR planning and key success factor in acquiring proper workforce corresponding to organizational needs (Spooner and Kaine, 2010). Kashive, (2011, p. 47) emphasized the importance of a talented workforce by saying that “in an era of competition the growth of any organization is proportional to the growth of its talent.”

The labor requirements planning as a starting activity of HR processes includes, resource specifications, long term planning, and calculation of provision (Van de Voorde, Paauwe, Van Veldhoven, 2010; Renwick, Redman and Maguire, 2013) and enquiry of labor, staffing, employee qualification, training programs, costs forecast, salaries, contracting, and other associated issues (Gooderham and Nordhaug, 2011; Savaneviciene and Stankeviciute, 2012; Paşaoğlu, 2015).

The career identification entails career cycle comprising growth, exploration, establishment, maintenance, and decline stages (Spooner and Kaine, 2010; Renwick, Redman and Maguire, 2013; Chakraborty and Mansor, 2013). In that sense, employees recognize obligations and liabilities of their own career development, evaluating and utilizing opportunities, exploring information and sources, determine career objectives and develop plans, (Beregszaszi and Polay, 2012; Cox, 2014).

The direct financial compensation can be realized in the form of salaries, bonuses and incentives, while indirect payments can be presented as pension and education plans, paid health and insurance costs, paid holidays or right to purchase products and services at a preferential price, etc. (Gooderham and Nordhaug, 2011; La Rocca, 2012; Cox, 2014). Besides, the proper attention has to be given to the impact of legal aspects regulating both direct and indirect financial compensations in compensation (Collins and Smith, 2006; Singh and Raghuvanshi, 2013).

In general, among the responsibilities of the HRM is increasing employees’ contributions to the organizational performance using a specific range of integrated policies, programs and practices (Strohmeier and Kabst, 2009; Savaneviciene and Stankeviciute, 2012; Renwick, Redman and Maguire, 2013). In that respect a number of authors see HRM function as a set of processes and practices such as planning, staffing, performance appraisal, payroll and remuneration management, employee’s development, employee relations, and industrial relations (Beregszaszi and Polay, 2012; Paşaoğlu, 2015).

Configurational or contingent approach to strategic HRM, according to Sparrow and Braun, (2007), “stresses the need for practices that are contingent with organisational circumstances, but in addition emphasizes the need for horizontal or internal fit”. In other words, configurational concept acknowledges the value of best practices, but emphasizing the pertinence of accommodation of strategic HRM with the comprehensive business strategy (Gooderham and Nordhaug, 2011; Savaneviciene and Stankeviciute, 2012; Renwick, Redman and Maguire, 2013). Otherwise, SHRM recognizes four policy classes: “strategy focused, decision focused, content focused, and implementation focused” (Beregszaszi and Polay, 2012).

The recent Universalist approach on HRM showed to be popular among scholars and HR professionals (Strohmeier and Kabst, 2009; Singh and Raghuvanshi, 2013). Advocates of that approach consider HRM as a “best practice”, under the assumption that a labor management commitment model is linked with organizational success, regardless of the specific organizational business strategy
Passing through different freely or forced transformation stages, HRM function changed its concept, content, philosophy and scope of activities which in some measure confuses the right understanding and role of HRM function in the organization (Sparrow and Braun, 2007; Gooderham and Nordhaug, 2011; Renwick, Redman and Maguire, 2013). Although recent research literature suggest different descriptions of contemporary HRM, with different prospects of development, the authors basically agree that trends of future evolution HRM and transformation are essentially similar and characterized with following key elements; devolution and decentralization of HRM function, strategic and business focus and integration with other departments (Strohmeier and Kabst, 2009, Chakraborty and Mansor, 2013; Paşaoğlu, 2015).

Lower managerial levels are also engaged in HR tasks delivery referring to staffing, consulting, supervising regular procedures, and employee performance, sharing the responsibility with HR professionals, who make the transformation happen (Sparrow and Braun, 2007; La Rocca, 2012; Cox, 2014; Paşaoğlu, 2015).

**HRM challenges**

Different globalization processes, turbulent and fast changing conditions on the international market, and as well, changing nature and diversity of contemporary workforce introduce new and sometime unexpected challenges affecting variety of features of management of organizations, with special attention to the Human Resource Management (HRM), as a cornerstone of organizational structure (Iles, Chuai and Preece, 2010; Yilmaz, 2016). Apart of globalization, economic and legal environment, and labor market, challenges to the organizational performance are resulting also from demographic change, technological development, workforce educational background and employee’s expectations regarding work-life balance, career development and work conditions (Stankiewicz, 2015; European Commission, 2018).

Additionally, in the factors which directly and indirectly affect HRM policies and strategies can be included environmental factors, leadership, including sharing leadership and empowerment, gender diversity including women's entrepreneurial attitudes, digital transformation and Corporate Social Responsibility (CSR) initiatives (Luo and Bhattacharya, 2006; Yilmaz, 2016; Shao, Zhou and Gao, 2019). All that challenges influencing the possibility of implementation of organizational HR strategies does not exhaust the vast subject of contemporary issues in contemporary HRM (Aguinis and Glavas, 2012; Ioannou and Serafeim, 2012; Ketschau, 2017).

In order to elevate organizational performance, attract their clients, motivating employees and promote their social performance, and thus achieve long-term competitiveness (Luo and Bhattacharya, 2006; Shen and Benson, 2016; Barrena-Martínez et al., 2019), organizations implement Corporate Social Responsibility (CSR) initiatives, that is, “context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis and Glavas, 2012, p. 855). In that respect, CSR strategies and practices routed to employees are considered as socially responsible human resource management (SRHRM) (Luo and Bhattacharya, 2006; Richards and Sang, 2019; Barrena-Martínez et al., 2019). Apart of ensuring decent working environment and satisfactory payment conditions, the role of SRHRM include selecting socially responsible employees, delivering CSR trainings, and considering employees’ social contributions in promotion, performance appraisal, and remuneration (Ioannou and Serafeim, 2012; Shen, and Benson, 2016; Shao, Zhou and
Gao, 2019). As such, SRHRM is not only an integral part of CSR initiatives but also an important tool for its successful implementation. Adopting SRHRM practices, an organization indicate its conformity to social CSR norms and thus increase employee organizational identification (Ioannou and Serafeim, 2012; Richards and Sang, 2019).

Significant, long term issues related to HR practices associated with effective talent management in the organization can be considered as strategic HRM challenges (Lazazzara and Bombelli, 2011; Hennekam and Herrbach, 2015). Efficiently communicating these challenges by using various HRM policies and practices enables organization to successfully perform cultural transformation. Cultural transformation in the organizations is by its nature heterogeneous and among other includes: strategic integration, organizational agility, leadership and knowledge sustainability (Iles, Chuai and Preece, 2010, Posthuma and Campion, 2009; Jackson and Debroux, 2016). Strategic integration is understood here as a degree of integration of the HR strategy into the extensive organization strategy, while organizational agility is represented as increased flexibility in managing repercussions of changing labor market environment (Lazazzara and Bombelli, 2011; European Commission, 2018). The other important mission of HRM in the new business circumstances is development of future leaders and maintains leadership sustainability within the organization introducing modified and reinforced approach to the talent management (Beechler and Woodward, 2009; Ng and Feldman, 2012). The leadership and leadership sharing in terms of HRM strategy represent evolution and improvement of leadership and self-leadership skills and practices, and knowledge sustainability is characterized by deployment of practices sustaining staff in the organization to cope with changing business requirements and manifold clients’ demands.

Contemporary demographic trends resulting with increasingly aging population associated with longer employment before retirement have caused existence of four even five generations of workers in the labor market (Beechler and Woodward, 2009; Iles, Chuai and Preece, 2010; Yilmaz, 2016). That multi-generational workforce is affecting HRM policies and practices on diverse ways varying according to the industry type, way of doing business and organization size (Lyons and Kuron, 2014; Jackson and Debroux, 2016). Having different, often contradicting life values hierarchy and work attitude and expectations, and thus creating various management and intergenerational antagonisms and disputes, these groups of workers force HRM to develop non-discriminatory pro-generational programmes, tools and methods to successfully accommodate their requirements (Iles, Chuai and Preece, 2010; Lyons and Kuron, 2014).

In that sense, one of the emerging challenges that organizational HRM is currently facing is an aging workforce, a phenomenon which is by its nature essentially national and global problem (Lazazzara and Bombelli, 2011; Hennekam and Herrbach, 2015; Jackson and Debroux, 2016).

The research studies present that despite being a certain problem for the organizations in terms of HR point of view, aging workforce can significantly contribute to the organizational value in terms of knowledge, expertise skills, ability and experience (Stankiewicz, 2015; Yilmaz, 2016).

Researchers recognize five major common negative stereotypes describing older workers such as achieving substandard performance, being averse to change, having resistance to learn, preferring shorter mandate, and being more costly (Posthuma and Campion, 2009; Yilmaz, 2016), but as some authors testify, most of stereotypes are false, except one suggesting that older workers are resistant to engage in training and career development (Iles, Chuai and Preece, 2010; Ng and Feldman, 2012; Stankiewicz, 2015).
In order to be able to manage unavoidable changes in workforce demographics, organizations have to prepare and develop sound strategies for managing and retaining mature workforce, such as establishing age audit and succession planning and developing orientation trainings for managers of all kinds at all organizational levels instructing them how to avoid unconscious age-related bias and stereotypes and address illegitimate discriminatory practices towards older workers in the organization (Iles, Chuai and Preece, 2010; Lyons and Kuron, 2014; Hennekam and Herrbach, 2015). Additionally, responsibility of the HRM is to establish procedures aimed to elevate knowledge, skill and expertise transfer between young and old workers, addressing at the same time issue of functioning intergenerational teams, and to develop flexible employment opportunities by redesigning job composition and re-skilling older workers enabling them to utilize benefits of new technologies and social media. Apart of problems related to the policies towards older workers, very important challenge for HRM are legal issues regarding fast changing employment regulatory framework and anti-age discrimination strategies (Lazazzara and Bombelli, 2011; Hennekam and Herrbach, 2015).

In order to compete on the global market and achieve and sustain business performance, contemporary organizations, being largely influenced by the process of digitalization, are required apply fundamental organizational innovation (Lyons and Kuron, 2014; Rimon, 2017). Digital technologies such as Cloud Computing, Mobile, Social, BigData and IoT) enable organizations to evolve and utilize distinctive features of technologies in terms of increasing business agility, acceleration of innovation, adopting new business models, transforming core business processes, and improving customer experience (Ulieru and Verdon, 2009; Reis, Amorim, Melão and Matos, 2018). Involving a full-scale transformation of businesses through continuous learning and innovation of business models, business processes and products, digitalization requires openness and change of organizational culture, commitment to business excellence as a supreme concept, increased RandD development capacity, taking advantage of open leadership and self-leadership (Beechler and Woodward, 2009; Henriette, Feki and Boughzala, 2015).

The process of digitalization is usually observed through the process of digital transformation. A digital transformation strategy is aimed to prepare organizations to leverage all the possibilities and opportunities of new technologies and enable them for continuous optimization throughout organizational processes and activities (Lyons and Kuron, 2014; Kumar, 2016; Rimon, 2017).

Earlier studies put emphasis primarily on external digitalization effects in terms of exploring customer predilections, and behaviour, and impact on marketing and business performance, neglecting its impact to the organisation internally, particularly in respect to the effects and implications for HRM (Manuti and de Palma, 2018). New surveys suggest that digital transformation has dramatically altered employee engagement and inter-organizational communication emphasizing the significance of leadership and HR practices in structuring technological, cultural, social and behavioural changes. (Henriette, Feki and Boughzala, 2015; Reis, Amorim, Melão and Matos, 2018), being focused on accelerating business activities, processes and external environmental factors (Ulieru and Verdon, 2009; Rimon, 2017).

Therefore, requesting new flexible HR processes and competencies, agile employment forms, and communication patterns, digital transformation push HRM to evolve and revise its competences, accommodating accelerated technological developments and thus developing new focus, new approaches, and new HRM concepts and tools for the new business generation (Ulieru and Verdon, 2009; Manuti and de Palma, 2018). Such a significant changes caused by adoption of new
technologies, imply that those transformative processes can be challenging for HRM, because the majority of existing HR practices are developed for stable and long lasting employment conditions, and they can be considered as ineffective for new and ever changing business and work environment (Beechler and Woodward, 2009; Reis, Amorim, Melão and Matos, 2018).

The greatest impact the digital transformation can have on the HRM domain is reflected in six specific perspectives such as the shaping of HR systems as consumers service enabling employees to utilize HR actions like actual consumers, not only as employees, and establishing a digital dialogue among employees and management. The transformation of learning, improving the performance and quality of human resources, is also the consequence of digital transformation. The positive impact on goal setting with regard to the HRM strategies and policies have as an outcome the visible changes in performance, output, service quality, talent development. The effects of digital transformation are noticeable also in enhancing the feedback and communication with the employees (Lyons and Kuron, 2014; Henriette, Feki and Boughzala, 2015; Manuti and de Palma, 2018). Furthermore, digital transformation is establishing a powerful framework for analytics enabling in depth analysis of above perspectives, providing HR managers and staff with direct useful understanding of ongoing processes and enabling correct actions (Rimon, 2017, p. 102-103).

Conclusion
Despite the fact that the HRIT increase capacity of organisation regarding information acquisition and supervision, some limitations are still present in the sense that outcomes can be measured in terms of quantity but not the quality.

Cultural transformation is a challenge for contemporary HRM practices including integration of HRM strategy with organisational strategy, processes supporting employees in handling with changing work conditions and clients’ demands. It also requires HRM function to increase the agility and flexibility of HR staff in coping with changing labour market requirements.

Although numerous theories and researches deal with certain aspects of the aging phenomenon, there is still missing an integrating framework that gives exhaustive answers to the complex questions of aging and its impact to the organisations.

Although the digital transformation improves interaction and relationships among human resources and management, having a positive impact on the optimisation of work and achievement of operational objectives, it requires organisations to develop new skills and resources and train the staff to execute new HR practice using digital solutions. To succeed in the digital transformation, specifically in the HRM domain and implement necessary business and HR changes, organisations are required to provide the full consent of all stakeholders aligning new processes and practices with the entire HRM system.

References


About the authors

Anton Florijan Barisic, Dr. sc., is senior lecturer at the University for applied sciences VERN, Zagreb. He obtained his PhD degree at Fakulteta za komercialne in poslovne vede, Celje, Slovenia. He studied and perfected his knowledge at universities in Croatia, Italy, Germany and Poland. Within Erasmus + programme he hold lectures at the University Maya, Porto, Portugal, Fakulteta za komercialne in poslovne vede, Celje, Slovenia and Helena Chodkowska University of Management and Law, Warsaw, Poland. As an author or co-author, he wrote about 50 scientific and professional papers, case studies and articles. As a project manager or key expert, he participated in the realization of a series of projects funded by the EU in Croatia and Southeast Europe, in the areas of human resource development, public sector reform, local economic development and entrepreneurship development. He is also working as an expert for international institutions such as European Commission, EBRD, WB and UNDP. He holds a world certificate for management consultants, (CMC), serves as certified European Excellence Auditor, and is a member of number of international professional bodies and associations. The author can be contacted at afbarisic@chronos.hr.

Igor Klopotan, PhD, is a lecturer at the University North, Department of Business and Management in the media. He gained his PhD at the Faculty of commercial and business science in Slovenia. He is Author and co-author of numerous domestic and international professional and scientific articles, and has participated in several international conferences. The author can be contacted at igor.klopotan@unin.hr.

Ivan Miloloža graduated at the Faculty of Economics in Zagreb. He lived and worked abroad in the period 1983rd to 1986th (Argentina and Netherland). Since 1986 he has been employed in the company Munja, the only Croatian battery producer, where he held almost all management functions, and is currently Chairman of the Board (since 1999). He held many social functions in various government bodies, associations and banks, and he was participant and a guest lecturer at numerous national and international Conferences. He received his doctorate in 2015 at the Faculty of Economics in Osijek. Currently he is assistant professor at Faculty for Dental Medicine & Health. The author can be contacted at ivan.miloloza@fdmz.hr.