

## Role of HR in Organizational Development and Innovation

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### Abstract

Human resource is the backbone of every organization and it is also the main and an important resource of the organization. The human resource department plays a very different and vital role in the success of an organization. In the recent years with the new concepts of globalization and glocalization. Human resource department has made a shift from traditional human resource management to a new perspective of Strategic HRM. Human Resources Managers are expected to be the leaders of organizational change activities. HRD and OD the subsystems of HRM are practiced in the organization. The different organization uses their human resources information systems (HRIS). The focus of this literature review is to summarize and synthesize the arguments and ideas of other researcher about HR. In its inception definitions, different types/levels, goals, objectives, functions of HR have been illustrated. In later stage of literature review it deals with how HR is different and more efficient and effective from traditional HR.

**Keywords:** Globalization, Human resource department, human resource management, Organizational development

### Introduction

In the recent years with the new concepts of globalization and globalization Human resource department has made a shift from traditional human resource management to a new perspective of Strategic HRM. New concept with broader meanings are added to HRM i.e more strategic, proactive, commercial and professional. In the current scenario HR practitioners are expected to deliver short-term HR functional activity alongside equipping the organization for sustainable performance in the long term – through its employees the main strength and resource of the organization.

Human Resources Managers are expected to be the leaders of organizational change activities. HRD and OD the subsystems of HRM are practiced in the organization on the principal of self-renewal, where employees and organizations both are flexible and have adaptable capability.

The human resources department plays a vital role in the development of organization by recruiting highly-skilled people who fit into the culture of the company. The HR department also manages the growth of employees through training and fills employment gaps to help secure a competitive advantage. There are many factors which improves the work of the employee such as flexible scheduling, training etc. It is very necessary for the organization to design the training program very carefully. The design of the training program should be according to the needs of the employees.

Those organizations which develop a good training design according to the need of the employees as well as to the needs of the organization always get good results.

Organizations now a days operate in an environment that is characterized by being dynamic and having a hyper competition. In order to face such a tough competition, organizations should invest in their human resources. The different organizations use their human resources information systems (HRIS) and should benefit more from using it. Organizations should make sure that dimensions such as

strategic integration, forecasting and planning, human resources analysis, and communication and integration do play a significant role within HR departments. Such factors improve the effectiveness of human resource departments which at the end would have a positive reflection on the organization as a whole.

Organizational development is a way to improve companies' portfolio through the change process. Organizational development focuses on the best use of the company's employees.

According to the current scenario, the role of Human Resource Management and Organization Development is on attracting and retaining staff and downsizing. Organizations are recognizing the importance of managing their human resources (HR) as effectively as possible. As all people and organizations are constantly going through change, it is important to devote a more time, attention, skill and effort to have a competitive edge. Moreover, with the environment becoming more global, managing people also becomes more challenging, more unpredictable and uncertain and more subject to rapid change and surprise. Therefore, the need for a change process of organization development (OD) supports improvement of the organization particularly its value in helping organizations understand how to develop their capability and continuous adaptability to changing market and social conditions.

The human resource includes a wide range of computer based applications, but comprehensive conceptual models of the human resource generate very useful information for the organizations individual managers. Human resource information systems (HRIS) have been used in HR departments for many years, but more recently their use has changed to that of playing a more strategic role to support HR workers, in particular HR managers. Human resource reduces the need for large number of HR employees by helping employees to control their own personal information and by allowing managers to access relevant information and data,

conduct analysis, make decisions, and communicate with others without consulting an HR professional.

Modern HR needs to help organizations by automating most of the HR planning functions. HR becomes an important strategic tool since it collects, manages and reports information for decision-making. Fully integrated organizational HR ought to interface with other systems enabling and enhancing the communication between departments such as payroll system with accounting system.

New HR trends seem to build important effect on HR planning embedding new technology with organizational objectives and goals. Enterprise Resource Planning System (ERP systems), when linked with the HR sub system, provides a competitive advantage to organizations over their competitors.

### Literature Review

The gradual penetration of information and communication technology (ICT) in all facets of business is leading to multidimensional and often unpredictable changes and advancements. ICT has led to rapid development of e-business and still emerging as a big force, In this view HR functions become critical partners in driving success, but to do so requires that HR changes its focus, its role, and its delivery systems, thus in e-business, the application of internet technology for HR is inevitable (Wright and Dyer, 2000) [10].

Electronic Human Resource Management (HR) is actually a strategic initiative to make the organization propel itself in the information age, by freeing itself from daily operational, monotonous requirements and making it more in tune with the decision making and better understanding of the employees.

In the words of Bondarouk & Ruel, (2009) [3] defined HR as —An umbrella term covering all possible integration mechanisms and contents between HRM and information technologies, aiming at creating value within and across organizations for targeted employees and management.

As per Strohmeier (2007) [4] HR is the planning, implementation and application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities. According to Voermans and Van Veldhoven (2007) [5] HR could be narrowly defined as the administrative support of the HR function in organizations by using Internet technology.

According to Looise, Ruël and Bondarouk (2004) [6] HR is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels.

The word implementing ‘has a broad meaning, such as making something work, putting something into practice, or having something realized. HR therefore is a concept- a way of doing ‘HRM.

Bieasalski (2003) presents the concept of HR as an integral knowledge management part, describes several use cases for technological HR support, and sketches the integration of these use cases into a holistic HR approach; the HR-department can concentrate more on the qualitative tasks in personnel planning like coaching and consulting. By sharing information and being knowledgeable business partners are able to act more productively to maintain the relationship overtime. That is, relationship intensity can create a competitive advantage through the strategic sharing of an organization’s key information.

Hendrickson (2003) [7] opinion about HR, —As within other business functions, IT has become an important tool for supporting the processes of the HR function and the HR function is now closing the gap in terms of applying new IT capabilities to traditional functions.

According to Lengnick-Hall and Moritz (2003) [3] —Where HR were directed to support the HR professionals in performing their HR tasks, electronic HRM (HR) applications are, besides directed to support HR professionals in performing their HR tasks, also directed to support managers and employees performing their HR tasks. HR refers to conducting business transactions - in this case HR - using the internet.

Kovach, Hughes, Fagan, and Magitte (2002) define HR as web-technology-based channels provide the managers and the employees of the organization with information as well with the ability to complete HR-related transactions. A Watson Wyatt (2002) [9] survey of 649 US companies adopted the definition of business to electronics (B2E) as the application of any technology, enabling managers and employees to have direct access to HR and other workplace services for communication, performance, reporting, team management, knowledge management, and learning in addition to administrative applications.

Wright and Dyer (2000) [1] Propagates main reason of evolution of HR is e-business. According to them e-business is emerging, and therefore HR and HR professionals are faced with the challenge of performing in ways that are in line with the business. In their view 'HR functions become critical partners in driving success, but to do so requires that HR changes its focus, its role, and its delivery systems, thus in e-business, the application of intranet technology for HR is inevitable.

Lepak and Snell (1998) [11] used the term ‘virtual HR’ to describe a ‘network-based structure built on partnerships and mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital.

Lengnick-Hall and Moritz (2003) [12] identified three forms/levels of e-HR, depending on the primary focus of e-HR, Publishing of information (web-presence HR), Automation of transactions (web-enabled HR) Transformation of the HR function (Web-energized HR)

Wright and Dyer (2000) [1] distinguished HR as Transactional e- HRM, Traditional e- HRM, Transformational e- HRM.

Lepak and Snell (1998) [11] distinguish HR as Operational HR Relational HR Transformational HR For the operational type of HR, HRM activities that were offered face-to-face now will be offered through web-based technology. For relational HR, most of HRM functions will have a support of internet technology rather using pen and paper.

Transformational HR creates a change-ready workforce through an integrated set of web-based tools that enables the workforce to develop in line with the company’s strategic choices. From literature survey this can be summarized in following terms. Finding shows that e-HR facilitates the transformation of HRM role into a strategic one.

Hussain, Wallace and Cornelius (2007) observed in their research —The use and impact of human resources on human resource management professionals that, few differences existed between Small/Medium (SME) and large company HR usage, and that specific use of HR for strategic collaboration enhanced professional standing However, a note of caution was that it was not as pronounced as that experienced by those

other professions. For instance, using the semi-structured interviews the organizational executives identified that HR use has not enhanced their professional standing within the organization, but they noted a substantial HR usage benefit to the company.

This strategic role not only adds a valuable dimension to the HR function but also changes the competencies that define the success of HR professionals. Wang (2005)<sup>[21]</sup> in his research paper titled—Organizational effectiveness through technology innovation and HRM strategies describes the need for technology innovation and HRM integration. A three-strategy model for global technology innovation & organizational development was adopted: personnel strategy, system strategy, and organizational strategy. The personnel strategy could play a crucial role in enhancing the effects of human resources management (HRM) and entrepreneurship by supporting the main dimensions of HRM. The system strategy was used to facilitate technology innovation through knowledge management while the organizational strategy was adopted to create positive organizational culture and high performance systems.

Beckers and Bsat (2002)<sup>[14]</sup> pointed out at least five reasons why companies should use HR. Increase competitiveness by improving HR practices produce a greater number and variety of HR operations Shift the focus of HR from the processing of transactions to strategic HRM Make employees part of HR Reengineer the entire HR function. In the research paper Ulrich (1997) mentions, —As technology frees up HR from some of its routine tasks, there is a greater opportunity for HR professionals to become a strategic partner. This means moving beyond administrative expertise and becoming an expert in areas such as strategic business partnership, change management, and employee advocacy.

In the research paper Ulrich (1997) mentions, —As technology frees up HR from some of its routine tasks, there is a greater opportunity for HR professionals to become a strategic partner. This means moving beyond administrative expertise and becoming an expert in areas such as strategic business partnership, change management, and employee advocacy.

As per Boxall (1996) HRM practice are considered effective if they increase quality employee by promoting their skills, attitude competencies that are strategically planned to achieve and elicit from their valuable behavior which lead to unique combination of human capital that is difficult competitors to replicate.

Lado and Wilson (1994) in their study *Human Resource Systems and Sustained Competitive Advantage: A Competency-Based Perspective*, explored within a system's perspective, the organizational competencies that might be sources of sustained competitive advantage. In addition, they discussed how HR systems facilitated the development and utilization of organizational competencies and how HR systems could destroy those competencies or inhibit their exploitation. The aim was also to examine the extent to which HR managers and professionals could enable or constrain the strategic decision-making process by providing or withholding critical information concerning people-related business issues.

## Conclusion

HRM is relatively new and developed part of management. It is the task of dealing with human relationships, molding and developing the human behavior and attitude towards the job

and organizational requirement. The term human resource can be thought of as —the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce as well as the value, attitudes and beliefs of the individuals involved. The Human Resource is assuming increasing significance in modern organization. It is a well-known fact that majority of the problems in an organizational setting are human and social rather than physical, technical or economic. Modern technology can be imported, national efficiency can be improved but without human factor it cannot be possible to run both of them efficiently and effectively. It is the only human factor, which can change the work ways and constitutes vibrantly the organization. Therefore the need for development of human resources becomes inevitable. The failure to recognize this fact causes immense loss to the individuals, enterprise and the nation as a whole. Human Resource Management is defined as —the art of getting things done through people achievement of organizational as well as individual goals. Training, development and compensation are the most vital tool of human resources development. The personnel manager formulates the following training, development and compensation objectives with the company's goals and objectives.

1. To prepare the employee both new and old to meet the present as well as the changing requirement of the jobs and the organisation.
2. To prevent obsolescence.
3. To impart the new entrants the basic knowledge and skills they need for an intelligent performance of a definite job.
4. To prepare employees for higher level tasks.
5. To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills they will need in their particular field to build up a second line of competent officers and prepare them to occupy more responsible positions.
6. To overhaul the management machinery.
7. To improve the performance of the managers.
8. To give the specialist an overall view of the functions of an organisation and equip them to co-ordinate each other's efforts effectively.
9. To identify persons with the required potential and prepare them for senior positions.
10. To increase morale of the members of the management group.
11. To establish and maintain an equitable wage and salary structure.

HR work as a key component of the organization and a good HR will provide important information about human resources needs and capabilities; this information will assist the management team in establishing the organizational mission and setting goals and objectives in motion. HR is not limited to the computer hardware and software applications that comprise the technical part of the system: it also includes the people, policies, procedures and data required to manage the HR function. Human Resource Development is a continuous process in organization. The nature of efforts and investments develop resource may vary from organization to organization depending on its need, nature, size, etc. This may also vary from time to time in the same organization depending on the nature, change in the organization is going through or the nature of capabilities the organization wants to build within it.

Human resource developments focuses attention on improving the existing capabilities of human resources in an organization and helping them to acquire new capabilities required for the achievement of organizational as well as individual goals.

Training and development is the most vital tool of human resources development. Training provides knowledge and skills required to perform the job. It is a successful method of reducing accidents, reducing waste and improved quality.

Training is an art of doing the job in a correct, effective and efficient manner. One of the most important factors to be taken care of in human resources management is the amount of remuneration to be paid to an employee for a fair days work. Work is the expenditure of human energy for direct remuneration or pay. Pay in one form or another is certainly one of the main springs of motivation in our society. Compensation administration is concerned with establishing and implementing sound policies and practices of employee compensation. It satisfies physical needs of employees and determines social status.

It may be conclude that there is no significance difference between views of management and that of employees of ceramic units in India regarding Training, Development and Compensation practices.

HR help a firm maximize the use of human resource and maintain competitiveness in its market. In most large organizations, human resources (HRs) provide the technology backbone supporting the complete body of human resource (HR) functions. In this role, HRs play a critical part in the operation of each component of HR. Additionally, by integrating across business processes HRs provide organizations with control, forecasting, and planning tools that supersede simple computerization of HR functions. For these reasons, effective use of HRs in organizations contributes to overall organizational effectiveness. Human resource is a set of people, forms, procedures and data utilized to store, analyze, distribute and use information of human resources. HR goal is to provide accurate information for the use of persons making human resource related decisions. The organization can use HR for human resource planning. New recruitments can be posted via HR as well as applications can be scanned and stored.

HR also stores information about the employees 'participated trainings and learning sessions. Performance appraisal, compensation, benefits, competences and development plans are easily maintained in HR. Employees can search for a new career within the organization and be aware of the future trainings. HR allows managers to follow employee's job performance and planned versus used hours for a certain assignment.

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