

2017-2018 HCMS Scholarship

Question:

How HR enables organization to adapt in an era of disruption?

2nd Runner Up

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Executive Summary

HR people start to worry, concern, and even get panic: facing this era of disruption, how HR contribute to the prosperity of organisations? The era of disruption has three clear features, which all cause uncertainty for HR to make right decisions. Namely, there are economic and political instability, mismatch between advanced technology and lagging HR practices, and increasing demand of works' right blurred by post truth phenomena. One sensible approach to perform better in the disruptive world is to think the problems strategically and proactively while applying the various HR functions systematically and creatively.

Organisations are facing unprecedented challenges that could be either great treasure or irreversible catastrophic. At the same time, HR practices also become so important

that it could make real difference for organisation—even leave a remarkable place in the history of organisations!

Introduction

In recent decades, changes in HR practice has been witnessed in many organisations and different places regarding to their economic development status and other factors that may have impact on organizations. When the decision can not be accurately made by analysis of limited information and experience, people tended to use “ambiguous”, “dynamic”, and “turbulent” to describe the environment. The heavier burden of accurate analysis because of massive of information, fierce competition from all over the world, and increasing “post truth” phenomena in sensitive topic. Those factors create sense of disruption and powerlessness for everyone, which also make organisation harder to survive. Regarding to HR issue, how to maintain healthy talent flow and create greater value for both company and employees within limited resources becomes the urgent question for HR managers given that HR is more and more integrated into strategic consideration.

In this short essay, I will try to analyse some key features of era of disruption and address different challenges with case analyses.

Era of disruption

Nowadays, people would like to use uncertainty and disruption frequently to express the mix feeling: on the one hand, the uncertainty caused by technology revolution and globalisation indicates more opportunities for organisations to grow and achieve their own goal; on the other hand, unbearable burden of analysis, complication of economic and political environment (not mention the major political turbulence such as Brexit, even a single new legislation can cause confusion. e.g. the new tax law in US make small business organisations concerned: they are not sure whether increasing workers bonuses would be favorable under new law. (Rosenberg, 2018)) would challenge the current operation—making organisations harder to make right decision in tighter time constrain. From surveys and observations (Gee, 2018;), many small even large organisations can not catch the latest trend of changes, instead, they still apply the traditional HR practices which inevitably leads to low efficiency and inaccurate decision.

Great changes in macro economic and political environment

The economic changes may bring business opportunity to organisations, while the major economic changes can also cause catastrophic result for a whole industry. Worrying about loss of EU favorite terms influenced by the Brexit, half of the investment banks in London are considering setting new headquarters in EU, maybe in Belgium, Paris, or Frankfurt. Thousands of jobs will perish that no HR personnel can reverse this trend or save large amount of positions for existing employees. To

maintain competence and manage cost, organisations have option to outsource HR service instead of strengthening internal HR functions. Furthermore, hiring service from professional HR company may not be the best choice for every company, some of them start to think other format such as joint-venture or shared services (Willcocks, Feeny, & Lacity, 2012).

For political environment, the influence can be seen clearly in labor-intense industry in the third-world countries. Taking Bangladesh as an example, taking advantage of its convenient transportation and competitive labor market, Bangladesh becomes the new manufacturing centres of textile industry. Companies from all over the world choose Bangladesh as their core manufacturing partner. However, the unstable political environment also cause uncertainty for HR managers, the local factory can be affected by political movement which can make recruitment of workers impossible (Export.gov, 2017). On the other hand, legislation change and complex retirement scheme usually become challenges for SMEs or even large organisations: small organisations may not have enough professional expert in related legal issues. What is more damaging is that they could not design a reasonable payment (or retirement) scheme—legal issues can be easily outsourced and solved by outsiders, but not easily for payment (or retirement) scheme which involve much complex information and greater company's effort and commitment (Tergesen, 2018).

Advanced technology and lag of adoption in HR field

Technology, especially Information Technology has been seen quick advance in recent years. Many technological applications such as big data analysis, cloud computing, and Internet of Things have been already published and utilised in commercial world. However, in HR field, the applications are still in slow progress. Take performance appraisal as an example, from WSJ survey, more than half of the organisations do not conduct data analysis when promote their employees (Gee, 2018).

On the other hand, employees and management team also concern about the potential impact on new technology, worrying that the technology may change the production relationship and replace positions that traditionally thought to be possessed by human being. Artificial intelligence serves as one of the best cases, people have considered the possibility of replacement since the concept emerged. What has to be pointed out is that, actually, the transformative process of AI is not as fast as we expect: data shows the productivity growth actually declined in the past decades—mismatch with the quick development of technology (Wladawsky-Berger, 2018).

One significant feature of disruption is that people have sharp and acute differences regarding to emerging things: Some hallow the great adventure of technology, asserting its huge contribution to the bright future of human being, while some put

serious skepticism over the true development of technology. The PayPal co-founder Peter Thiel once express this idea concisely: “We wanted flying cars – instead we got 140 characters” (Wladawsky-Berger, 2018). During the time of disruption, HR personnel shall not fall into any category—overlooking and underestimating the power of new technology eventually leads to decline while advocating instrumental panic without analysis is the irresponsibility to all employees.

Post Truth and demand of human right

Equal opportunity and fair work movements have been advocated for many decades, however, we are not confident to say that the goal has been achieved. Some may even express rage for non-improvement or worsened practice. Regarding to equal opportunity, from the top executive board to middle management team, female employees are still seen less advantaged (Lublin, 2018). For the working pressure, the statistic shows that the suicide in working place climbs over last several years (Feintzeig, 2018a). Sadly, the same tragic events also happens in the campus, the situation has not gotten better for years.

What makes things even more complicate is the post truth phenomena which is enlarged by the effect of internet and social media. The #MeToo movement can be a good illustration, at first, it was a good platform to reveal sexual misconduct, as the movement progress, some started to allege that the movement became the witch-hunt kind of activities. Two sides put aside the original purpose and started to accuse each other, making the central point blurred (Goldberg, 2018). For HR managers, to fulfill the increasing human right demand is the definite trend but how to protect everyone's righteous right without hurting innocent parties needs HR people to carefully investigate.

HR practices

For HR managers, facing such disruptive environment, given the circumstance where the HR becomes more and more important in strategic decision and organisation prosperity, it requires a systematic approach to solve the problem. In stead of solving individual problems and play the role of firefighters, HR manager should view the problems from more integrated and strategic way, analysing possible precautions and outcome, and take flexible method to take the problems proactively. After viewing the problems strategically, corresponding solution should be customised basing on the major needs of employees. All HR functions, should be applied flexibly. To illustrate this part and try to solve some feature of disruption mentioned in previous chapter, three different cases will be used as demonstration.

Electronic Factory in Dongguan—Economic uncertainty

The company has more than 2,000 employees and among them, more than 90% of employees are front-line workers. The current average hourly wage is only HKD 20, while workers have to endure 20 hours overtime every week. Given the tight labor market, increasing hiring cost, and more opportunity in hometown, HR manager should analyse their needs first. As the survey shows, the major attraction for workers are still the payment of wage and better promotion which can bring more monetary reward in return. To response to their needs, apart from more appealing payment package, creating more channel for recruitment and better retaining design might be more appropriate and long-term benefit (Weber, & Feintzeig, 2018).

Cloud Computing Company in Shenzhen—technology lagging

Shenzhen now becomes one of the most innovative hub around the world. In the coming decades, Shenzhen aims to become one of the best high-tech cities. Therefore, many infrastructure and policy support are already prepared. This company provide cloud computing service to enterprises. It has 10 people, 5 of them are co-founders of this company, their service is highly valued by peers and clients, at the same time, series B venture capital are coming. For the employees and co-founders, the sophisticate share ownership may be the right answer to maintain they competitiveness. At the same time, utilising the advantage of intensified innovative synergy in Shenzhen would improve the HR practice efficiency significantly.

Trading Company in Hong Kong—workers' right

The company has 30 employees, 80% of them are office workers. Better benefit and more reasonable promotion channel would be their major request. Facing the shortage of experienced officers and middle managers, company has to make decision, either increase operational cost because of various benefit or more caring programmes, such as fertility leave, equal opportunity, better working condition have to be provided. New version of mentorship programme and better communication channel between boss and subordinates would also be very helpful (Fuhrmans, & Feintzeig, 2018; Feintzeig, 2018b).

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