

# **CONTEMPORARY INNOVATION IN MANAGEMENT**

**Krithika.J & Udaya Mohan Devadas**

# **CONTEMPORARY INNOVATION IN MANAGEMENT**

*Krithika.J & Udaya Mohan Devadas*

© Global Learners Academy of Development

July 2021

ISBN - 978-81-953592-2-6



To cite this work:

K.J.U.M.D. (2021). Contemporary Innovation in Management: Vol. ISBN-978-81-953592-2-6 . Global Learners Academy of Development.

Published & Printed by

Global Learners Academy of Development  
Korattur, Chennai – 600 080. Tamilnadu, India.  
Email – [editor@gladnetwork.in](mailto:editor@gladnetwork.in)  
Web - [www.gladnetwork.in](http://www.gladnetwork.in)

# **CONTEMPORARY INNOVATION IN MANAGEMENT**

*A volume edited on Management Discipline*

- ❖ Modern innovative management concepts to achieve win – win strategy
  - Kalpana. S & Senthil Kumar R.V 01-08
- ❖ *Human Resource Accounting – Measuring the Real Assets*
  - Bhashini Paranagama 09-18
- ❖ The Effectiveness and Challenges of Online Learning: A Literature Review 19-24
  - Radha Ganesh Kumar, Shabana K A, G.Deborah
- ❖ Innovation and Customer Resistance
  - Dr.Vinitha R S 25-30
- ❖ Leadership – Fanning the Flames Of Success
  - Bhashini Paranagama and H.K.T.Dilan 31-48
- ❖ Organizational Change and Change Management
  - H.P.N.I. Kumarasinghe and H.K.T. Dilan 49-70
- ❖ Agile Human Resource Management: Insights of the Adaptive Nature of HRM
  - E. M. H. L. Ekanayake & Dr. M. P. N.Janadari 71-86
- ❖ Blind Hiring
  - Ranasinghe, V.R 87-99
- ❖ Artificial Intelligence Embracement with Talent Acquisition in Modern Human Resource Management
  - T. S. S. Perera & M. P. N.Janadari 100-113
- ❖ Industrial Revolution 4.0 and the Future of HRM
  - K. L. N. K. Gunathunge & K. G. P. Lakmal 114-133
- ❖ Application of Foresight Planning in Strategic Business Planning
  - Edward Rebecca 134-143
- ❖ A Study on Impact of GST on Retail Industry
  - Vishnu. S.S & Premalatha K P 144-150

## **Global Advisory Board**

### **Patron**

Saravanan S, President, Global Learners Academy of Development, Chennai, Tamilnadu, India

### **Advisory Board**

Dr. Aiste Vitkune, Associate Professor, Vilnius University, Kaunas, Faculty, Lithuania.

Dr. Udaya Mohan Devdas, Senior Lecturer grade (I), Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka.

Dr. Jayaranjani Sutha, Senior Lecturer in Human Resource Management, Eastern University, Sri Lanka.

Dr. Asha Deepak Bhatia, Director Research, Universal Business School, Mumbai, India.

Dr. R Leema Rose, Coordinator & Faculty, Department of Commerce (Honours), Loyola College, Chennai, India.

Dr M.Vijayakumar, Faculty, School of Management, SRM University, c block no.1, Jawaharlal Nehru Rd, Vadapalani, Chennai, Tamil Nadu 600026, India.

### **Editor**

Dr.J.Krithika,  
Professor and Head, Department of Management Studies, Rajalakshmi Engineering College, Chennai, India.

### **Associate Editor**

Dr. Udaya Mohan Devdas, Senior Lecturer grade (I), Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka..

## **From the Editor's Desk**

It is a great pleasure to edit the International volume on “Contemporary Innovation in management” edited by Krithika.J & Udaya Mohan Devadas.

The Book has been edited beautifully comprising of chapters contributed from the authors on various management discipline. The chapters are indefinitely a. innovative contribution made in an International context. We appreciate the contributors and readers of our book that circulated worldwide, without whose patronage this wonderful journey may be impossible. We welcome innovative contributions from corporate members, academicians, and researchers across the globe to contribute and benefit from our publications.

Thanks and Regards

**Dr.Krithika.J**  
**Dr.Udaya Mohan Devadas**

"Either write something worth reading or do something worth writing."

--Benjamin Franklin

# **Modern innovative management concepts to achieve win – win strategy**

*Kalpana. S – TQBM & IT Networking Professional  
Senthil Kumar R.V – Tooling & Sourcing Professional*

## **Abstract**

Innovation is simply one of the means to achieve management strategic goals. It is all about exceeding expectations and overcoming the current limitations so that the organizational changes can be flourished in a fruitful manner and it collaborates win-win situation among the interested parties.

The modern innovative management concept insists that all the functions and activities of managers must be directed towards the achievement of organizational goal and this should be the goal of every employee and must be considered as group or common objective.

Innovative management concepts are key factors in today's competitive environment. Every organization must conceptualize innovative policy management techniques to stabilize their position in market.

This chapter highlights the significance of interactions between management and employees for value creation processes. It also emphasizes the altering of restrictions between management and employee's behavior and its benefits for the both. It elaborates the relevant factors that determine the success of modern management measures like communication or participation to overcome resistance during organizational change.

Various case studies narrated in this chapter highlights the recent management practices within contemporary organizations to showcase the profitable business maximization by using human resources to their maximum potential.

This chapter discusses the characteristics of modern management concepts based on technological developments, cultural changes, continuous learning and successful negotiation and absorption techniques.

## **Introduction:**

Innovation management involves the process of managing organization's innovation procedure, starting from idea generation to successful implementation. Change managers can optimize inter organizational competition or cooperation to generate a win-win situation by means of appropriate formal or informal restrictions.

The innovative management concepts can be formulated by capturing innovative ideas from employees of various levels, forming an efficient and collaborative work force, motivation of that workforce by recognizing their effort and communicating with all stakeholders.

The management has to build culture of innovation techniques that drives proactive and sustainable innovative practices.

Development of an effective tool for rewards and recognition can encourage and keep employees continue to post their ideas to get recognized and rewarded their effort. Elements of gamification in innovation management tools can help in developing most valuable concepts with spirit and active participation.

Integration of effective "Idea management portal" or tools in the digital workplace which can collaborate, capture, evaluate and pick innovative management concepts that will transform organization growth into a dizzy height.

## **Importance of modern innovative management concepts:**

- Setting goals and laying out plan in a scientific way
- Motivating and aligning the efforts of work force
- Coordinating and controlling activities in a digital way
- Allocation of resources in an effective manner and with best mechanisms
- Acquiring and applying knowledge suitably
- Building and nurturing relationships
- Identifying and developing talents
- Balancing the workforce



## **Is modern method of self-appraisal of employees important to achieve mutually beneficial strategy?**

Self-appraisal is the process where the employees can review their performance on their own and they are providing with the opportunity to scrutinize their strength and weakness.

With the help of their reporting managers they can find out their areas of improvement and plan for the accomplishments of further year to realize.

Self-appraisal process is considered one of the modern management concept with the most advanced robust processes and it provides enormous benefits to the organization and individual.

### **Importance of self-appraisal for the benefit of mutual benefits:**

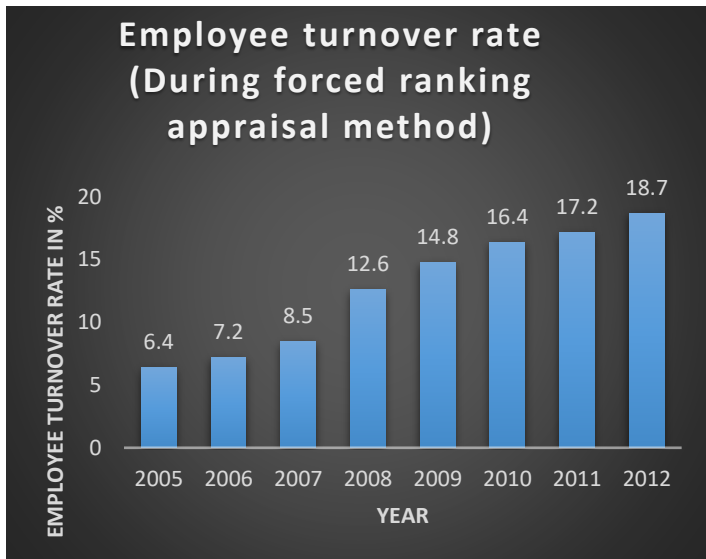
- Strong Employer – Employee relationships
- Sense of motivation
- Ownership of objectives
- Two-way communication of goals and visions
- Career growth
- Excludes discrepancy

Employee satisfaction and employee engagement are two aspects which play predominant roles in appraisal process. Both should combine together, otherwise the business will get badly affected.

Below case study illustrates the live example of how modern management concept of self-appraisal plays a vital role in retaining its employees and to achieve its business strategies.

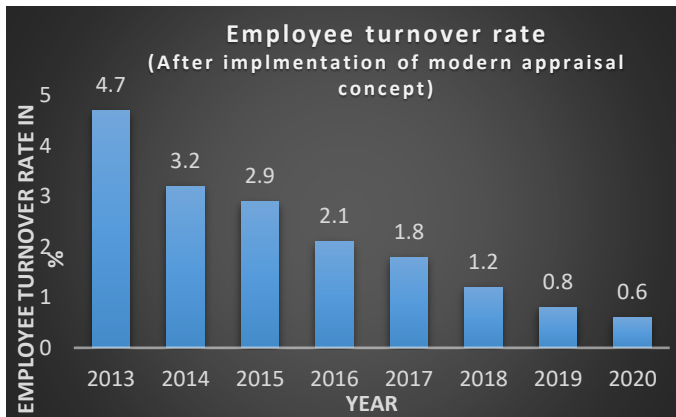
### **Case study 1:**

A large firm followed forced ranking scale - Employees are graded against each other instead of judged against performance standards. Due to the disadvantages of forced ranking scale with biased process and varying behavioral traits, employees started leaving from the organization in a random way.



The high turnover rate harms the firm business and it seriously impacts the return on human resources investment. The firm not performing well for some years and management after engaging a consultant, adopted the modern method concepts of self-appraisal system.

The successful implementation of modern appraisal methods like rating system and 360 deg. feedback system, the employees get benefited with the incentives based on their performance and skill and people below in the lower level also motivated with further skill enhancement with proper mentoring system and it paves an opportunity to enhance their performance also.



This drastically reduces the organization employee turnover rate and yields good profit with highly skilled man power.

### **Is “BRANDING” with modern innovative concepts plays a significant role in developing the organization vision?**

Yes, branding with modern innovative concepts are essential for any business organization to transform to the next level. It helps to implement new marketing projects, nurtures great innovative ideas with high level of creativity to reach the minds of the customers. Brand innovation with deep analysis considering internal and external environments, internal processes and competition will always fetch a good market stand and profits.

### **Branding innovation – Successful Mantra because it,**

- Staying ahead of competition
- Stay relevant with current environment
- Expansion and growth with respect to organization vision
- Meeting the new consumer needs

### **Case Study 2:**

In this case study, we will examine the marketing mix of a leading manufacturing industry and how it adopts to digital presence and its competitive analysis by branding techniques.

Though the organization started with conservative methodology, it

realized the value of innovative branding in later days to achieve its vision.

Initially, the organization struggled to adopt to new inventions, new methodologies and products.

This allows the customers to choose products from different competitors with more inbuilt technologies. The sales and distribution branding technologies of competitors and entry of multinational companies drastically reduced the market share of the firm.

There comes the turning point for the organization to reinvent its methodology. It starts promoting its brand in various social networks and with many service networks and dealerships.

It also fixes its branding innovation in various product mix by applying R&D methodologies to ensure maximum safety standards thus encompassing customer needs. They frequently release videos on their product performance, corporate social responsibility activities and service campaigns thus got popular not only in India and also in multi nations.

This turns the success of organization strategy to become market leader with high market share and high profitable.

### **Engaging Employees – New innovative management concept to achieve powerful strategies**



It is very crucial to involve every employee in organization intact with organization vision. This involvement plays a vital role in successful innovative management culture. The organization should ensure all employees to generate innovative ideas and generate a pool of ideas for organization wellbeing.

**Communication transparency:**

Allow every individual in the organization to make a conversation within their working groups and with their superiors will give a wayfor creation of many wonderful innovative ideas should not force for brainstorming sessions instead they are free to meet in a open forum to discuss their work area issues and improvements with greater ideas to solve. The quality of conversation is an important determinant impacting the quality of creativity and innovation. It also provides an interactive platform to bridge the gap between senior management and employees during idea creation process.

**Rewards and recognition for process innovation:**

Building an effective reward and recognition system is pivotal for maintaining and encouraging management innovation concepts. Introduction of digital innovation management platform gives opportunity to employees to interact and contribute ideas, evaluation of ideas, selection of best innovative strategies to achieve organization goals. Awareness campaigns on value engineering systems motivates the employees to share their best innovative ideas for greater cost reduction in the product without compromise in quality.

**Conclusion:**

Thus innovative management concepts measure to promote and use innovations in all aspects of organization wellbeing. The aim is to develop new and improved products, new business models and processes with efficient technology and with reduced costs. Every organization must utilize the organization human resources in a grateful manner to achieve the vision and also ensuring employees health, wealth and safety for realizing win – win strategy.



Mrs. Kalpana Rajkumar is a practicing Total Quality Business Management (TQBM) Professional and has Eleven years of experience in various fields like IT- Infrastructure facility Management, IT new Technology upgradation, Networking, Data center Management, Telematics Business data center Management, Propagation of Quality concepts, TQBM (Total Quality Business Management) Daily Management Execution, Policy Management concepts and Substantial experience in JUSE(Union of Japanese Scientists and Engineers) internal diagnosis for Deming award. Guest Lecture deliverance to Management students on TQBM Basics and Daily management. Her academics include bachelor's degree in Electronics and communication and master's in systems and marketing. She is a certified lean six sigma Green & Black Belt & ITIL (Information Technology Infrastructure Library) V3. Daily Management Trainer certified by TQM Guru, Japan. Won Awards in Manufacturing sectors, 1st Rank in Kaizen Competition conducted by CII (Confederation of Indian Industry) & Global Outstanding Women award by GLAD (Global Leaners academy of Development) are significant.



Mr.R.V.Senthil Kumar is a Engineering professional with 25 years of experience in tool design and tooling's selection, Methods Engineering, Process design, Product development ,Tool room and Sourcing domain. Having plenty of experience in top OEM's with successful accomplishment of various projects in process improvement and cost reduction with value Engineering. His academics include BE (Mechanical), MBA (Operations and Finance management) and MS (Engineering Management).

# **Human Resource Accounting – Measuring the Real Assets**

*Bhashini Paranagama<sup>1</sup>*

*<sup>1</sup>Lecturer & Academic Coordinator at Overseas Campus of Ceylon*

## Introduction

“One machine can do the work of fifty ordinary men. No machine can do the work of one extraordinary man.” – Elbert Hubbard

Today the hottest button issue on the planet of the earth is “Climate emergency”. If we dig deeper in this field, the culprit behind this wound is mankind. If mankind has the power to destroy a planet, no further evidence is needed to show what humans are capable of. Every organization once a small one and then spanned out around the world. Jeff Bezos, the richest person on the planet as of now, is the mastermind behind Amazon. Elon Musk, the second richest, is another success story to demonstrate what a person can do. This list goes on and on. One thing common between those is good leadership to manage their followers. The point is that human resource is an invaluable gift from the mother of nature which enables everything possible. No matter how many machines you have in your plant, without people they will go to scrap. It is very much clear to state that Human Resource Management is the secret ingredient behind every success story. Human resource management has evolved with time with many new concepts. One of those is Human Resource Accounting. This chapter is exclusively designed to mold your knowledge about one of the giant leaps in Human Resource Management, Human Resource Accounting.

What do we mean by Human Resource Accounting?

As American Accounting Association’s Committee on Human Resource Accounting (1973) stated, Human Resource Accounting

is the process of identifying and measuring data about human resources and communicating this information to interested parties. According to Flamhoz (1971), HRA is the measurement and reporting of the cost and value of people in organizational resources. In a nutshell, HRA is about valuing, recording and disclosing human resources in the financial statements of the company.

According to Biswas (2013), there are benefits of HRA;

1. Helps to interpret return on capital employed. When HRA is included in financial statements, it gives a proper idea about the long-term sustainability of an organization.
2. Management will be able to understand the value of human resources as an indicator of health and profit-making potential.
3. Improves the quality of decision-making of management. HRA data will be useful to take decisions in instances such as recruitment vs promotion, transfer vs retention, in budgetary control, and developing overseas subsidiaries, etc.
4. Socially beneficial. It will fill social needs by acknowledging human resources as a significant resource which will help in eliminating misuse and underuse of human resources in the form of cold decisions of management when it comes to transfers, demotions and malpractices towards employees. This will also be useful in preventing labor disputes which can be a huge overturn for economies.
5. Enhancing productivity. When human resources have a value attached to themselves in financial statements employees feel



valued and this increases their morale which ultimately paves the way to productivity.

6. Providing a solid ground for asset control.
7. Improves the morale and the sense of belongingness of employees.
8. HRA is vital to the firms specially which are conducting business by taking human resources as their prime factor. Examples are professional accounting firms and educational institutes.
9. HRA fills the lacuna of Management Information Systems by including HR data to enable more accurate decision-making and performance measurement.
10. Enable successful operations. HRA provides information to build an efficient workforce at all levels in an organization. It will be also helpful to take decisions on operations.
11. Adoption of a good system of human resource accounting, the value of human resources in the organization is disclosed properly and it will facilitate proper interpretation on 'return on investment' (ROI).

#### Cost of Human Resources

When an organization acquiring human resources in the present and developing them for the future embedded different costs. It is important to understand the components of human resource cost when it comes to HRA. Following are some costs that have to be borne by an organization.

1. Acquisition Cost

This includes costs such as recruitment cost, selection cost, and placement cost.

## 2. Training and Development Cost

Formal training cost, on-the-job training cost, special training and development programs are the elements of training and development cost.

## 3. Welfare Cost

Expenses under this include medical expenditure, canteen expenditure, specific and general allowances, children welfare expenses and other welfare expenditure.

## 4. Other costs

Other costs can be expanded by including safety expenditure, ex-gratia, multi-trade incentives and rewarding suggestions.

## Valuation of human assets

Financial statements have evolved by including intangible assets such as goodwill, brands and patents. This evolution was ended up by including human resources in financial statements. Before diving further, it is important to understand what kind of human assets are available within an organization. The human assets include intellectual capital, social capital, emotional capital and social capital.

## Intellectual capital

Knowledge, skills and expertise can be defined as intellectual capital. This can be recognized in two levels; individual level and organizational level. At the organizational level, intellectual capital has stocks of knowledge, skills and expertise including patents and specialized processes of work. This knowledge can be either explicit or tacit.

### Social capital

Social capital refers to both internal and external relationships. In an organizational context, social capital can be created through cohorts, joint departments and functions and long- term employment including internal culture. External built networks consisted of customers, suppliers and other stakeholders.

### Emotional capital

Emotional capital can be summed up into three words; “Can Do Spirit”. This includes self- confidence courage, resilience and risk-taking ability. Most organizations pay much attention to the Emotional Quotient as employees depend more on emotional capital rather than intelligence. Emotional capital is very useful to control negative emotional states such as anger, confusion and sadness. It also helps to manage the stress levels of employees.

### Spiritual capital

Spiritual capital links to the long-term growth of a person while other capitals link to short- term growth. spiritual capital is assuming increasing values, ego, and approach to work match those of the organization. All these forms of human capital are not isolated rather these are interrelated.

### Methods of valuation of human assets Historical cost approach

In this approach, the actual cost incurred on recruiting, hiring, training and developing the human resources of the organization are capitalized and amortized over the expected useful life of the human resources (Biswas, 2013). Therefore, it is important to maintain documents of all expenditure on hiring, selecting, training and development and depreciate the total cost across years which a particular employee serves. If the employee’s service time is longer than is previously expected by the organization, necessary

amendments should be done to the amortization plan. All the training and development costs will be capitalized as an investment in human resources.

#### Replacement cost approach

Human resources of an organization are to be valued on the assumption that a new similar organization has to be created from scratch and what would be the cost to the firm of the existing resources are required to be replaced with other persons of equivalent talents and experience (Biswas, 2013). This approach is considered more realistic as it illustrates the current value of human resources in financial statements.

#### Opportunity cost approach

Opportunity cost is the value of an asset when there is an alternative use of it. There is no opportunity cost for those employees that are not scarce and also those at the top will not be available for auction. As such only scarce people should comprise the value of human resources (Biswas, 2013). Alternatively, this is called as “Market Value Method”.

#### Standard cost approach

Under this approach, employees are categorized according to their hierarchical positions. The value/ cost of every category is fixed and individual differences in the same category are not considered. Standard costs of recruiting, hiring, and training and development are renewed annually.

#### HRA and Organizational performance

Numerous investigations centered on showcasing a connection between Human Resource Accounting methods and organization or company performance (Afiouni, 2007). Herman and Mitchell (2008) illustrated the way to report under a human capital liability

concept which corresponds with the conventional accounting structure of contingent liabilities; scrutinize the fiscal influences of this reporting on market assessment, internal scheduling and investigate extents of human resource liabilities (Cherian and Farouq, 2013). As Flamholtz et al (2007) stated HRA is a method of anticipating realizable value. Moreover, they discovered that employee involvement in management development programs enhances the value of human resources to the company. Also, they stated that HRA provides a way to measure the worth of human resources to an organization.

Including HRA information in published financial statements lead to, considerably dissimilar grading of management's awareness to confront problems and changes they may face in the years to come and numerically diverse prophecies of a company's net income (Cherian and Farouq, 2013) Aclond (1976) found that when an analyst take investment decisions, HRA data make an influence on them. Despite these positive relationships between HRA data and decision-making, Elias (1972) found that there can be instances where the correlation between HRA and decision-making is not strong.

#### HRA and HRM

HRA can be used as a tool to improve Human Resource Management. The following graph shows the role of HRA in HRM. If management were to focus on data already available in their organization to set up management reporting systems, much would be gained, and it is only a small step from reporting periodically to management on key human resource indicators in a standardized way to set up management systems. It requires management to set goals and targets for key performance indicators; decide what action should be taken to meet the goals; implement the action; measure and report on the results of the action, and adjust the goals and targets, etc. A virtuous circle would then be established

(Frederiksen and Westphalen, 1998).

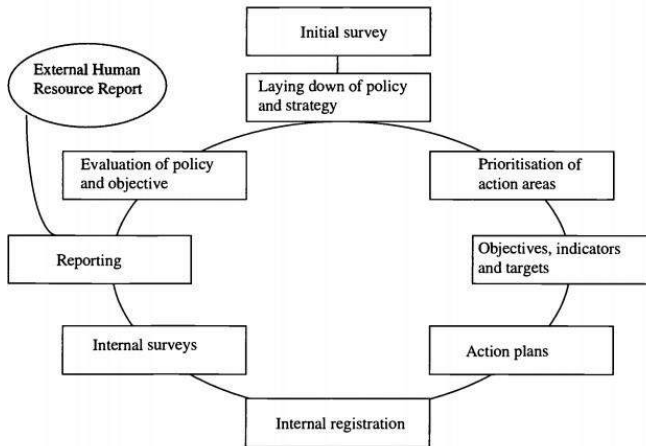


Figure 1: The connection between HRM and HRA (Frederiksen and Westphalen, 1998).

## Conclusion

Human resource accounting is identified as the process of recognizing and reporting investments in an organization's human resources that are currently unaccounted for in traditional accounting. HRA has many crucial advantages for the success of businesses such as improves the quality of decision-making of management, enhancing productivity and enable successful operations. Even though HRA generates many benefits for organizations there are some costs incur with HRA. For instance, Training and Development Cost, Acquisition Cost and Welfare Cost. Many scholars have identified the Historical cost approach, Replacement cost approach, Opportunity cost approach and Standard cost approach as approaches for HRA. According to the evidence, this study concluded that HRA enhances the value of human resources to the company.

## References

Acland, D. (1976). The effects of behavioral indicators on investor decisions: An exploratory study. *Accounting Organisations and Society*, 1(2–3), 133–142

Afiouni, F. (2007). Human resource management and knowledge management: a road map toward improving organizational performance. *Journal of American Academy of Business*, 11(2), 124–31.

American Accounting Association's Committee on Human Resource Accounting, (1973), *The Accounting Review Supplement to Volume XLVIII*.

Biswas, S., K. (2013). Human Resource Accounting: An Effective Analysis & Future Aspect. *International Journal of Research in Commerce & Management*. Vol-3(5).

Cherian, J., and Farouq, S., (2013). *International Journal of Economics and Finance*; Vol. 5, No. 8.

Elias, N. S. (1972). The effects of human asset statements on the investment decision: An experiment, empirical research in accounting. *Selected Studies*, 215–233.

Flamholtz, E.,G. (1971), *A Model for Human Resource Valuation: A Stochastic Process with Service Rewards*.

Flamholtz, E. G., Bullen, M. L., & Hua, W. (2003). Measuring the ROI of management development: An application of the stochastic rewards valuation model. *Journal of Human Resource Costing and Accounting*, 7(1–2), 21–40. <http://dx.doi.org/10.1108/eb029077>.

Frederiksen, J., V., and Westphalen, S. (1998). *Human Resource*

Accounting: Interests and Conflicts. A Discussion Paper. CEDEFOP Panorama. European Centre for the Development of Vocational Training, Thessaloniki (Greece).



Bhashini Paranagama, A first class degree holder from the Department of Human Resource Management, University of Sri Jayewardenepura Sri Lanka, Bhashini is working as a lecturer. By following her interest to be a life long learner, She is currently reading for her MBA at the Postgraduate Institute of Management and has various research interests in the field of Hr and management.



# **The Effectiveness and Challenges of Online Learning: A Literature Review**

**Radha Ganesh Kumar<sup>1</sup>, Shabana K A<sup>2</sup>, G.Deborah<sup>3</sup>**

<sup>1</sup>*Head of the Department, Department of Management Studies  
SRM Valliammai Engineering College, Chennai, India*

<sup>2</sup>*Lecturer in Management, UGEC, Manama, Bahrain*

<sup>3</sup>*G.Deborah, 3<sup>rd</sup> year, B.Tech Biotechnology,  
SRM Institute of Science And Technology, Chennai, India*

## **Abstract**

*The Internet has made online learning possible, and many researchers and educators are interested in online learning to enhance and improve student learning outcomes while combating the reduction in resources, particularly in higher education. It is imperative that researchers and educators consider the effectiveness of online learning compared to traditional face-to-face format and the factors that influence the effectiveness of online courses. Online learning has become popular because of its potential for providing more flexible access to content and instruction at any time, from any place. It is imperative that the researchers consider, and examine the efficacy of online learning in educating students. This study examines the evidence of the effectiveness of online learning by organizing and summarizing the findings and throws some light to three unique challenges faced by the instructors that make online teaching less effective. If the mentioned constraints are altered by the strategies mentioned in the study, online learning is generally as effective as the traditional format.*

## **1. Introduction**

The physical classroom is starting to lose its monopoly as a place of learning. The Internet and the World Wide Web have made significant changes to almost all aspects of our lives. The Internet has made online learning possible and many researchers and educators are interested in online learning to enhance and improve

student learning outcomes while combating the reduction in resources, particularly in higher education (Farinella, Hobbs, & Weeks, 2000; Kim & Bonk, 2006; Pape, 2010). Moreover, there have also been increase in demand for online learning from students from all walks of life. Given the exponential growth of online education and its potential in higher education, it is imperative that researchers and educators examine the effectiveness of online learning in educating students compared to traditional face-to-face learning.

## 2. Definitions

Online learning is a form of distance learning or distance education, which has long been a part of the American education system, and it has become the largest sector of distance learning in recent years (Bartley & Golek, 2004; Evans & Haase, 2001). For the purpose of this literature review, both hybrid or blended learning and purely online learning are considered to be online learning as much of the literature compares these two formats against the traditional face-to-face. Purely online courses are courses delivered entirely over the Internet, and hybrid or blended learning combines traditional face-to-face classes, learning over the Internet, and learning supported by other technologies (Bliuc, Goodyear, & Ellis, 2007; Hoic-Bozic, Mornar, & Boticki, 2009; Osguthorpe & Graham, 2003).

## 3. The Benefits and Uses of Online Learning

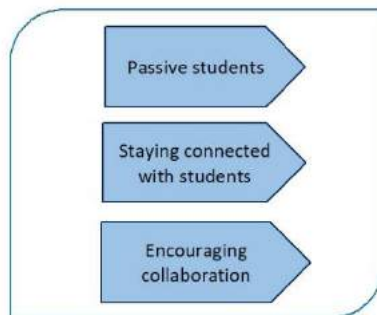


**Fig.1 Benefits of Online Learning**

One reason why there is so much discussion around online learning is that there are many purported benefits and uses of online learning and in some cases they become inevitable, like a pandemic situation we are in now. Some of the most important ones are (Refer Fig.1): its effectiveness in educating students, its use as professional

development, its cost-effectiveness to combat the rising cost of post secondary education, credit equivalency at the post secondary level, and the possibility of providing a world class education to anyone with a broadband connection (Bartley & Golek, 2004; De la Varre, Keane, & Irvin, 2011; Gratton-Lavoie & Stanley, 2009; Koller & Ng, 2014; Lorenzetti, 2013). The lifetime earning gap between high school graduates and college graduates is continuing to widen (Dynarski & Scott-Clayton, 2013). At the same time, the cost of college tuition is rising faster than inflation and the student loan debt is rapidly increasing. As of 2014, the total national student loan debt is over one trillion dollars in the US (Finaid.org, 2014). Many scholars and educators believe that online learning can be an effective tool in combating the rising cost of post secondary education by spreading the cost of a class over a much larger number of students compared to the traditional setting, dividing the cost by tens or hundreds of thousands of students as opposed to dozens (Bowen, 2013; Bartley & Golek, 2004; Jung & Rha, 2000; Koller & Ng, 2014; Tucker, 2007).

#### **4. Unique Challenges of Online learning and strategies for making them effective**



**Fig.2 Challenges of Online learning**

##### **4.1 Passive students**

Unless thoughtfully crafted, online instruction can turn students into passive observers rather than active participants. Although these unengaged students may acquire the lecture content, they aren't able to apply their learnings outside the virtual classroom. They might pass assessments and complete learning activities, but

they aren't planning on using their new knowledge to make connections with previous material or real-world examples. For learning to be effective, students must be engaged in the quality, breadth and depth of their learning.

#### **4.1a Instructional strategy**

In online learning environments, it's important to help students engage with course material in a way that makes sense for them. Providing them with ample flexible opportunities to reinforce course concepts will ensure that learning material sticks with them, even after they've completed their final assessment.

#### **4.2 Staying connected with students**

In an online classroom, much of the learning is completed asynchronously and students often feel disconnected from their instructor, as well as their peers. It can be difficult for instructors to teach online when they struggle to gauge how students are comprehending course content, and whether they are participating in learning experiences.

#### **4.2a Instructional strategy**

Feedback loops are key to building strong connections with learners in an online environment. When students complete a task, they get feedback and make adjustments accordingly.

#### **4.3 Encouraging collaboration**

Interaction among students is one of the single most important elements of successful online education. Collaborative engagement motivates learning and promotes a deeper and more critically aware approach to the subject matter. Unfortunately, collaboration is one of the most difficult things to achieve when students are not physically present together.

#### **4.3 a Instructional strategy**

To encourage collaborative problem-solving, consider giving students a more specific task than simply "commenting" on each

other's ideas. Ask directly for constructive feedback about their classmates' submissions. For example: "Focus on one claim in a colleague's response that you think deserves to be developed in more depth. Suggest how that claim could be further developed and supported with evidence."

## **5. Conclusion**

Each of the strategies described throughout the paper require very little technological capacity on behalf of the facilitator, but each aid in developing the sense of community and belonging that may be needed to better facilitate an interactive and engaging online learning experience for external students and seek to reduce the barriers often felt by isolated students. This may therefore encourage student intrinsic motivation to participate in the content and make meaningful contributions to different online communities of learners. Sharing reflective experiences of assessment and delivery with others becomes an important part of enhancing student learning experiences and developing strong communities of practice within higher educational contexts. Through focusing on ways to support learners in a variety of contexts, across a variety of modes, the transition to more fully online learning experiences can be more seamless for both students and facilitators alike.

## **References**

1. Bartley, S. J., & Golek, J. H. (2004). Evaluating the Cost Effectiveness of Online and Face-to-Face Instruction. *Educational Technology & Society*, 7(4), 167–175.
2. Farinella, J. A., Hobbs, B. K., & Weeks, H. S. (2000). Distance delivery: The faculty perspective. *Financial Practice and Education*, 10, 184–194.
3. Gratton-Lavoie, C., & Stanley, D. (2009). Teaching and learning principles of Microeconomics online: An empirical assessment. *The Journal of Economic Education*, 40(1), 3–25.
4. Hoic-Bozic, N., Mornar, V., & Boticki, I. (2009). A Blended Learning Approach to Course Design and Implementation. *IEEE Transactions on Education*, 52(1), 19–30. doi:10.1109/TE.2007.914945
5. Huotari, K., & Hamari, J. (2012). Defining gamification: a service marketing perspective. In *Proceeding of the 16th International Academic MindTrek Conference* (pp. 17–22). ACM. Retrieved from <http://dl.acm.org/citation.cfm?id=2393137>



Dr. Radha Ganesh Kumar, Head Department of Management Studies, SRM Valliammai Engineering College has around 24 years of teaching experience. She heads the ED cell for the college and She is the President of the Institution Innovation Council. She has published many national and international journals.



Dr Shabana K A, PhD in Management with 8 years of international and national teaching experience. Former assistant professor at St Berchmans College, Kerala and Uni Grad Education Centre, Bahrain.



G. Deborah is a 4th year student, studying B.Tech Biotechnology in SRM Institute of Science and technology. She is interested in the area of animal biotechnology. She is interested in publishing papers in the field of biotechnology and management.

# **Innovation and Customer Resistance**

*Dr. Vinitha R S<sup>1</sup>*

*<sup>1</sup>Asst. Professor, Alpha College of Engineering, Chennai, India*

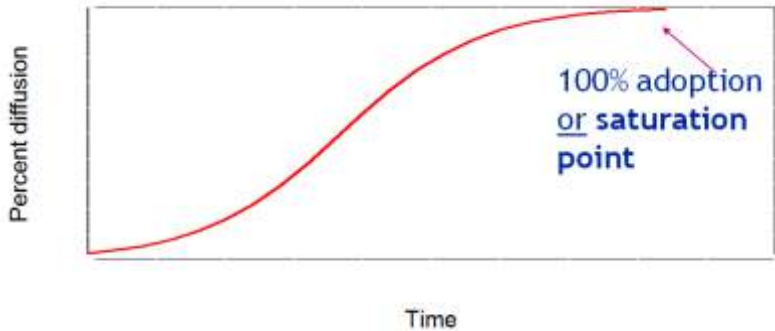
The word “innovation” is derived from the Latin verb *innovare*, which means to renew. It can be an improvement or replacement. From a company’s point of view – innovation can be – product, process or experience. A product innovation like the touch screen mobile phone by Apple’, a process innovation like the electric car by Tesla or an experience innovation like Flipkart’s Pay on Delivery - all point towards the key word Innovation. As the management theorist’s put it, a company can achieve competitive advantage by cost leadership, differentiation or niche strategies. But in any of these cases, innovation is essential.

Innovation requires more creativity and willingness to take risks – both by company and the consumer. For a consumer, to come out of his/ her comfort zone and try a new product/service require a lot conviction. Empirical research shows that many new product/service fail due to consumer’s resistance to innovation. Process of innovation, diffusion to the adoption by the consumer is an intrinsic process. Even though organizations spend millions of dollars, work day and night to meet the changing needs of people, even use innovation management software, to manage innovation efficiently, it is very difficult to predict the consumer adaption of these products/services.

Rogers (1995) defines that an innovation is an idea practice or object that is perceived new by an individual. Individuals have a tendency to purchase new products/ service to enjoy an improved standard of living. Even though the statement has been proved by various researchers, one will be at a loss to see various innovative products/services failing. This point to the fact that there is resistance among consumers to accept the changes. Innovation calls for change and resistance to change is a normal consumer behaviour. So, research scholars have emphasized on the need for studying the process of innovation resistance. Moreover, in past researches, the studies were conducted primarily on the innovation and diffusion process of successful products only.

Every product passes through a lifecycle – Introduction, growth maturity and decline. Many firms today rely increasingly on

new products for a large part of their sales (Lars Perner). The diffusion of innovation happens slowly, starting with only a few people. Then the innovations spread to other customers.



The resistance of consumers in the early stages of innovation is a natural process and if the innovation is not able to withstand the adoption process it dies off and the diffusion process of consumers does not happen at all (S. Ram, 1987). "Resistance to change may be defined as any conduct that serves to maintain status quo in the face of pressure to alter the status quo" (Zaltman Q Wallendorf. 1983). It is closely associated with the degree to which individuals feel themselves threatened by change. Many factors can cause the resistance and work against the innovation – financial or social risk, initial efforts required to understand and learn (eg. Computers). the assumption innovation decision suggests that the acceptance of new products by consumers is the result of a cognitive process of exploring and processing information ( Steenkamp Jan-Benedict E.M. and Katrijn Gielens, 2003)

Innovations can be said as it comes in different degrees. A continuous innovation will see very slight improvement over a period of time. A *dynamically continuous* innovation involves some change in technology, although the product is used much the same way that its predecessors were used—e.g., jet vs. propeller aircraft. A *discontinuous* innovation involves a product that fundamentally changes the way that things are done—e.g., the fax and photocopiers. In general, discontinuous innovations are more difficult to market since greater changes are required in the way things are done, but the rewards are also often significant. (Lars



Perner)

Not all change is necessarily healthy and resistance on its own merit may be desirable and useful (Klein, 1967; Stiles & Robinson, 1973). According to S. Ram, Innovation Resistance can be viewed as dependent on three major sets of factors: Perceived Innovation Characteristics (how they perceive innovation – its outcome and effects), Consumer Characteristics (psychological characteristics of consumers) and Characteristics of Propagation Mechanisms. Consumers' judgments of product innovation merely depend on the product attributes (McNally et al., 2010; Fu and Elliott, 2013), and each consumer give different weightage to the same attribute of the product.. it is suggested that a positive relationship between the firm and consumer positively impact the consumer's level of satisfaction (Garbarino & Johnson, 1999). Consumers consider it as a cue that organizations investing on innovation help them achieve satisfaction. Studies prove that if consumer perceives an organization to be innovative, they also perceive a higher quality product, and are more likely to embrace the efforts of the firm and purchase the innovative offerings. (Gleim, Lawson and Robinson, 2015) Every fall Apple unveils its latest innovations, while the changes are not often considered to be radical innovations (Chandy & Tellis, 1998), consumers gravitate to the innovations presumably because they are perceived to be more innovative compared to previous versions.

A number of researchers used consumer characteristics and innovation characteristics as the main predictors to evaluate the consumers' behaviour and their intentions to adopt the new product (Mohtar & Abbas, 2015a; Ram, 1989). Innovation Resistance Theory (IRT) offers a theoretical framework for customer resistance (Ram and Sheth, 1989). Recent studies have shown that when a consumer perceives that there is low relative advantage for the new product in comparison to its competitors or earlier version of the product, there is more resistance. From the consumer's point of view, the new product represents the change that he faces, and, if the product is deemed satisfactory, he will accept the change, but if it doesn't fit to his requirements or modifies the status with which he is accustomed, the consumer will exert resistance to this change (Viorel Cornescu, Cecilia – Roxama Adam, 2013). Regarding the resistance to innovation, it is not an innovation in itself that people resist, but to its associated changes. (Ellen et al, 1991, p.102)

When a consumer displays a resistance to an innovation, there can be two reasons; (Viorel Cornescu, Cecilia – Roxama Adam, 2013)

1. Innovations which require a change in the already established behavioral patterns of consumers, norms, customs and traditions which they could resist

2. The innovation that in a certain way causes a conflict or a problem to consumer psychological level, it is possible to encounter resistance (Mirella, et al. 2009). Customer resistance can be explained by dividing it into (a) active and (b) passive resistance. (Heidenreich and Handrich, 2015). Active resistance are resistive behaviour that develop from the characteristics of innovation and passive resistance are resistance due to the conflict with existing beliefs.

Researchers can also work on theory of Planned behaviour to understand the resistance. Theory of planned behaviour, proposed by Azjen and Fishbein, proposes that the behaviour of an individual is determined by intentions, attitudes (beliefs about a behavior), and subjective norms (beliefs about others' attitudes toward a behavior). (Ajzen, I. (1991). The application of the theory has been used in several studies. Morris and Venkatesh (2000) used the Theory of Planned Behavior to study workers' decisions about technology usage and their attitudes toward adoption of technology, technology being one of the major areas where customers demonstrates resistance.

With the entire world going through tremendous changes, technological and otherwise, it is imperative for the organizations to understand the resistance of consumer towards innovation. The high rate of failure of new goods and services generates the need for businesses and service providers to have a firmer grasp of the phenomenon of retail customer resistance and of the factors that contribute too resistance (Antioco and Kleijnen, 2010; Heidenreich and Kraemer, 2016). So, to conclude study on the customer resistance to innovation is highly significant for our economy.

## **References**

Ajzen, I. ( 1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.

Ellen P.S.; Wiener, J.L. & Cobb-Walgren, C (1991) The role of perceived consumer effectiveness in motivating environmentally conscious behaviours, *Journal of Public Policy and Marketing*, October, p. 102-117.

Fu, F.Q., Elliott, M.T., 2013. The moderating effect of perceived product innovativeness and product knowledge on new product adoption: an integrated model. *J. Market. Theory Practice* 21 (3), 257–272. <https://doi.org/10.2753/mtp1069-6679210302>.

Garbarino, E., & Johnson, M. S. (1999). The different roles of satisfaction, trust, and commitment in customer relationships. *Journal of Marketing*, 63(2), 70–87. <https://doi.org/10.2307/1251946>

Gleim, Lawson and Robinson, when perception isn't reality: an examination of consumer perceptions of innovation, *Marketing Management Journal*, Spring 2015

Klein, Donald (1967). "Some Notes on the Dynamics of Resistance to Change: The Defender Role." in *Concepts for Social Change* ed. G. Watson. Washington D.C.: National Institute for Applied Behavioral Science.

Lars perner, USC Marshall  
[https://www.consumerpsychologist.com/cb\\_Diffusion\\_of\\_Innovation.html](https://www.consumerpsychologist.com/cb_Diffusion_of_Innovation.html)

McNally, R.C., Cavusgil, E., Calantone, R.J., 2010. Product innovativeness dimensions and their relationships with product advantage, product financial performance, and project protocol. *J. Prod. Innov. Manage.* 27 (7), 991–1006. <https://doi.org/10.1111/j.1540-5885.2010.00766.x>.

Ram, S., Sheth, J.N., 1989. Consumer resistance to innovations: the marketing problem and its solutions, *Journal of consumer market*, 6 (2), 5-14

Rogers, E. M. (1995). *Diffusion of Innovations*. (4th Ed.). New York: The Free Press.

S. Heidenreich and M. Handrich J. Prod. Innovat. Manag., 32 (6) (2015), pp. 878-903

S. Ram (1987) , "A Model of Innovation Resistance", in *NA - Advances in Consumer Research Volume 14*, eds. Melanie Wallendorf and Paul Anderson, Provo, UT : Association for Consumer Research, Pages: 208-212.

Shahimi Bin Mohtar and Mazhar Abbas, Middle-East J. Sci. Res., 23 (2): 339-346, 2015

Steenkamp Jan-Benedict E.M. and Katrijn Gielens, 2003. Consumer and Market Drivers of the Trial Probability of New Consumer Packaged Goods, *Journal of Consumer Research*, 30: 368-384.

Stiles. Lindley J. and Beecham Robinson (1973). "Change in Education," in *Processes and Phenomena of Social Change* ed. G. Zaltman. New York: Wiley Interscience.

Viorel Cornescu and Cecilia-Roxana Adam / *Procedia Economics and Finance* 6 ( 2013 ) 457 – 465

Zaltman. Gerald and Melanie Wallendorf (1983). *Consumer Behavior: Basic Findings and Management Implications*. New York: John Wiley & Sons.



I am an academician, with over 12 years of experience industry and in academics to my credit.. Backed with the experience gained in FMCG and Insurance industry, I entered the academic world. My experience in the industry and academics has helped me in imparting the knowledge and grooming the students as per the requirement of the industry. Currently working with Alpha Group of Institution as Sr. Academic Coordinator, I was awarded with top ratings in the organizations that I have worked with. In pursuit of understanding the academic world, I did my PhD after completing my Mphil and MBA.

# **Leadership – Fanning the Flames of Success**

*Bhashini Paranagama<sup>1</sup> and H.K.T.Dilan<sup>2</sup>*

<sup>1</sup>*Lecturer & Academic Coordinator at Overseas Campus of Ceylon*

<sup>2</sup>*Department of Industrial Management, Faculty of Applied Sciences,  
Wayamba University of Sri Lanka.*

## **Introduction**

Leadership is a critical management function that enables an organization's resources to be directed for increased efficiency and goal execution. Effective leaders clarify the organization's mission, motivate employees, and assist them to achieve it. Understanding the role of leaders can help followers contribute more significantly to the achievement of their company's objectives, regardless of their position. This study critically examines the democratic leadership style, autocratic leadership style and laissez-faire leadership style. The examined areas of the leadership styles are the specific nature of each leadership style, positive and negative impacts of each leadership style on organizations with real-world characters and the main differences of these three leadership styles.

## **Definitions of the concept of Leadership**

Various studies described leadership in terms of various criteria. Many researchers define leadership in a variety of ways. Leadership is the art or science of persuading others to act in accordance with their preferences in order to attain the objectives set out in a step-by-step manner (Abbaszadegan, 1997). According to Ibrahim & Daniel, (2019), leadership is defined as a process in which one or more people persuade a group of others to take a specific action. The term "leadership" has been employed in a variety of contexts, including politics, business, academia, and social work. According to Messick & Krammer (2004), the degree to which an individual demonstrates leadership attributes is determined not only by his personal characteristics and abilities but also by the circumstances and environment in which he finds himself. As a result, an individual will support the organization if he believes that it will help him achieve his personal objectives and aims; otherwise, the individual's interest will wane. When one group member influences the motivation or competency of others in the group, this is referred to as leadership. According to Nongo (2009), leadership implies an unequal distribution of power among leaders and group members.

Members of a group have power, but leaders typically have more. Rachin (2001) claims that leadership is inextricably linked to the practice to which people devote themselves. According to Kim & Maubourgne (1992), leadership is a skill or ability that motivates others' personalities and livelihoods in order to attain desired organizational goals and objectives. They describe leadership as a skill, which is a talent that resides within a person's body. Leaders face a problem in managing employees to complete assigned responsibilities. As a result, in order to meet that challenge, leaders must possess the unique ability to lead their teams to accomplish their objectives. Darth and Palus (1994) define leadership as the process of making sense of what people are doing together in order for others to understand and commit. According to Ibrahim & Daniel, (2019), many organizations have failed as a result of the management team's ineffective leadership style. In such situations, workers are not well organized, controlled, or coordinated, and the effect of this attitude stems from ineffective leadership style, low productivity, high operating costs, and employee uncooperative, among other factors. All of this finally leads to the disintegration of the organization. Some companies are having difficulty recruiting leaders with the necessary attitude, knowledge, intelligence, and experience.

## **Leadership and Organizations**

Leading is the process of communicating with and influencing the activities of an organized group in order to achieve goals. As a result, leadership is based on interpersonal relationships, and a leader must be a member of a group. This means that in an organization, leadership thrives.

According to Adebakin & Gbadamosi (1996), an organization is made up of two or more people who work together on a regular basis to achieve their common purposes. Every company is made up of three key components, all of which must work together to achieve the leadership's objectives and aims. They are time, people, and task management. Within an organization, leadership is the role of management that is concerned with the ongoing search for the best approach to influence subordinates to achieve goals and objectives while harmonizing man, money, and material. According to the authors, it encompasses an executive's entire behavior in his direct relationship with subordinates. Management, as a body of

leadership, establishes policies, regulations, and procedures that govern interactions and activities in an organization, and to some extent, determines the organization's effectiveness in meeting its goals and objectives. The setting for the formation of a group is generated when two or more people interact. When individuals in a group coexist and associate for a shared goal, and the group survives for a long time, organization emerges. A group's leader is responsible for providing direction, coordinating the actions of the group's various members, and ensuring consistency. The organization and attitude of the subordinate in the performance of their task reflect the leader's image and the quality of leadership. As a result, the leader chooses the pattern of work behavior, task operation, and ethnicity of subordinates by the application of his organizational power (Mansaray, 2019). Employee performance and company excellence are both dependent on leadership. As a result, organizations invest a significant amount of money in the search for effective leadership and the training of their employees' ineffective leadership behavior (Simamora, 2013). There is a relative shortage of effective leadership, which is why businesses are continuously on the lookout for it, leading them to effect, construct, and develop all of the effective leadership potentials in individuals who work in corporate management.

### **An evaluation of leadership styles**

A leader's characteristic characteristics when directing, motivating, guiding, and managing groups of people are referred to as their leadership style. Political movements and social transformation can be sparked by great leaders. They can also inspire others to create, invent, and perform. According to Cizreliogullari, & Babayiğit, & Altun (2017), A leader's leadership style can be defined as the manner he or she encourages people, implements plans, and gives direction. Leadership style should not be modified regularly; rather, it should be adjusted to the specific needs of the role, the unique needs of the individuals involved, and the unique issues that the business is facing.

Coaching leaders, pacesetter leaders, democratic leaders, affiliative leaders, authoritative leaders, and coercive leaders are the six types of leadership styles outlined by Daniel Goleman. To promote successful organizational performance, this categorization was done by leaders' soft attributes. According to Mosadeghrad

(2003), leadership styles include authoritarian, bureaucratic, laissez-faire, charismatic, democratic, participative, situational, transactional, and transformational. Yukl (1994) identified several factors that influence leadership styles, including the level in the authority hierarchy, the function and size of the organizational unit, task characteristics and technology, lateral interdependence, crisis situations, stages in the organization's life cycle, and the competence and performance of subordinates. There are three basic leadership styles, according to Bass (1985), transformational, transactional, and laissez-faire. This study is deeply evaluating the characteristics, nature, impacts on organizational performances and real-world examples regarding Democratic Leadership style, Autocratic Leadership Style, Laissez-Faire Leadership Style, Transformational and Transactional Leadership Styles.

### **Democratic Leadership Style**

Democratic leadership, also known as participatory leadership, is a style of leadership in which group members have a more active role in decision-making. Success and people are the subjects of this leadership style (Bhargavi & Yaseen, 2016). Employee participation in company decision-making is encouraged under democratic leadership (Nwokocha & Iheriohanma, 2015). The democratic leader assists the team and the leader in making decisions together. Arguments and compliments are delivered critically, and a sense of responsibility is developed within the community. The leader talks with subordinates until he or she issues general or specific directives that allow them to function freely (Bhargavi & Yaseen, 2016). The superior urges the subordinates to continue to participate and use their initiative. The bosses even give their subordinates advice on how to accomplish their jobs. Daft (2014) also claims that democratic leaders transfer authority to others in order to enable employees to make their own judgments and rely on subordinates' knowledge to perform tasks. Members of the group have a bigger say in decision-making, policy formulation, and system and process implementation (Mullins, 2007).

### **Positive impacts of Democratic leadership style on organization performances**

Democratic leadership comes with a host of benefits. Subordinates



are encouraged to share their experiences, which can lead to greater problem solving and suggestions (Sadia & Aman, 2018). Staff will be more invested in and devoted to projects, increasing their likelihood of being concerned about the current outcome. Democratic leadership is thought to result in higher productivity among group members. Democratic leadership thrives in environments where people are well-informed and willing to share their knowledge. It's also critical that there's enough time for individuals to input, construct a plan, and then decide on the best course of action. According to Jooste and Fourie (2009), democratic leadership leads to increased productivity and work satisfaction. Democratic leadership is one of the most effective leadership styles, resulting in increased production, better contributions from group members, and stronger group morale (Anderson, 1991). Under democratic leadership, supervisors encourage subordinates to take initiative and contribute by allowing them to use their strengths (Anderson, 1991). Managers who follow this style allow employees to offer suggestions and recommendations on significant issues and give subordinates complete ownership and responsibility for those duties, as well as encourage subordinates to become strong leaders and participate in leadership and employee development (Iqbal et al 2015). Employees that are confident in this manner are more likely to help them fulfill deadlines and departmental goals, as well as make effective team inputs (Iqbal & Anwar & Haider, 2015).

### **Negative impacts of Democratic leadership style on organization performances**

Even though the democratic leadership style has many positive consequences for organizations, there can be identified some negative aspects also (Brandon, 2018).

- *It necessitates a specific level of competence or education.*

A certain amount of confidence within the team is required for suggestions or feedback to be effective while adopting the democratic style of leadership. Employees who lack the necessary skills or education will be less likely to offer innovative solutions or insightful input throughout each meeting. This leadership style will be ineffective if the entire team falls into this category.

- *It may cause team members to have doubts about the leadership's abilities.*

It is normal for team members to assume that the employees or the followers are doing more work than their team leader when they follow a democratic leadership style. This is especially true for employees that consistently contribute the best ideas to the team. In this situation, the impacted team members frequently believe that the leader receives more compensation for their ideas than they do. This lowers team morale and, in the worst-case scenario, can result in insubordination, employee resignation, or a refusal to engage in future conversations.

- *It takes time to get to an agreement.*

The leadership still takes longer to reach a consensus than other forms. This is due to the fact that everyone has the opportunity to express an opinion or propose an idea. Before a concept can be eliminated, it must be thoroughly discussed. In larger groups, the conversations might cause productivity delays as everyone tries to come up with the best possible solution and get on the same page.

- *It has the potential to provoke negative feelings.*

The democratic leadership approach does invite people to share their thoughts, ideas, and experiences. It will also distinguish between team members with great creative abilities and those who do not. If one team member's ideas are repeatedly implemented, the other members of the team may become resentful of the leadership approach. It makes individuals feel as if their opinions are unimportant, and as a result, they quit engaging in the process.

### **A real-world example for Democratic leadership style**

Barack Obama, the former president of the United States, is a great example of a democratic leader. 'Yes, We Can!' was coined by Obama and could have been heard by anyone who was aware of the US elections (Al-Khaled, & Chung (2020).

### **Autocratic Leadership Style**

An autocratic leader is generally seen to be highly aware of his

position and to have little faith or trust in his employees. In nature, autocratic dictators are traditional and domineering. Those leaders rely on their subordinates to carry out their orders (Al Khajeh, 2018). Autocratic rulers, like them, reserve the authority to make judgments in general (Longe, 2014).

The autocratic ruler has faith that a worker's advanced wage for completed work is a fair exchange and that the bonus is the only thing that can inspire them. Personal control over all team members' decisions and limited feedback characterize this leadership style. These leaders place a premium on loyalty and commitment and are known for making their own decisions and demanding rigorous adherence to rules. According to Swarup (2013), autocratic leadership is a classified leadership style. It is a management style in which the manager is the most powerful entity and the key decision-maker (Gordon, 2013). The basic concept of this leadership style is that leaders are competent managers who command and control their people.

The traits of the leader, the subordinate, and the nature of the circumstance should all be considered while using an autocratic leadership style (Mullins, 2007).

The process of decision-making is centralized, and autocratic rulers accept complete responsibility for making decisions and overseeing their subjects' performance. In the autocratic rule, the praise and criticism of followers are crucial. Autocratic leaders frequently make judgments based on their own thoughts and perceptions, never taking into account the suggestions of their followers. Autocratic leadership necessitates total, dictatorial control over a group.

### **Positive impacts of Autocratic Leadership style on Organization performances**

Mullins (2007) stated that authoritarian leadership is necessary to achieve the best results during a crisis. Employee attention to leadership is based on the premise that subordinates are more inclined to work efficiently for managers who use a specific leadership style (Mullins, 2007). According to DuBrin, & Dalglish, & Miller (2006), authoritarian leaders place a strong premium on job completion and are task-focused. With little trust or confidence in the followers, the autocratic leader watches and exercises power

(DuBrin, & Dalglish, & Miller, 2006). Because of this attitude, the system's adherents dread and distrust their leader (Jooste & Fourie, 2009). When autocratic leaders are used in crisis situations, difficult and complex situations, or situations requiring quick decisions, autocratic leaders are identified as more than other leadership styles (Jooste & Fourie, 2009).

Autocratic leadership is characterized by a controlling, directing, or coercive leader who rarely makes choices based on the input of subordinates (Bass, 1990). Autocratic leadership, according to McClelland (1975), is built on personal dominance and authoritarian behavior that enhances the leader's self-interest is egotistical and authoritarian behavior. When there is no need for input, a decision is reached without consulting anyone. They develop milestone plans, and their followers are obligated to labor or follow the regulations (Maxwell, 2015). In other words, the autocratic leader has entire power over everyone around him and believes he has the right to treat them however he wishes. This is useful when you need to make a rapid decision or accomplish a task quickly. According to Dawson (2002), the autocratic style can produce great achievements in a short amount of time. Similarly, Koontz (1978) claimed that autocratic leaders are only helpful in "situations of emergency" and "in cases where a homogeneous workforce is involved," as long as the leader is smart, just, and has a good understanding of his or her followers.

### **Negative impacts of Autocratic Leadership style on organization performances**

According to Longe (2015), authoritarian leadership may be beneficial in emergency situations where there is a homogeneous workforce and the leader is clever, reasonable, and has a deep grasp of the followers. In these scenarios, extra caution may be required to avoid a potential incident.

Dolly & Okpokwasili, (2018) have identified three main negative aspects of autocratic leadership style.

- *Lack of creativity*

They are lacking in creativity and imagination. Authoritarian leaders make all of the decisions and carry them out in their own

style; they do not allow employees to put their own spin on the duties at hand. As a result, the person's creative capacity is never fostered or discovered, which is a squandered opportunity for both the employee and the firm. After all, creativity promotes organizational growth and innovation, as well as higher productivity. Developing creativity in the workflow also satisfies the demand for everyone to undertake meaningful work.

- *Demotivating.*

People who work for an authoritarian leader are demotivated for a variety of reasons, including a lack of creative development and fear of sanctions. They are extrinsically adversely motivated due to their dread of punishment. People who work for an authoritarian leader typically leave because of their demotivating surroundings. Employees understand that they must carry out orders without question, which means they will never accomplish more than is required.

- *Aggressiveness.*

Frustration and terror engendered by authoritarian rule can manifest in unpleasant ways. Resistance arises as a result of authoritarian leaders' stronghold on power. Because the members of the group are continually required to comply, they feel irritated and restless. An authoritarian boss has no tolerance for these emotions, therefore they often communicate them to weaker members of the team or to family and friends at home.

### **A real-world example for Autocratic Leadership style**

Steve Jobs, the founder of Apple, is an example of an autocratic boss. He is the major decision-maker, and he makes decisions based on their opinions rather than facts. While his colleagues consider his leadership style to be forceful, it may have contributed to Steve Jobs' success. Jobs' inventive ideas have resulted in one of the world's most successful tech firms (Al-Khaled, & Chung (2020).

### **Laissez-Faire Leadership Style**

According to Craig, (2011) laissez-faire leadership, is a style that

absent of effective leadership. Laissez-faire leaders, according to Sandler (2003), play a passive role in group affairs and take little initiative to communicate with group members. These leaders avoid providing orders or making decisions, and they are uninterested in their subordinates' development. Rewards and participation from leaders are completely lacking in this environment. These leaders are unconcerned about the development and difficulties of their subordinates.

According to Rohmann and Rowold (2009), laissez-faire leaders demonstrate a "passive apathy" for their followers. Laissez-faire leaders are insensitive to the demands of their followers, as they are not fully engaged in their leadership job while providing a minimum level of support to followers, avoiding decision-making, and assuming uncaring obligations (Kirkbridge 2006). The performance of individuals is not entirely tied to the laissez-faire leadership style (Shirzard & Kebria & Zangneh 2011).

### **Positive impacts of Laissez-Faire Leadership style on organization performances**

Leaders that use the laissez-faire leadership style have little control over their followers and allow them to complete their assigned work without direct monitoring (Wu & Shiu, 2009). Leaders that follow a laissez-faire leadership style never intrude in administrative processes and leave their people unrestricted independence (Karip 1998). Allowing group members to make their own decisions is the goal of laissez-faire leadership. According to Wu and Shiu (2009), these types of leaders have limited control over their staff and allow them to complete their assigned tasks without direct supervision. According to Tarsik, Kassim, and Nasharudin (2014), a laissez-faire leadership style allows employees as much flexibility as possible while providing little or no direction. According to Cole (2005), a laissez-faire leader is rarely active in work. Mullin (2007) also said that a laissez-faire leader actively chooses to delegate focus power to subordinates and give them the freedom to "do as you think." According to Jooste and Fourie (2009), permissive leadership is founded on the assumption that followers are ambitious, innovative, and accountable, and that they accept and realize the organization's purpose together.

## **Negative impacts of Laissez-Faire style on organization performances**

There are certain philosophical beliefs that humans are intrinsically volatile and out of control, and that realizing people takes more time and work. Based on this, it was determined that such executives adhere to all organizational rules and regulations and do not disrupt the organization's overall process. Leaders who adopt a laissez-faire approach desire to work in any structure that is free of criticism or suggestions. This type of leader is responsible for setting goals and objectives where they are needed, but they do not communicate unless it is absolutely necessary. Where there is a laissez-faire leader, employees can take care of themselves (Yahaya & Ebrahim 2016). According to Robbins and Davidhizar (2007), the laissez-faire attitude "abdicates duties and avoids making decisions." According to Akpala (1993), laissez-faire leaders make decisions slowly. When required, laissez-faire leaders are absent, and they frequently avoid making judgments and doing actions (Judge & Piccolo 2004). In a laissez-faire leadership style, the boss is unconcerned about his or her subordinates' performance (Karamat 2013). Laissez-faire supervision causes confusion and ineffectiveness, and laissez-faire leadership appears to have a negative outcome, resulting in poor performance (Yahaya & Ebrahim 2016). An avoidant leader will either not intervene in subordinates' work concerns or willfully avoid his or her responsibilities as a superior, and will be unlikely to make an effort to create a relationship with them. The laissez-faire attitude is linked to unhappiness, inefficiency, and ineffectiveness. When major situations arise, this sort of leader will always avoid getting engaged and making judgments (Namusonge & Koech 2012). This laissez-faire leadership approaches, according to Chen, Beck, and Amos (2005), had harmful consequences. As a result, it appears that, in comparison to other leadership styles, laissez-faire is not an important style for increasing employee engagement (Chaudhry & Javed, 2012)

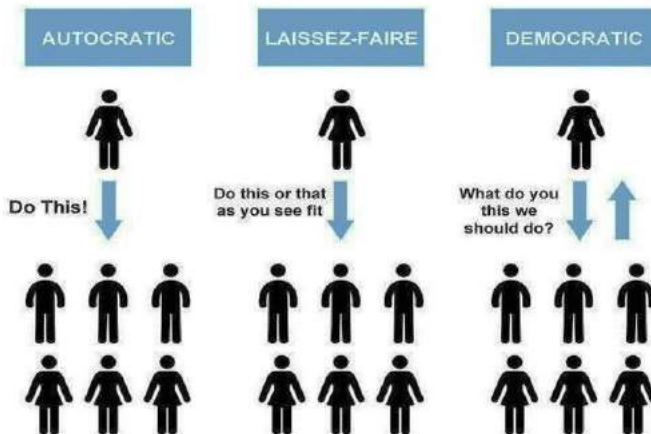
### **A real-world example for Laissez-Faire leadership style**

Andrew Mellon, an American banker and politician, is an example of a laissez-faire leader. Mellon was a tremendous innovator and a prime example of a laissez-faire American leader of the twentieth century who was equally at comfort in philanthropy and politics as he was in banking and trade. He is recognized for assisting in the

development of the American manufacturing sector, which includes massive oil, steel, and aluminum refineries. Mellon epitomizes the laissez-faire movement since he believed not only in hiring experienced and knowledgeable people to operate businesses, but also in resisting government regulation in the form of tariffs and other laws (Al-Khaled, & Chung (2020).

**The main difference among the Autocratic leadership style, Democratic leadership style and Laissez-faire leadership style.**

(Source: Bhargavi & Yaseen, 2016)



The main difference among the autocratic leadership style, democratic leadership style and laissez-faire leadership style can be identified particularly around the nature of the decision-making process the leaders are using to make a decision. An autocratic leader has complete authority over all decisions and receives little or no input from employees or members of the group. Autocratic rulers make decisions primarily on their own opinions and rarely seek outside counsel.

A democratic leader empowers and supports employees, allowing them to play a more active role in decision-making.

Laissez-Faire leader does not make decisions but instead delegates authority to employees. Employees have a greater degree of control over their jobs.



## **Conclusion**

Leadership is defined as a process in which one or more people persuade a group of others to take a specific action. While an organization may contain employees with a variety of skills and abilities, leadership is responsible for directing individual efforts toward a common objective. Leaders assist their firms to achieve success by inspiring and motivating employees and coordinating personal efforts for the development of a common goal. The autocratic leader has complete control over all decisions and receives little or no feedback from his or her employees or group members. The Democratic leader empowers and supports employees, allowing them to have a more active role in decision-making, whereas the Laissez-Faire leader gives authority to people rather than making decisions. All of these leadership styles have considerable positive and negative consequences on organizations based on various situations.

## **References**

- Abbaszadegan, M (1997), „Basic Factors in Organizing and Leadership“, 28, 2, 17-24,
- Adebakin, O. I. & Gbadamusi, E. A. (1996). The practices of organizational leadership. Ibadan. Adeogun printing press.
- Al Khajeh, E. H. (2018). Impact of leadership styles on organizational performance.
- Al-Khaled, Akram & Chung, Jee Fenn. (2020). The Impact of Leadership Styles On Organizational Performance. 10.
- Anderson, S.E. (1991). Principal's management style and patterns of teacher implementation across multiple innovations. *School Effectiveness and School Improvement*, 2 (4), 286-304.
- Bass, B. M. (1990). From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*, 18(3), 19-31.
- Bhargawi, S. & Yaseen, A. (2016). Leadership styles and

organizational performance. *Strategic Management Quarterly*, 4, 87-117.

Brandon G. (2018) Advantages and Disadvantages of Democratic Leadership Style.

Chaudhry, A. Q., & Javed, H. (2012). Impact of transactional and laissez-faire leadership style on motivation. *International Journal of Business and Social Science*, 3(7)

Chen, H. C., Beck, S. L., & Amos, L. K. (2005). Leadership styles and nursing faculty job satisfaction in Taiwan. *Journal of Nursing Scholarship*, 37(4), 374-380.

Cizreliogullari, Mehmet & Babayiğit, Mehmet & Altun, Özlem. (2017). The Impact of Leadership Styles on Employees Performance in Organization.

Cole, G.A. (2005). *Organizational Behavior*. Nottingham: TJ International

Craig, Bart. (2011). *Leadership in Organizations* (7th edition) by Gary Yukl. Personnel Psychology.

Daft, R. L. (2014). *The leadership experience*. Cengage Learning.

Dawson, L. L. (2002). Crises of charismatic legitimacy and violent behavior in new religious movements. *Cults, Religion, and Violence*, 80-101.

Dolly, K. & Okpokwasili, N.P. (2018). Impact Of Autocratic Leadership Style on Job Performance of Subordinates in Academic Libraries in Port Harcourt, Rivers State, Nigeria. 10.

DuBrin, A. J., Dalglish, C., & Miller, P. (2006). *Leadership: 2nd Asia-Pacific Edition*.

Gordon, G. (2013). *School leadership is linked to engagement and student achievement*. Washington, DC: Gallup.

Ibrahim, U., & Daniel, C. (2019). Impact of leadership on organisational performance. *International Journal of Business*

*Management and Social Research*. 6. 367-374.

Iqbal, N., Anwar, S., & Haider, N. (2015). Effect of leadership style on employee performance. *Arabian Journal of Business and Management Review*, 5(5), 1-6 (Online).

Jooste, C., & Fourie, B. (2009). The role of strategic leadership in effective strategy implementation: Perceptions of South African strategic leaders. *Southern African Business Review*, 13(3), 51-68

Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89, 755- 768.

Karamat, A. U. (2013). Impact of leadership on organizational performance. Unpublished doctoral dissertation, *University of Applied Sciences*, Finland.

Kootz H (1978) Principles of management. McGraw Hill, Tokyo.

Longe, O. J. (2014). Leadership style paradigm shift and organisational performance: A case of the Nigerian cement industry. *African Research Review*, 8(4), 68-83.

Mansaray, H. (2019). The Role of Leadership Style in Organisational Change Management: A Literature Review. *Journal of Human Resource Management*. 7. 18. 10.11648/j.jhrm.20190701.13.

McClelland, D. C. (1975). Power: The inner experience. Irvington.

Messick, D. M. and Kramer, R. M. (2004). The psychology of leadership, New Perspectives and Research. London: Longman Publishing Co.

Mosadeghrad, A.M. (2003), "The role of participative management (suggestion system) in-hospital effectiveness and efficiency", *Research in Medical Sciences*, Vol. 8 No. 3, Isfahan, pp. 85-9.

Mullins, L. J. (2007). Management and organisational behavior. Pearson education

Nongo, A. S. (2009). Principle of management and techniques, Benin: *John and Sons Books Ltd*.

Nwokocha, I. & Iheriohanma, E. B. J. (2015). Nexus between leadership styles, employee retention and performance in organizations. *European Scientific Journal*, 11, 186- 209.

Robbins, B., & Davidhizar, R. (2007). Transformational leadership in health care today. *The Health Care Manager*, 26(3), 234-239.

Sadia, A. & Aman, A. (2018). Transformational leadership and organizational performance: The mediating role of organizational innovation. *SEISENSE Journal of Management*, 1, 59-75.

Simamora, B. H. (2013). Leadership for performance excellence. 7. 247-257. 10.3923/ibm.2013.247.257.

Sofi, M. A. & Devanadien, D. K. (2015). Impact of leadership styles on organizational performance: An empirical assessment of banking sector in Jammu and Kashmir. *IOSR Journal of Business Management*, 17(8), 31-45.

Swarup, B. (2013). Leadership

Yahaya, Rusliza & Ebrahim, Fawzy. (2016). Leadership styles and organizational commitment: literature review. *Journal of Management Development*. 35. 190-216.

Yukl, G.A. (1994), "Leadership in organizations", 3rd Ed., Prentice Hall, Englewood Cliffs, NJ.



Bhashini Paranagama, A first class degree holder from the Department of Human Resource Management, University of Sri Jayewardenepura Sri Lanka, Bhashini is working as a lecturer. By following her interest to be a life long learner, She is currently reading for her MBA at the Postgraduate Institute of Management and has various research interests in the field of Hr and management.



Mr. H.K. Tharindu Dilan is a young academic in the field of management. He has completed his Bachelor's Degree in Human Resource Management (Special) from the Faculty of Management and Commerce, University of Sri Jayewardenepura, Sri Lanka in November 2019. His main interests lied in the field of Human Resource Management, Organizational Behaviour, psychology & social sciences and Financial Globalization. He has completed a diploma in counseling. He has great exposure to building leadership skills and motivation of people and he has led many outbound training sessions organized for school students in rural areas in Sri Lanka.

# **Organizational Change and Change Management**

*H.P.N.I. Kumarasinghe<sup>1</sup> and H.K.T. Dilan<sup>2</sup>*

*\*Department of Industrial Management, Faculty of Applied Sciences, Wayamba University of Sri Lanka.*

## **1. Introduction**

Organizational Change and Change Management is a significant field of study to examine its applications to the current innovative ever-changing world. Models and processes in change management contributes for the success with new plans in the challenging environment. Thus, this chapter goes insight to an overview of Organizational change and Change Management.

It includes brief introduction to Organizational change, Types of organizational changes, an overview of Change management, Implication of Change management Models; Kotter's eight-step Change Management Model, Kurt Lewin's Three-Step Change Model, Benefits of Change Management to organizations, Negative impacts and barriers of Change Management, Key factors for successful change and a brief analysis of the Interdependent Role of Communication and Employee Involvement in Effective Change Management.

## **2. Organizational change**

Organizational Change examines the process through which a corporation or organization changes its operating procedures, technology, organizational structure, overall structure, or strategies, as well as the consequences of those changes. External or internal influences usually cause or result in organizational change. Small businesses must change in order to compete with larger businesses (Stouten et al, 2018). They must also learn to thrive in such setting. When a smaller, more innovative competitor enters the market, large competitors must adjust quickly. A company must look for ways to improve its efficiency in order to avoid falling behind or to stay ahead of its competitors. It must also aim to be more cost-effective in its operations (Revenio & Jalagat, 2016).

## **3. Types of Organizational Change**

Identifying the types of change in an organization is more significant since, organization need to take into consideration those

changes involve in reorganization or an addition to new products or services provide. The Authenticity Consulting, LLC (2012) has identified major types of organizational change; Organization-wide Versus Subsystem Change, Transformational Versus Incremental Change, Transformational Versus Incremental Change, and Remedial Versus Developmental Change. The same were used in the studies of Gantaand Manukonda (2014) and Revenio & Jalagat (2016), thereby validating the type of organizational change prevalent in many organizations.

<b>Type of changes</b>	<b>Description</b>	<b>Examples</b>
<b>Organization-wide Versus Subsystem Change</b>	Organization-wide change refers mostly to major collaboration or rightsizing, and restructuring. Most organizations implement the change that covers the different level in the business life cycle (McNamara, 2006).	Change from highly reactive entrepreneurial organization into stable and planned development.
	Subsystem change is a change that covers the smaller area of scope.	Addition or removal of product or service, reorganization of certain department
<b>Transformational Versus Incremental Change</b>	Transformational change includes fundamental change that may arise from change in organizational structure and organizational culture. It follows an approach of top-down hierarchical structure that	Business Process Re-engineering

	requires large amount of self-directing teams (Beer and Nohria, 2000).	
	Incremental change deals with the introduction of change in smaller scale gradually.	Continuous improvement emphasizing on quality management processes.
<b>Remedial Versus Developmental Change</b>	Remedial change is considered an urgent change that solves or remedies the current and existing problem. In cases of remedial projects, the urgency is evident and that remedial change seems more appropriate in measuring the success of such project and so, it can easily be determined.	Improving the poor performance of a product in the company, solving the cases of burnout in the workplace.
	Developmental change focuses on improving what was already existing on continuous basis but no radical change made.	Expansion of the number of consumers served, duplicate successful products or services.
<b>Unplanned Versus Planned Change</b>	Unplanned change happens when there is sudden and surprising event or condition that makes the members to react in a disorganized	Poor performance and malfunctioning of the operations due to an unexpected incidence like



	fashion. It is abrupt that everyone cannot take it immediately.	Pandemic situation.
	Planned change occurs when the organization recognize the need for major change and device a proactive plan to ensure the attainment of change. This change is pre-planned and all the members are well-informed of the planned change.	Implementation of a strategic plan, reorganizational plan and others.

#### 4. Change Management

The world of business today is very dynamic and it is changing so rapidly in very short periods of time. These changes may come in organizational structures, technologies that are using by companies, organizational employees and their perceptions, production techniques and concepts as well as in the concepts of business management. When some changes arising above areas, organizations have to adapt with those very quickly for getting competitive advantages as well as for the survival in the industry. So, the concept of change management can be defined when companies deciding to alter the current concepts of business procedures into new style or model with smooth implementation of change (Hashim, 2013). According to him the ultimate goal of the change management is to achieve long term sustainability for businesses. The existence of a proper communication procedure in organizations is very critical for carried out an effective change within that company (Christensen, 2014).

#### 5. Implications of Change Management Models

Under a variety of labels, such as "total quality management," "reengineering," "right sizing," "restructuring," "cultural change," and "turnaround," organizations undertake change programs with high expectations. However, in nearly every case, the core goal is

the same: to radically change the organization's style of doing business in order to survive in the new, more difficult market environment (Kotter 1995). But, only a small percentage of these transformation initiatives succeed; some fail miserably, and the majority fall somewhere in the middle, with a clear bias toward the lower end of the spectrum. Successful cases, on the other hand, show that the change process passes through a succession of stages, each requiring a significant amount of time and dedication, and that key errors in any of the stages can have a disastrous effect on the change process' momentum (Kotter 1995). These Change Management Models can be used by as management tools for current organizations in this changing world of work.

### **5.1 Kotter's eight-step Change Management Model**

The efforts to better understand and manage organizational change prompted researchers to create a variety of models, each with its own set of assumptions and philosophical foundations. In the literature on change management, Kotter's eight-step change paradigm is a prominent exemplar. The model outlines a method for successfully managing change and avoiding the traps that plague failed change initiatives (Kavanagh & Thite 2009).

#### ***Step 1 – Establishing a sense of urgency***

The first stage of the transformation process emphasizes a growing sense of urgency and the need for collaboration. It's difficult to persuade important personnel to join in a change process when the urgency is low, and without incentive, the endeavour will fail. This first phase, according to Kotter, is critical since getting an organizational change program off the ground necessitates the aggressive participation of many employees, and he claims that half of the organizations he studied failed in the first stage (Kotter 1995).

#### ***Step 2 – Building the guiding team***

While change in business practices is commonly referred to as organizational change, according to Kee and Newcomer (2008), change is not truly organizational until it is preceded by individual and then the change team. Major renewal projects, according to Kotter, often begin with just one or two people, and in the event of successful transformation attempts, the leadership coalition gets even larger. Organizations are hierarchical but more complex in

today's world, and leaders need internal and external stakeholder support (workers, partners, investors, and regulators) for a variety of activities (Kotter 1998).

### ***Step 3 – Creating a vision.***

A vision is a representation of the future that includes some explicit or implicit commentary on why people should strive for that future. It refers to a picture of the future with some explicit or implicit commentary on why people should strive to create that future. Furthermore, vision inspires people to take action in the right direction and aids change managers in coordinating the efforts of various stakeholders (Kotter 1995). Kee and Newcomer (2008) explore the role of the leader in change, stating that effective leadership necessitates a vision-oriented rather than goal-oriented approach.

### ***Step 4 – Communicating the vision***

Employees will not make compromises, even if they are dissatisfied with the status quo, unless they believe that beneficial change is possible (Kotter 1995). Also, the true force of a vision is unleashed only when the majority of people agree on its aims and directions. Failures in vision communication are frequently attributed to lower-level employees' inability to communicate vision, as well as a general human tendency to resist change and, as a result, resistance to accepting change information (Kotter 1996).

### ***Step 5 – Empowering the action and removing obstacles***

People are already empowered by effectively completing steps one through four of the transformation processes. Step five's major goal is to mobilize a large number of individuals to take action by removing as many impediments to the change vision's realization as possible (Kotter 1996). Empowering employees literally implies giving them the authority to carry out the change process's requirements. Empowering employees also entails giving them the knowledge, skills, opportunity, autonomy, self-confidence, and resources they need to manage and be accountable for change (Gill 2003). According to Kotter, there are four key impediments to empowerment: (a) information and personnel systems, (b) a lack of required skills, (c) managers who discourage employees from acting, and (d) formal structures that make it difficult for employees to act (Kotter 1996, 102). Change managers should align structures that obstruct action, train employees to provide them with the

necessary skills and attitudes for the project, connect information and people systems to the vision, and challenge supervisors who undercut the change effort to eliminate such barriers.

### ***Step 6 – Creating short term wins***

Due to a real transformation of a company takes time, short-term goals and victories are helpful in maintaining momentum. People are more likely to give up or become change resistant if they don't see immediate results (Kotter 1995). The short-term gains should be unambiguous and apparent, and they should be tied to the transformation effort. Employees are put under more pressure to achieve short-term victories, which reduces their commitment to the change attempt (Kotter 1996).

### ***Step 7 – Consolidating improvements***

Change is a very personal and emotional issue for many individuals, and accepting change, especially when it concerns their work environment, can be tough. Employee resistance can be a significant roadblock to change, especially for projects that aim to modify the way people work. In order to consolidate improvements, Kotter proposes a number of actions, including increasing credibility to change systems, structures, and policies that do not align with the vision; hiring, promoting, and developing employees who can carry out the vision; and giving the process a boost with new projects, themes, and change agents (1998, 32).

### ***Step 8 – Anchoring new approaches in the culture and making change stick***

Employees' common ideals and behavioural conventions are referred to as culture. It's not easy to integrate fresh approaches into established cultures. The common idea is that in order for a change initiative to succeed, it must first change the company culture. Change, on the other hand, occurs last, not first (Kotter 1996). It may be difficult to anchor new techniques in cultures that are more status quo focused (Kee and Newcomer 2008). When a new style of conducting business becomes the norm and permeates into the organization's bloodstream, the shift becomes a culture. Two key factors in institutionalizing change in corporate culture, according to Kotter, are a conscious effort to demonstrate the importance of new approaches, behaviours, and attitudes that helped improve performance, and the establishment of a promotion system that moves people to the next generation of top management who truly

personify the new approach (Kotter 1995).

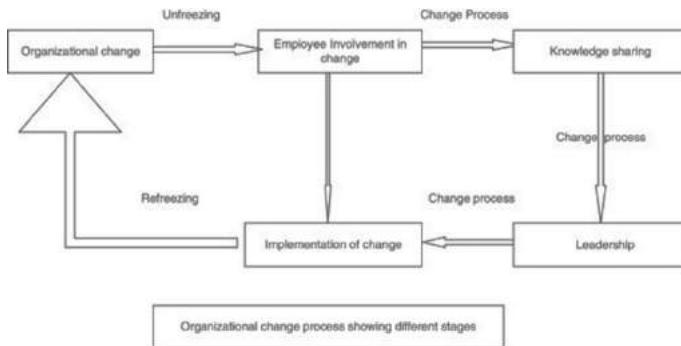


*Source: Eayrs et al. (2014)*

## 5.2. Kurt Lewin's Three-Step Change Model

This model contends that successful organizational change involves unfreezing from the status, changing to a desired end-state, and then

refreezing the change to make it permanent (Lewin, 1965).



*Source: Hussain et al (2016) - Kurt Lewin's process model for organizational change*

### ***Unfreezing stage***

This is the initial stage of transition and one of the most important in the change management process. It entails cultivating a realization for transitioning from one's current comfort zone to a transformed circumstance, as well as enhancing people's preparedness and willingness to change. It entails raising awareness of the need for change and increasing people's motivation to adopt new ways of working in order to achieve better results. Effective communication is critical at this stage in gaining the needed support and participation of people in the change process (Hossain, 2015).

### ***Changing stage***

This stage is also known as the Transition Stage or the Stage of Actual Change Implementation. It entails a willingness to adopt new ways of doing things. The persons are unfrozen at this point, and the actual modification is applied. This step necessitates careful preparation, good communication, and promoting individual participation in endorsing the change. This stage of transition is said to be difficult due to uncertainties or people's concern of the implications of implementing a change process (Hussain et al., 2016).

### ***Refreezing stage***

The organization is ready to refreeze once the changes have taken shape and personnel have accepted the new ways of functioning. A steady organizational hierarchy, consistent job descriptions, and so on are visible evidence of the refreeze. People and the organization must also internalize or institutionalize the changes during the refreeze stage. This entails ensuring that the changes are implemented consistently and that they are integrated into daily operations. Employees are more confident and at ease with the new ways of working as a result of the new sense of stability (Hussain et al., 2016).

## **6. Benefits of Change Management to Organizations**

Effective Change Management provide number of positive impacts that help organizations to achieve Employee Confidence, Competitive advantage, Growth and Dynamic culture in the ever-changing world. Revenio & Jalagat (2016) has derived following benefits of Change Management to Organizations. They have stated that these benefits include but not limited to the following:

- 1) Managing change enables the organizations to respond quickly to the changing customer demands.
- 2) The management and the organization will realize the importance of change and the expected benefits it derived when implemented in the right way.
- 3) It allows more flexibility whenever pressures for change arise. The ability to adapt change when it occurs help the organization improve in terms of processes, decision making capabilities, financial returns and others.
- 4) Easy identification of problem that requires change efforts and enable organization to familiarize those problems that requires change plan.
- 5) Change can be implemented without affecting the daily activities of the organization.
- 6) It provides the management the know-how in assessing the overall impacts of change.
- 7) Understanding the change process by all employees would likely improve their performance thus, improve organizational performance.

- 8) Change management helped the organization to identify accurately the problems or anticipate challenges and respond to it efficiently and effectively.
- 9) Change management enable organizations to save cost and increase return on investment thereby reduce waste of resources, time and efforts.
- 10) Establish opportunities for the development of best practices, leadership development and team development.

## **7. Negative impacts and barriers of Change Management**

Although the Change management model can be used as one of the best management tools to overcome organizational issues in this challenging business world, there can be seems its' negative impacts and barriers also. Thus, having a good understanding on such negativities is also very important for managers.

### **1) Resistance to Change.**

Although change is accepted by many, there are also some members of the workforce that would likely resist to change. Resistance has become undeniable that cannot be ignored in any change efforts whether in individual level or organizational level.

### **2) Incompetence of Change Agents.**

Organization should consider on evaluating the readiness of implementing the changes since change cannot be underestimated. Thus, it requires people who have the adequate knowledge and expertise to manage and oversee the change processes.

### **3) The Status Quo Concept.**

When the management along with their employees are comfortable with the current performance without any plans to improve, some barriers can be occurred on implementing the needed changes. If anybody in the organization may refuse to learn new things with the changes, drive for increasing the performance may become insignificant.

### **4) Lack of Information.**

When implementing changes, organizations struggle in properly communicating any efforts for change. Although the change plan is much better, if not communicated to the workforce and the organization, its effectiveness is questionable and employees less



likely to participate to the change efforts.

#### **5) Lack of Management Support.**

Success or the failure of the change management process depends on the top management and the shareholders' response relative to its implementation. Many companies consider change as a waste of time, money and effort so, they are not convinced with the positive impacts of change. They neglected to understand the significance of making authoritative progress if the change is lined up with the organizational goals and objectives.

### **8. Key factors for successful change**

Parag (2018) has identified six critical factors that affecting to the success of organizational change process.

#### ***1) Develop a clear vision and strategy for organizational change process that is backed up by distinct rewards.***

Employees are more inclined to accept change if they are aware of why it is taking place, what it includes, and how it will affect them. Individual change projects and programs must be coordinated and linked with the firm's overarching strategy to produce a wide "image" of change.

#### ***2) Ensure that the company have strong leadership and sponsorship.***

Actions are more effective than words. Senior leaders and sponsors of companies must lead by example and push for change. To deliver, sponsors need the right sphere of influence, time, and personality attributes including communication and listening skills, honesty, the ability to connect and inspire, trust, emotional intelligence, and gravitas.

Include the right individuals in the process of driving and supporting change so that it is truly owned by the company. In order to improve, it's also vital to have feedback mechanisms in place.

#### ***3) All stakeholders must be understood, engaged with, committed to, and supported.***

Stakeholders of companies will notice and respond to change the organizational change in a variety of ways, so it's critical to

understand, engage, acquire commitment from, and support them throughout the change process of a company. Identify stakeholders early in the change process, conduct a prospective change impact assessment, and establish a commitment-building engagement and communication strategy.

**4) *Create a strong change team with the skills that need to succeed.***

Create and cultivate a high-performing transformation team that combines a clear focus on its mission with strong interpersonal relationships. Make that the team's mission or remit is properly defined, both in terms of itself and in relation to other teams, such as the overall program or project team. To facilitate successful change, provide team members with the essential change process and soft/people talents or skills.

**5) *Define and implement a well-structured, integrated strategy.***

Consider adopting one of the numerous well-documented change techniques and standards if your organization lacks a clear and structured approach to change management. In such circumstances, make sure you employ a holistic, integrated approach that considers all factors and is appropriate for your endeavour and its surroundings. This is critical in order to ensure that everyone on the change team is on the same page, to ensure consistency in delivery, and to improve competence and maturity in order to achieve higher success.

**6) *Assess the success of the change initiatives***

Organizational transformation is frequently a non-linear, evolutionary learning process, and it is impossible to know everything right away. The external and internal organizational environments might alter during the process, and evaluating a change effort in the same way as other parts of the business, such as operations, is difficult, if not impossible.

Measures may be a powerful tool for involving and communicating with the rest of the organization and stakeholders about the change's success and impact over time, as well as soliciting feedback. At the outset, establish a baseline and success criteria, and link metrics to the vision, outputs, outcomes, and benefits that were originally defined. Use a mix of qualitative and quantitative metrics, paying

special attention to relevance, measurability, and the simplicity with which data may be collected, analysed, and presented.

## **9. The interdependent Role of Communication and Employee Involvement in Effective Change Management.**

The concept of change management can be defined when companies deciding to alter the current concepts of business procedures into new style or model with smooth implementation of change (Hashim, 2013). According to him the ultimate goal of the change management is to achieve long term sustainability for businesses. The existence of a proper communication procedure in organizations is very critical for carried out an effective change within that company (Christensen, 2014). Employee involvement also a strategic area when executing the change management in a company specially to deal with resistances to change of employees (Morgan & Zeffane, 2003). According to De Silva (2020) there are interdependent roles have to play by the concepts of communication and employee involvement within the change period of a company.

When an organization identified there are urgencies to make changes within the company, they are developing a change vision for the company. This change vision includes where the company needs to be after the change period ended (McGuire, 2001). This change vision must be shared comprehensively within the members of the relevant company to execute the change process effectively (Maximini, 2015). Thus, many scholars have mentioned that the proper communication is the key to effective and smooth utilization of change process within organizational environments (Hasanaj & Manxhari, 2017). Because, a proper communication enables the exchange of ideas from the management to employees as well as from employees to the management (Lotich, 2017). If a company experiencing their change period with absence or lacking with effective two-way communication procedures throughout the all levels of the company, their change effort may fail due to lack of awareness within the stakeholders that affecting to the change. The lack of awareness about the change vision and procedure causes to increase the resistances to change within the company stockholders. Thus, purpose or the role of communication in the change process of a company to building two-way conversations within the management and stakeholders while developing awareness and in attaining the successive support to the change process. (Malek &

Rashad, 2012).

The communication involving in many ways to implement the change process smoothly to the company environment. As I mentioned above the critical thing is it helping the management to share the change vision clearly to the company stakeholders. It is very critical to acknowledge the stakeholder about what the company needs to achieve after the change done and this this acknowledgement should convey in very simple and understandable format. (Haque et al 2016).

The presence of an effective communication procedure for a company helps to highlighting the paybacks and the possible good and bad impacts of change. The acknowledgement of possible benefits is inspiring the stakeholders to assist to the change process and on the other hand this helps to convey the probable impacts in both when the company remain without changing and impacts after making changes. This situation helps to reduce resistances to change of their organizational members (Stacho et al, 2019). The management or the change management committee must use communication procedures to convey the information in multiple methods. Because some stakeholders may not interesting to engage with some communication methods. Clarke et al, (2006) have explained that visual learners are interesting in material methods to get information while the effective listeners are interesting in some presentation modes. Thus, the one of critical activity of communication within change process is to acknowledge information using many methods. Apart from that communication has a repetitive responsibility too. By using communication methods organization should repeat the important messages for the stakeholders within the change process to enhance their likelihoods with the change process. Because when repeatably conveying the important information regarding the change the resistances to change will reduce. Matos Marques et al (2014) have stated that, as a role of communication in the change process, it should provide enough opportunities for exchanging ideas and information between the stakeholders and the management party. It requires two-way communication to do so. Further through that kind of communication leaders of the company could present the importance of the change process while getting the members ideas as a technique of reducing change resistances. But over communication in the organization that are functioning for change

may provide negative impacts on the change process. Because some of employees are not willing to repeat the same things always and some are like to work self directedly. Thus, the management of the company should ensure that, there is an optimum level of communication within the company.

Without good communication, workers would not be able to participate in effective change management. Employees are involved at every step of the change process by the delivery of the change's expected information over effective communication (De Silva, 2020). Stakeholders, especially workers, have a prevailing occasion to sabotage a company's change goals. Through taking these steps to better include workers in making the required changes, you will make them feel as though they are part of a broader change management process. Employee involvement can be seen as a critical component of a successful change management process. This employee involvement is developing through the effective communication at the company. According to Neill, (2018) the existence of effective communication at a company can enhance the awareness of their employees about the change vision and the process. This awareness helps to enhance the understanding of employees regarding the whole change procedure and the benefits and impacts of the process too. That understanding helps to reduce the resistances of employees to engage with the change process and ultimately helps to accept the changes expecting by the management of the company. That will help to enhance the effective involvement of employees with the change process of the company (Elving, 2005). This situation can identify as the interdependency between effective communication and employee involvement within the change process (De Silva, 2020). That means employees will feel more in charge of a transition that directly affects them if they are actively involved in it. This will increase their commitment to the change and decrease the likelihood of resistance. Employee involvement can be described as a procedure that links engagement, communication, and decision-making within an organization to promote industrial democracy and employee motivation (Price, 2004). Employee involvement will allow the association to ensure the successful accomplishment of the change vision since the change goals in the business or organization will be effectively accomplished if employee engagement is aligned with the change process (Dobre, 2013). When you build employee involvement, commitment,

loyalty, ownership, and transparency, things get a lot simpler. However, this does not mean that an organization should rest easy, assuming that committed workers will still accept change. They would be unable to take it further and become a part of it if they do not see a positive shift in their way of functioning, organizational culture, work climate, or overall personality growth.

According to the review of the above study, change management is critical in ensuring a company's or organization's stable growth route and survival by enhancing the competitive advantages within the relevant business industry. Due to the dynamic nature and the rapid changes in internal and external environmental factors, organizations must have to change their existing business module with the changes. For attaining an effective change implementation to an organization depends on many critical factors. Here we have focused on the role of communication and the employee involvement in the change management. Communication is important in conveying the planned vision of the change process, employee involvement in decision-making interrelated with the successful change within a company, avoiding resistances of stakeholders to involve with change process, confirming the senior manager's active participation with the change process via various forms of platforms and media for message delivery, and delivering the intended message on a regular basis. Employee's involvement with the change process is also important for promoting successful employee participation, for promoting the employee morale, to provide a sense of belonging, and dedication, to confirming a lesser amount of resistance to change, productive and effective use of organizational properties, and effective accomplishment of the change goal. Finally, according to the above descriptive information review, we can understand that there are some critical and interdependent roles to play by the communication procedures as well as by the employee and other stockholder's involvement with the change management process.

## **10. Conclusion**

Organizational Change and Change Management goes insight to a wider area. Change is inevitable and unavoidable. It exists in different dimensions and can be described as internal factors external factors. It is a significant field of study to examine its applications to the current innovative ever-changing world. In

addition, change occurs in different types. Different views and perspective of change varies between organizations as it can give positive and negative impacts to organizations while arising some barriers too. Organizational change enables organizations to find ways to implement change management effectively using different change models. Kotter's eight-step Change Management Model and Kurt Lewin's Three-Step Change Model were discussed in this chapter. Those models contribute for the success with new plans in the challenging environment. There can be identified some key factors for a successful change in an organisation. Finally, we could understand that there are some critical and interdependent roles to play by the communication procedures as well as by the employee and other stockholder's involvement with the change management process in an organization.

## **References**

Authenticity Consulting LLC (2012). Field Guide to Consulting and Organizational Development. Retrieved on June 29, 2021. <http://www.authenticityconsulting.com>.

Beer, M. and Nohria, N. (2000). Cracking the code of change. Harvard Business Review, May/June, pp. 133- 41.

Christensen, M. (2014). Communication as a Strategic Tool in Change Processes. *International Journal of Business Communication*. 51. pp. 359-385.

Clarke, I. C, Theresa and Yankey, M. (2006). Teaching the Visual Learner: The Use of Visual Summaries in Marketing Education. *Journal of Marketing Education - J Market Educ*. 28. pp218-226.

De Silva, T. (2020). Critical Analysis of Role of Communication and Employee Involvement in Effective Change Management.

Eayrs, Steve & Glass, Chris & Cadrin, Steven. (2014). Managing change in fisheries: adapting to new management strategies and environmental shifts. 2nd Fishery Dependent Information Conference.

Elving, W. (2005). The role of communication in organisational change. *Corporate Communications: An International Journal*. 10. Pp 129-138.

Gill, Roger. 2003. Change management- or change leadership? *Journal of Change Management* 3, no.4: 307–318.

Haque, M., TitiAmayah, A., and Liu, Lu. (2016). The role of vision in organizational readiness for change and growth. *Leadership & Organization Development Journal*. 37. Pp 983-999.

Hashim, M. (2013). Change Management. *International Journal of Academic Research in Business and Social Sciences*. pp.685 -690

Hossan, Chowdhury. (2015). Applicability of Lewin's Change Management Theory in Australian Local Government. *International Journal of Business and Management*. 10. Pp 53.

Hussain, Syed & SHEN, Lei & Akram, Tayyaba & Haider, Muhammad & Hussain, Syed & Ali, Muhammad. (2016). Kurt Lewin's process model for organizational change: The role of leadership and employee involvement: A critical review. *Journal of Innovation & Knowledge*. 10.

Kavanagh, Michael J. and Mohan Thite. 2009. Human resource information systems: Basics, applications, and future directions. California: Sage.

Kee, James E. and Kathryn E. Newcomer. 2008. Transforming public and nonprofit organizations: Stewardship for leading change. Vienna, VA: Management Concepts.

Kotter, John P. 1995. Leading change: Why transformation efforts fail? *Harvard Business Review* (March/April): 59-67

Kotter, John P. 1996. Leading change. Boston, Massachusetts: *Harvard Business School Press*.

Kotter, John P. 1998. Winning at change. *Leader to Leader Journal* (Fall), no.10: 27-33

Malek, R., Yazdanifard, A. and Prof. Dr. Rashad. (2012). Communication as a Crucial Lever in Change Management. *International Journal of Research in Management & Technology*. 2. Pp 2249-9563.



- Matos M. S, Paula and Esposito, M. (2014). Improving change management: How communication nature influences resistance to change. *Journal of Management Development*. 33. Pp 324-341.
- Maximini, D. (2015). Communicating the Change Vision. *The Scrum Culture: Introducing Agile Methods in Organizations*. Pp 119-121
- McGuire, S. (2001). *Vision and Organizational Change*. Pp 66 – 75
- McNamara, C. (2016). Basis of conflict management: Field guide to leadership and supervision. Retrieved on June 29, 2021. <http://managementhelp.org/intrpsnl/basics.htm>.
- Morgan, D., Zeffane, R. (2003). Employee Involvement, Organizational Change and Trust in Management. *International Journal of Human Resource Management*. 14. Pp 55-75.
- Neill, M. (2018). Change Management Communication: Barriers, Strategies & Messaging. *The Public relations journal*. 12.
- Parag Gogate (2018) Six key factors in successful change. Retrieved on June 28, 2021 from <https://www.apm.org.uk/blog/successful-change-6-key-factors/>
- Price, A. (2004). *Human resource management in a business context*. London: Thompson Learning
- Revenio C. and Jalagat J.R., (2016). The Impact of Change and Change Management in Achieving Corporate Goals and Objectives: *Organizational Perspective*. *International Journal of Science and Research (IJSR)*. 5. 1233-1239.
- Stacho, Z., S, K., Papula, J. and Papulová, Z. Kohnová, L. (2019). Effective Communication in Organisations Increases their Competitiveness. *Polish Journal of Management Studies*. 19. pp391-403.
- Stouten, Jeroen & Rousseau, Denise & Cremer, David. (2018). Successful Organizational Change: Integrating the Management Practice and Scholarly Literatures. *Academy of Management Annals*. 12.



Ms. H.P. Nuwansala Imeshani Kumarasinghe is a young academic who works as a Temporary Assistant Lecturer in the Department of Industrial Management, Faculty of Applied sciences, Wayamba University of Sri Lanka. She has obtained her Bachelor's Degree in Human Resource Management (Special) from Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka in November 2019, and currently reading for Masters of Business Administration in the Faculty of Business Studies and Finance, Wayamba University of Sri Lanka. She is professionally interested in the field of Research and Higher education. Among her academic and research interests, Human Resource Management, Organizational Behavior, Psychology and Social sciences take the priority. In addition to the academic writings and performances, she is a skillful, optimistic young leader who voluntarily serve as a Trainer in Leadership and Inter personal skill development of Sri Lankan School students and University undergraduates.



Mr. H.K. Tharindu Dilan is a young academic in the field of management. He has completed his Bachelor's Degree in Human Resource Management (Special) from the Faculty of Management and Commerce, University of Sri Jayewardenepura, Sri Lanka in November 2019. His main interests lied in the field of Human Resource Management, Organizational Behaviour, psychology & social sciences and Financial Globalization. He has completed a diploma in counseling. He has great exposure to building leadership skills and motivation of people and he has led many outbound training sessions organized for school students in rural areas in Sri Lanka.

# **Agile Human Resource Management: Insights of the Adaptive Nature of HRM**

***E. M. H. L. Ekanayake<sup>1</sup> & Dr. M. P. N. Janadari<sup>2</sup>***

*<sup>1</sup>Assistant Lecturer, Department of Human Resource Management  
Faculty of Commerce and Management Studies, University of  
Kelaniya, Sri Lanka*

*<sup>2</sup>Head of the Department, Department of Human Resource  
Management, Faculty of Commerce and Management Studies,  
University of Kelaniya, Sri Lanka*

## **Abstract**

In every single second, the world of work is changing. The uncertain and the unpredictable changes occur have created an extremely challenging nature to the business organizations by making it even more challenging in ensuring their survival. Thus, energizing the organizational agility especially through being more resilient while strengthening their responsiveness and receptiveness in face of the changes in the business environment can be identified as crucial. Herein, human resources can be identified as a leading factor which energize the organizational ability in gaining sustainable competitive advantage. In the discipline of HR, agility can be identified as the ability to acclimatize and evolve the organizational processes and people in front of the uncertain organizational changes. HRM has not been designed traditionally to create a value to the customers. It basically look at how HRM can embrace agile mindset within the organization. The predictive nature can no longer add a value to the company. The landscape of HR has turned towards the adaptive aspects of HRM. This chapter has basically focused on providing wise insights about the contribution of Agile HRM which encompasses an adaptive nature in managing people at work.

***Keywords: Human resource management, agile, agile HRM, predictive approach***

## **Introduction**

In every single minute and in every single second, the world is changing. This dynamic and the inevitable nature has created even more challenging atmosphere when it comes to the business environment. Thus, ensuring the survival has become one of the challenging goals that every organization faces nowadays. Herein,

they strive harder to obtain the sustainable competitive advantage over others especially by utilizing their resource base effectively and efficiently to face the uncertainties and the unpredictability successfully. Herein, the human resource can be identified as a unique resource which energizes agility of the business organization as a factor which contribute to gain the competitive advantage. The world has become a technology driven icon in today's digital age where the business organizations have a need for change and some effective tools to accept it. As mentioned, the business organizations and the leaders in HR can no longer go with the old paradigms following a predictive approach by sticking in to a plan-driven way (Deloitte , 2017). Cappelli & Tavis, (2018) explained this new approach as "Agile HRM". In addition, it has also been explained that the HR is going "agile lite" with a simpler and a faster model which encourage feedback from the employees. There should be some effective ways of thinking about the companies and the talents to encourage them to provide effective feedbacks regarding the business process. Thus, it is apparent that, unlike traditional HRM, Agile HR requires dynamic functions in HR in face of the uncertainties to assist the organization to be more responsive and adaptive. Some people perceive the environmental and organizational changes can be quiet challenging and as obstacles at the same time. However, most of the business leaders still stress the need for change especially to succeed in digital transformation (Project Management Institute , 2017). Thus, in today's context which has been characterized by a large number of challenges and changes especially with Covid-19, strengthening the organizational agility through the human resources can be identified as critical.

### **Managing People at Work**

The inimitable nature of the superior knowledge, skills, and abilities of individuals can be identified as gems for a workplace. Thus, attracting the most potential pool of blood is imperative. Yet, attraction is a challenge, however, retaining the attracted individuals has become one of the top challenges that the organizations face. This is mainly because of the mushrooming competitive opportunities arise followed by the stated dynamic nature. Herein, it is important to note that, the HR Department has to play a crucial role in every initiative mentioned above starting from the attraction of the talent pool to sustainably retain them

within the company. Back in 1890's, in a state in which the organizational scope is considered being very low, it all started with the role of a "welfare officer". In times, when the organizational scope increases, the role of the welfare officer changed completely and evolved time to time as "Labor Manager", "Personal Manager", "Human Resource Manager", and today, the role plays as a "HR Biz Partner". Unlike the traditional paper based administrative focus, the contemporary focus and the HRM roles and its functions have been evolved in times especially with the present-day needs as a very broad and profound management branch. Compared to the managing other resources as work, the efforts of managing human resource can be identified as critical especially because of its unique characteristics. According to Opatha (2009), human resource is an animate, active and a live resource. It has a special ability to think, feel, and react. Most importantly, because of experience, training, and development with the passage of time, its value appreciates. It possesses the ability to influence on determining its cost in terms of its pay. The ability to organize and get into teams and unions, and the complex and unpredictable behavior have made them unique even more. Furthermore, it also has the ability of creativity and innovation which cannot be found in any other resources. On top of that, it has the ability to make decisions of all other resources. All of these stated facts can be identified as the aspects which make the human resource as unique. Thus, managing people at work in an efficient and an effective manner is important to enhance the individual productivity and then the organizational productivity after all. Traditional HRM function in an organization basically focuses on the administrative aspects of a company in relation to people and strived to get the maximum from people by incurring a least amount of cost. It also focuses on the labor relation especially by solving employees' problems and mainly to please the employees. Strictly adhering to the organizational policies and procedures, it hired the suitably qualified candidate following a typical recruitment process. The need was only to fulfill the vacancy available. Sometimes it did not focus much on hiring the most qualified people as the selection process incurred just a simple interview process. Hence, the quality of the workers hired is quiet questionable. However, as mentioned, the traditional focus of HRM has completely changed with the business environment's volatility and the uncertainty. It requires organizations to be more resilient while enhancing their agility.

Most of the organizations are striving hard to embrace the agile practices as much as they can because of the timeliness it possess. Herein, it is important to identify the concept of agile with relates to the business context.

### **What is Agile?**

Being resilient is imperative for every business organization. Resilience stands for the ability to recover or the ability to quickly bounce back from the challenging and changing circumstances. In present context, in front of all of the challenging instances, failing to accept them will negatively affect to the organizational survival. It requires the business organizations to move quickly and easily with such changing events. According to Heneberg (2011), the agility refers to the ability of a business organization to effectively and efficiently respond to the continuous change especially by consistently adapting. As defined by Teich and Faddoul (2013), agile is an effective continuous methodology which exist in order to maximize the value to the customer through minimizing the waste or especially by nurturing the ability to develop and deliver products with a superior quality (as cited in Ranasinghe & Sangarandeniya , 2021). The concept of “Agile” mainly came in to play especially in order to meet the changing requirements in software development projects. During 1970’s to 1990’s the best practices used and were taken into consideration when developing the agile concepts. The year 2001, 17 software project management thought leaders got together and developed “The Manifesto for Agile Sowftware Development” which is more commonly known as “Agile Manifesto”.



Figure 01: Agile Manifesto, developed by author, 2021, source obtained from <https://agilemanifesto.org/history.html>: AgileManifesto by Beedle et al. 2001

It is visible that, confining only to the processes and tools and sticking to a plan can no longer be seen and it has been replaced basically with the aspects as if interactive collaborations and the efforts of responding to change. The above agile manifesto has provided the basis for 12 principles, by making it as a successful turning point of the historical milestones in agile. This was the moment where they gave the birth to the concept of Agile especially when it comes to the enhancement of the quality in the discipline of project management.

<p><b>1</b> Our highest priority is to satisfy the customer through early and continuous delivery of valuable software</p>	<p><b>2</b> Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage</p>	<p><b>3</b> Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale</p>
<p><b>4</b> Business people and developers must work together daily throughout the project</p>	<p><b>5</b> Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done</p>	<p><b>6</b> Agile processes promote sustainable development. The sponsors, developers, and the users, should be able to maintain a constant pace indefinitely</p>
<p><b>7</b> Working software is the primary measure of progress</p>	<p><b>8</b> The most efficient and effective method of conveying information to and within a</p>	<p><b>9</b> Continuous attention to technical excellence and good design enhances agility</p>

	development team is face-to-face conversation	
<b>10</b> Simplicity – the art of maximizing the amount of work not done – is essential.	<b>11</b> The best architectures, requirements, and designs emerge from self-organizing teams	<b>12</b> At regular intervals, the team reflect on how to become more effective, then tunes and adjusts its behavior accordingly

*Figure 02: Agile Principles behind the Agile Manifesto, developed by author, 2021: Source obtained from Mersino, A., 2020. What is Agile and Why is it Important?[Online], Available at: <https://www.business2community.com/strategy/what-is-agile-and-why-is-it-important-02329437>*

Responding to change while being more interactive can create a huge advantage at work especially in gaining sustainable development. It requires highly competent and committed individuals. The concept has been shifted to many other disciplines as well including HRM.

### **Agile in HRM**

The industrial revolution changed the entire landscape of the traditional HRM. However, it requires much adaptations to be in line with the rapidly changing, knowledge and software intensive world which have put the world to become a technology driven icon. Not only should the other business functions, the HRM function also go hand in hand in response to the dynamic nature of the environment. Fredrick Taylor, father of scientific management emphasized that, unlike past which considered that fact that the man has been first, the future should be energized with systems. Many revolutionary ideas came across during the industrial revolution which focuses on enhancing the societal efficiency and wealth. However, today’s world is moving with knowledge and information intensive nature. Not only with the systems. Still the human factor and their needs and wants come into first. It is important to understand the major reason behind this. It is especially because of the changing nature of the human factor. All of these workers who deals more with knowledge and information



should have the ability to deal with the complex situations which are characterized by the continuous changing needs in the technology and requirements. They should be more flexible, inspired, and ground-breaking than ever before. No more static challenges can be expected. Organizations have to move with an adaptive nature. To realize a change in the conventional management atmosphere, no longer we can move with the effort of managing people at work, it is about facilitating the knowledge workers.

The concepts of agile and scrum can be identified as the mainstream in IT and other related disciplines where it cannot be confined only to that particular field. It has also been extended for many different fields when it comes to today's context. Especially it is observable that the HR department has confronted with Agile. It handles many different multifaceted projects while serving many different stakeholders. The Agile HRM has evolved as a widespread discipline especially in order to empower HR professionals in managing instability, enhancing the organizational adaptability, and especially to energize the entire organization by embracing the positive aspects of the agile practices to the talent acquisition and management.

Simply, Agile HR is simply about the value that a particular entity to the customers. In addition it is also about strengthening and energizing the HRM function to perform effectively and efficiently while facilitating the receptiveness and responsiveness of all the organizational initiatives and facilitating the elasticity in making a fit between the labor market demand and the workforce fluctuations by being a valuable entity which supports the entire organization in becoming more responsive and adaptive. Herein, it is important to explore how the traditional HRM is differ from the contemporary agile HRM function.

**Table 01: Traditional and Agile Approaches in HRM**

<b>Traditional Approach</b>	<b>Agile Approach</b>
Traditional approach basically strive to attract the individuals who are possessing the required qualifications outlined by the organization	Herein, it strive harder to attract the most potential ones despite their typical educational or professional qualifications. It focuses on the

based on the need.	individuals' versatility.
Most of the candidates who are possessing a traditional mindset tend to search for the jobs in the available means and the organization is being able to attract them under the recruitment process.	The organization is striving hard to strengthen the employer branding. It also strive to make effective relationship with many different sources in attracting the most suitable ones.
After attracting the most suitably qualified people to the organization, the employees who are not performing well are directing towards to follow general or specific training programs conducted by the organization.	Empowering the employees to identify their own skills and competencies and what should be nurtured in addition to give an extra commitment.
The entire talent management process which is involved in acquiring, developing and evaluating is solely owned by the HR department.	Herein, the talent management is facilitated by the HRM function where after the employees joined with the organization, they are empowered to make their own decisions in developing themselves. They start taking the ownership and the responsibility of the process of talent acquisition.
All the jobs are considered being separate elements.	Herein, the jobs are considered being interconnected elements which have been arranged to support the organizational vision and mission.
The HRM function is basically deals with administrative paper based tasks. The orderly way of maintaining the documents will show the success of the function.	Herein, it basically deals with developing employees. It is not just about managing people. It is also about developing them towards future. It empowers them and make them engaged more with the activities. The success is basically be analyzed by the

	level of employee motivation, satisfaction and engagement. It also strives to create a trusting culture at work.
Strive to deal with the static situations. The function is not capable enough of dealing much with the changes that are coming.	Herein, it encourage and welcome changes. Uncertainty and the dynamic nature of the environment are considered as the sources of opportunities.
The processes as if compensation, training and development, performance appraisal and so on are visible same as back in 1990. It is more like operational in nature.	The HRM tend to be more strategic in nature. Apart from the traditional processes, it is also striving for embrace the change and accept uncertainty. The context is considered being more innovative in nature.

### **Adaptive nature on HRM Functions**

Agile HRM has strengthened the organizational responsiveness and receptiveness in face of uncertain and unpredictable circumstances. Herein, it is significant to study about the way in which the HRM function has embraced the agile concepts to its different aspects.

### ***Recruitment and Selection***

Every organization should recruit or attract and select the most talented blood to the organization under the function of staffing as it can be identified as one of the productive ways of gaining the competitive advantage. Hunting the best people to the organization is easy. However, it is extremely challenging especially when finding them and convincing them to join with the organization. The traditional HRM focused mainly on the typical educational qualifications that a person possesses. Candidates are selected from typical interview processes. It is not sufficient to evaluate the knowledge, skills and attitudes of a person. Herein, it is not just about the paper qualifications that the employees are possessing, is it also about being passionate in handling and dealing with difficult and different people at work facing uncertainties and challenges. Considering the educational and professional qualifications should not be the sole basis when selecting the most appropriate person.

More challenging tasks and tests should be there to test the eligibility of a person to perform the job. Person job-fit concept should be considered in this stage. However, the stated challenging tasks and an individual's ability to face them productively will assist the organization to select the most suitable person who can face the uncertainties properly. He will be able to cater the changing needs of the business environment. Not only with the static and bored job tasks. He will be able to deal with challenging tasks daily. Automatically, the employee will get used to the adaptive nature of the organization.

### **Fostering an organizational learning culture**

As mentioned, attracting the talented heads can be a huge advantage. Yet, discovering and nurturing the most advantageous talent within the existing workforce is crucial to sustain. Thus, enhancing the existing set of skills and developing new skills will strengthen the workers' readiness and receptiveness. It is not just about managing people, the contemporary HRM also focuses on developing its employees. Training and development can be identified as another critical aspect of HRM where training has a short term focus which provides an ability to employees to perform day-to-day activities. On the other hand, development focuses on the long term performance of the workers. Herein, creating a learning culture can be identified as an integral part of T&D and it can also bring new skills to the organization too (Cappelli & Tavis, 2018). When it comes to the organizations which value agile, a culture which encourages learning has become a vital part. It creates a shared knowledge among the workforce while adding a value to the individuals and the organization. Embedding the organizational values and believes in a multigenerational and a diverse workforce is an effective way of demonstrating agility. Everyday learning will update the workers about the challenges that can come in future, and hence, they are being able to make necessary proactive actions rather than being reactive.

### **Strengthening the career management**

An agile culture expect their employees to respond productively to the changes and uncertainties and especially to learn and nurture new skills and competencies. In today's context especially during this exiting COVID-19 pandemic and especially in a situation in

which the whole platform of businesses has been shifted towards the virtual platform, possessing a sound knowledge and skills in the field of Information Technology can be identified as a good example for the aforementioned fact. It is visible that, most of the employees have started learning and enhancing their knowledge in IT and striving hard to move with the technology.

### **People Analytics**

HR analytics can be identified as another crucial aspect when it comes to the HRM. Unlike, the administrative aspect which focuses more on documentation, HR analytics assist the managers to make productive strategic decisions regarding the employees in an effective way. Rather than just recruiting and retaining workers without a logical reasoning, developing the worker in a strategic way can add a huge value to the organization. Analytics can be identified as one of the effective ways that the organizations can use to nurture the organizational agility especially because of the ability it gives to the managers to make insightful decisions. Especially in the uncertain and unpredictable challenges and changes, the risk involved in the guesswork is considered being high. However, HR analytics assist the company to minimize that risk.

### **Forming effective teams**

Traditional HRM basically focuses on individuals. In other words, the individual goals, their needs and performance. However, in today's context, most of the organizations organize their work project by project and hence, the management is mainly consider more on team focused culture. Herein, multidirectional feedback or the peer feedback is considered being effective in employee development especially in an agile environment mainly because team members are the ones who know better than anyone else in the organization how the team members are performing and contributing. It was also mentioned that, the upward feedback in an agile environment is highly valued from employees to team leaders. Furthermore, the team efforts will also affect to make the right decisions at work as well while giving an empowerment to the individuals in order to assist them to operate independently. In addition, the supervisors are not just managing the employees at work. They have come towards much more complicated tasks of promoting productive, health team dynamics, and etc (Cappelli &

Tavis, 2018).

### **Productive compensation and reward management**

Pay or the return that the employees are getting for what they contribute in terms of knowledge, skills, and abilities is changing. Studies have proven that compensation or the reward is one of the best ways that the organizations can use as a best motivator in gaining the desired behavior. According to Cappelli & Tavis, (2018), “instant rewards reinforce instant feedback in a powerful way”. When it comes to agile, compensation is used as a way of reinforcing agile values as if learning and knowledge sharing. Moreover, the adaptive nature has become a huge value addition or the business organization especially because of the following reasons.

### **Delivering Incremental Value**

Traditionally, HRM encompasses certain broader areas as if HR development, strategic HRM, designing a personalized experience for workers, nurturing future leaders and etc. Agile assist the organization to cascade these complex topics into manageable and achievable slices of value. Agile HRM also focuses on designing human-centric people practices. Possessing a sound Agile HR mindset assist to view people as customers and the users of employee experience. Herein, the value creation starts with the efforts of delighting the customers and hence, the workers strive to be successful in their jobs. Agile HR also strives to incrementally develop this value. In other words, delivering the value through tiny, step by step changes. Initially, the traditional HRM has not been involved much with the agile transition in an organization. However, as a supportive element which is functioning towards to establish and maintain a corporate culture, HRM has to play a significant role during any kind of a transition. The real organizational changes consider a lot about the cultural dimensions as well. In such circumstances, the function of HRM must serve as a change agent. This will create assist to create a culture which focuses on the customer centric value.

### **Moving beyond tools and the Waterfall focus in Agile**

As mentioned, cascading the broader focuses in HR assist to move

away from the rigid upfront planning. Stick into a plan or in other words, following the traditional or waterfall processes, will prevent organization in adapting to evolving customer needs or change in the HRM processes and procedure. It is important to understand that fact that the Agile HR mindset is more than just a Sticky-note employees (Agile HR Community , 2019). It is purely shifting out from the traditions of managing people at work following HR best practices. Thus, rather than confining HR's capabilities only to the traditional HR practices tools and planning, it is beneficial to follow an adaptive approach.

### **Co-creation of employee experience**

This is basically about get the corporation and the support of the employees in identifying the aspects that works well and that do not work well. Thus, critical thinking, using experience, and prototyping is vital. This will assist to have a shared understanding among the workers. Ultimately the organization is being able to experience a successful organizational change through change. Rather than convince the workers to join and accept the change initiatives at work, this method assist us to co-create the changes with the employees (Agile HR Community , 2019). Thus, this can be identified as one of the critical aspects of agile.

### **Digitizing the organization**

With the existing situation, most of the organizations have become digitized. Thus, all the functional managers should take necessary steps to make their aspects in line with the organization. So as the HR department. There is a mounting pressure on HR to create such a digitized culture within the company. They have to utilize new technologies and platforms to make a positive effect to the organization. The mindfulness they possess especially in front of the changes relating to the technologies, redesigning of the organizational processes and procedures and to adapt accordingly to facilitate proficiency while the growth of the business.

### **Conclusion**

Predictive plan-driven approach can no longer add a value to the business organization. Unlike the traditional focus of HRM, the contemporary nature of HRM stresses the importance of

responding effectively to the organizational changes as the changes are considered being inevitable. It should have the ability to respond quickly to the organizational changes especially to embrace the opportunities are coming from the business environment and to minimize the threats. Thus, the agility in HRM assist in creating such a productive workforce who can strengthen the organizational agility.

## References

Agile HR Community , 2019. [Online] Available at: <https://www.agilehrcommunity.com/>

Beedle, M. et al., 2001. *Manifesto for Agile Software Development*. [Online] Available at: <https://agilemanifesto.org/>

Cappelli , P. & Tavis, A., 2018. *The New Rules of Talent Management : Harvard Business Review*. [Online] Available at: <https://www.villanovau.com/resources/hr/agile-hr-mindset/>

Craig, K., 2016. *What is Agile HR and Is It Right For You?*. [Online] Available at: <https://resources.hrsg.ca/blog/what-is-agile-hr-and-is-it-right-for-you>

Deloitte , 2017. *Rewriting the rules for the digital age: Deloitte Global Human Capital Trends*, s.l.: Deloitte University Press.

Heilmann, P., Forsten- Astikainen, R. & Kultalabti, S., 2018. Agile HRM Practices of SME's. *Journal of Small Business Management* , pp. 1-11.

Mersino, A., 2020. *What is Agile and Why is it Important?*. [Online] Available at: <https://www.business2community.com/strategy/what-is-agile-and-why-is-it-important-02329437>

Prof. (Dr.) Henarath H.D.N.P.Opatha, 2009. *Human Resource Management*. s.l.:Department of HRM, USJ.

Project Management Institute , 2017. *Achieving Greater Agility: The Essential Influence of the C-Suite* , s.l.: s.n.



Ranasinghe , V. R. & Sangarandeniya , Y. M. S. W. V., 2021. Agile Human Resource Management. In: D. M. P. N. Janadari, ed. *Human Resource Management in Challenging Environments*. Colombo: University of Kelaniya, Sri Lanka, pp. 1-129.

Swingler, K., 2018. *Agile Human Resources: Creating a Sustainable Future for the HR Profession*. 1 ed. NY: Business Expert Press.



Ms. Harshika Ekanayake is an Assistant Lecturer attached to the Department of Human Resource Management of University of Kelaniya who has been graduated in Bachelor of Business Management (Special) Degree in Human Resource Management. She is currently reading for her Master of Human Resource Management in University of Kelaniya and

Master of Business Administration in Information Technology in University of Moratuwa, Sri Lanka. She is a Gold Medalist for being an Outstanding Student Performer who has also been named to the Dean's List as well for outstanding academic achievements. Her research and teaching interests includes Human Resource Management, Agile & Lean HRM, Industrial Relations, Positive Psychology, Counselling, Management Accounting, and Information Technology. She is one of the energetic individuals who is also possessing hands-on industrial exposure in HRM and eagerly striving to create and disseminate knowledge relating to the contemporary and the agile nature of the field of HRM and the related other disciplines.



Dr. M P N Janadari is one of the contributory academics in Sri Lanka who has done many researches in the disciplines of Human Resource Management and Organizational Behavior with a number of research publications in high impact journals. She obtained her Ph.D from the University Utara, Malaysia and her Masters of

Science in Management from the University of Sri Jayawardhanapura, and her Bachelor's degree in the field of Human Resource Management from the University of Kelaniya Sri Lanka. She is also one of the members of Association of Accounting Technicians of Sri Lanka. Currently she is serving as the Head of the Department of Human Resource Management of University of Kelaniya and as the Deputy Director Centre for Distance and Continuing Education, University of Kelaniya. Her teaching and research interests includes Human Resource Management, Organizational Behavior, Economics, and Management. Contributing herself as a Chair for many national and International Conferences and Summits and Degree Development programs has made her an extraordinary value maker.

## **Blind Hiring**

Ranasinghe, V.R<sup>1</sup>

Lecturer (Probationary), Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka.

[1] **Introduction** The hiring process of organizations is getting revolutionized and there are rapid transformations. Most organizations are now using new tools and techniques for talent acquisitions in their organizations as hiring is one of the critical Human Resource functions. If the organization hires the wrong person to the organization, then that may negatively affect the efficiency and effectiveness of the organization and the success of the job. However, fair hiring is a challenge to any organization.

Nowadays most organizations are focusing on increasing diversity which directly leads to enhance the company performance. Hence these organizations are developing HR policies to expand hiring goals by excluding gender, culture, ethnicity, age, etc to identify the most suitable candidate for the job vacancy. Hiring understands the need for millennial-friendly as the new talent coming from the millennial generation and therefore organizations are converting their hiring strategy from traditional to the digital domain. But still, there is a chance of candidates being rejected due to discrimination, political factors, or stereotype attitudes of the hiring manager, and 'bias' can present in many ways, unconsciously or conscientiously bias can happen in the hiring process, even in the initial stage of the process. This highlights the importance of "Blind Hiring" for organizations.

Blind hiring is a new phenomenon that considers a novel technique to minimize bias that can be happened during the hiring process. However, the implementation of blind hiring requires a comprehensive understanding. There are chances where intentionally or unintentionally focus on several details such as names, companies worked, nationality or race which prevent of making better decisions. Sometimes hiring managers or executives stereotyping attitudes may unintentionally make bias decisions relating to the hiring candidates. Most importantly the blind hiring ignores identifiable characteristics such as gender, education, socio-economic background, age, names, mother tongue, religion, and hobbies, or personal interests and only considers the applicant's

attitudes, talents, job skills, and abilities needed for carrying out the related task duties and responsibilities. By doing so organizations are trying to reduce biases and promote talent acquisition based on a transparent method and hire the most appropriate candidates for the job positions. In addition, every organization despite the size or the scale is considering removing the ‘bias’ from their hiring process. For instant HSBC, Deloitte, BBC, and Google are all implementing blind hiring practices to ensure they are bringing on the best talent.

In this chapter, the author has focused on the definition of blind hiring, the history of blind hiring, and the types of biases in hiring. Then discussed the needs of blind hiring and the techniques and best practices of blind hiring. Subsequently, the author has presented the benefits and challenges of blind hiring and finally presented the conclusion of the chapter.

## **[2] What Is Blind Recruitment?**

Blind hiring is a technique that removes specific identifying information of the applicants such as name, ethnicity, gender, educational background, address, hobbies, race, religion, and socio-economic backgrounds and evaluates candidate based on their attitudes, talents, skills, and abilities needed for performing a sample project or test and invite top performers for the interview (Maurer, 2016; Michael, 2016). The New York Times 2016 said that blind hiring involves removing all identification details from candidates’ resumes and it helps the hiring team to assess candidates on their skills and experience instead of factors that can lead to biased decisions.

Such a technique may be practiced by inviting job candidates to perform a challenge (Feintzeig, 2016) then conducting anonymous interviews by using advanced technology (Maurer, 2016), or by using something more simple, like a skills assessment, etc (Huhman, 2016). The main intention of blind recruitment is to exclude bias and discrimination and promote diversity in the organization. Simply as discussed in the introduction part this bias can happen consciously or unconsciously. Unconscious bias refers to the implicit associations that happen by our brains making incredibly quick judgments and assessments of different qualities and social categories of the people and situations that are made without conscious awareness (Zazou, 2016). Our brain process millions of information in a certain way. Unconsciously we

categorize this information as gender, ethnicity, race, religion, and other social categories such as disabilities, body size, and profession, etc. Your interests, background, personal experiences, and social experiences may have an impact on the decisions that you have made without you realizing it.

Companies like IBM, Deloitte, HSBC Bank PLC, KPMG UK LLP, and AMD in Asia have used this kind of blind hiring process. According to Feintzeig (2016), Deloitte LLP's U.K. arm conducts a test to measure several skills such as numerical reasoning and critical thinking. Another example is that the San Mateo, Calif.-based cloud-storage firm Compose Inc. request to write a short story about data and involve with a mock project, and complete assignments (Maurer, 2016). As per Miller (2016) Gap Jumpers, a software company normally give challenges to applicants that imitator the job tasks. They create a list of skills required for the job based on the clients' ideas and then design a test to be completed online. In AMD Greater Asia, they remove all the irrelevant information like race, sex, caste/ community, language, socio-economic background, educational pedigree, and state of domicile from the curriculum vitae received (Meena, 2016).

When that identification information is removed organizations can select the top talents without been biased. Therefore blind hiring assists to have a strong hiring process which enhances the quality of the new employees and the diversity of the organization.

### **[3] The History of Blind Hiring**

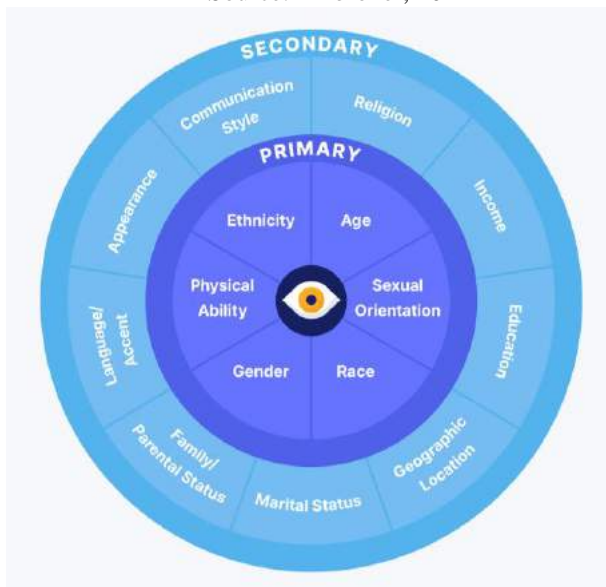
The history of blind hiring goes back to the 1970s when Toronto Symphony Orchestra musicians used blind auditions to hire the best orchestra members. In the 1970s Toronto Symphony Orchestra was comprised of white male musicians and they have found 'blind auditions' as a remedy to eradicate this imbalance. The organization put a screen in front of the judges so the judges cannot see the person who is playing the instrument/s. Toronto Symphony Orchestra had changed its conventional method of getting auditions by implementing this method. The results were different from previous auditions. Previously they have hired more male, white people to their group but with this method, they were able to hire more diversified people, a mix of white and black as well as male and female. According to the results, female participation in the Orchestra rose 5% to 25%-46%. Because of this reason, most of the women applied to be a part of this Orchestra as now they are

confident that they would be treated fairly and equally (Miller, 2016).

#### [4] Types of Biases in Hiring

When hiring people, as human beings sometimes unconsciously we are biased on our judgments based on different implicit concepts. This unconscious biased happens automatically as the brain makes quick judgments based on our past experiences etc. Figure 1 depicts common hiring biases that we can see in organizations.

Figure 1: Common hiring biases  
Source: Embroker, 2021



According to Alexandra (2020) and Toggle hire (2020), there are few common hiring biases that we can see in the hiring process.

##### 1. Confirmation bias

Confirmation bias happens when we conclude people, situations that only reinforce what we already believe. Hence we only 'see' the things that align with our existing belief and we disregard the things which are not aligned.

## 2. Affect heuristics

Affect heuristics when the hiring manager concludes about the candidate's abilities by using several shortcuts without properly examining the facts and details. For example, you may believe that the persons who have tattoos, who are overweight are incompetent, and based on that belief you may take decisions on them.

## 3. Halo effect

It occurs when the recruiter focuses on one positive aspect heavily like the name of the school, the sport that he/she did, or the previous workplaces that they have worked in without doing a proper investigation of a candidate's background.

## 4. Horn effect

The Horn effect is the opposite of the halo effect. The Horn effect happens when the recruiter focuses on one negative thing or a trait relevant to the candidate and ignores all other positive things of the candidate.

## 5. Overconfidence bias

Overconfidence bias occurs when the recruiter is more confident in either selecting the good candidate or rejecting the bad ones. The recruiter makes decisions based on his/her subjective confidence over the objective evaluations.

## 6. Similarity attraction bias

We like it if we have the people we like. So organization likes to recruit people who have traits, personalities we like, or people who have similar characteristics with us. Hence this type of bias is called similarity attraction bias.

## 7. Affinity bias

Affinity bias happens when the recruiter favors a candidate when they share a trait with us. Imagine that a candidate attended the same university or grew up in the same hometown, then this affinity bias can happen.

## 8. Beauty bias

Here it assumes that the most handsome individual will be more successful. So the recruiters are trying to select candidates based on their beauty or handsomeness.

## 9. Conformity bias

This is based on the famous study the Asch experiment done in 1935 which explains that the social pressure came from peers can affect an individual to confirm something. Imagine that there is a panel in an interview, and only you believe that the candidate performs well but others not. What would you do now? There is a high tendency to say “no” to that candidate.

#### 10. Gender bias

This is one of the most easily understood types of unconscious bias. This normally happens when the recruiter thinks that appropriateness for a particular industry, and the job is influenced by the candidate's gender.

### [5] TECHNIQUES OF BLIND RECRUITMENT

According to Manikandan (2020), there are four types of techniques.

- Blind candidate screening
- Blind pre-hire testing
- Blind interviewing
- Blind metrics

#### **Blind hiring technique 1: Blind candidate screening**

In this stage, all the identifiable information of the candidate such as name, photos, age, income level, religion, race, gender, names of the schools attended are removed from the resumes of the candidate. Blind candidate screening assists to increase workplace diversity. In most cases, white-sounding names on resumes are more likely to call for an interview than black or Asian names, and male names on resumes are more likely to call for an interview than female names (Min, 2017).

#### **Blind hiring technique 2: Blind pre-hire testing**

In blind pre-hire testing candidate's job-related knowledge and skills are tested anonymously. A common pre-test is a personality assessment which leads to having more racially diverse workplaces. For example, an organization can give a coding challenge to the candidates who are expecting to join as software engineers in that organization. Moreover, it is recommended to use third-party software or service that anonymizes and tests your candidates if not it will be difficult to do proper pre-hire testing.



### **Blind hiring technique 3: Blind interviewing**

This is the most critical part as well as the technical challenge that we can see in blind hiring techniques. Generally, a blind interview can conduct via an anonymized written Q & A or via a chat. Nevertheless, it is very hard to anonymize a person in interview conduct via a phone call or a video interview.

### **Blind hiring technique 4: Diversity metrics**

Diversity metrics involve a focus on the demographic or group that you want to increase representation for in your recruiting as it assists to increase workplace diversity. However, if you want to successfully do this then you need to collect the right metrics. Hence the recruiter can collect the statistics related to the diversity of the candidates before and after screening and shortlisting, blind pre-hire testing, blind interviews, new hires before and after blind hiring, and the workforce before and after blind hiring.

## **[6] Blind Hiring Best Practices?**

It is very much essential to create ways or methods to bring a blind hiring process to any organization. According to the current literature, there are several ways to carry out a blind hiring process (Hayton, 2020).

### **1. Prepare job descriptions that encourage diversity**

Organization can create job descriptions which cover a broader range which encourages diverse candidates to apply. Instead of using masculine, feminine words using gender-neutral wordings such as 'he/she' or 'the ideal candidate' might seems inclusive (refer to table 01). Sometimes job descriptions include several terms which include racial or age-related terms which discourage the potential candidates to apply.

Table 01: Gender-Neutral Alternatives for the Top 10 Masculine Words in Job Descriptions

	Gender-Neutral Alternatives
Strong	Steady, Sound, Solid, Excellence
Drive	Energy, Inspiration, Guide, Steer, Push, Run, Deliver, Energize, Inspire
Lead	Head, Top person. Manager, Run, Headup, Manage, Steer, Grow

Analysis	The investigation, Study, Test, Testing, Research
Analytical	Systematic, Thorough, Deductive, Statistical, Data
Driving	Motivating, Energizing, Inspiring, Guiding, Pushing, Delivering
Proven	Established, Known, Demonstrated, Reliable, Successful, Trusted, Tested
Workforce	Teams, Workers, Members
Decisions	Choices, Conclusions, Judgments, Moves, Outcomes, Steps, Actions

Source: Hayton (2020)

## **2. Eradicate demographic information from the resume**

Removing name, address, race, religion, gender, socio-economic status, zip code can hide or remove from the resumes of the candidates as those details make blind hiring impossible. However, if you want to compare several demographic details before and after the interviews or on the diversity then these details will be useful. Hence it is better to remove these demographic detail for pre-hire testing or blind interview purposes and keep a backup for other comparing purposes.

## **3. Remove academic information from the resume**

Sometimes a past pupil of top schools or colleges might be considered as a resume booster. But it 100% does not predict that person who attended that reputed school or college might perform well or not. Moreover, a graduate who earned the highest GPA in a university might not be performed well in the organizational context. Hence it is essential to look at the skills that the candidate has. Therefore it is recommended to keep specific details such as what the candidate studied and remove all other academic details from the resume.

## **4. Focus on candidates' skills and abilities**

Pre-employment assessment allows you to gather information relating to your candidate's abilities, personality characteristics or their cultural preferences, etc. Assessing the candidates during the early stages of the hiring process makes you less biased on the

hiring decision.

## **5. Stop social media pre-screening**

Most of the organizations screening social media profiles of the candidate while shortlisting or before selecting them for the interviews. This will lead to having a certain bias on the candidate as you can know more details of that candidate. And this must be done very carefully. Even though this type of screening creates an unconscious bias, social media screening is important in identifying some red flags of the candidates especially candidates who are not aligned with the company values. Hence screening social media is a critical point as you need to find red flags without been biased to that candidate.

## **6. Conduct anonymizing initial interviews**

Conduction anonymizing initial interviews are challenging. As mentioned above it is very hard to be anonymized in phone or video interviews as it reveals characteristics like gender, age, skin tone sometimes religion, etc. With these anonymizing initial interviews, you can ensure that you are selecting the most appropriate candidate without being biased. There are several ways to conduct interviews anonymously, for an instant organization can send an open-ended questionnaire to dill by the candidate via email or have live chat to get responses, or else they can use automated interviewing robots who conduct the initial interview and report back.

## **[7] Benefits Of Blind Hiring**

Blind hiring creates several benefits for the organization as follows.

- **Avoids unconscious biases:** Unconscious bias refers to the implicit associations that happen by our brains making incredibly quick judgments and assessments of different qualities and social categories of the people and situations that are made without conscious awareness (Zazou, 2016). Blind hiring eliminates the unconscious bias from the hiring process.

- **Select candidates who fit with the company culture:** Most of the time in the conventional hiring method the hiring manager prefers one candidate over other based on his belief system, personal liking, or social prejudice (Roy, 2021). But blind hiring opens the door to select the candidates without been biased to anything and only looking at the skills and abilities of the

candidates, organization can select appropriate candidates who fit with the organization's culture.

- **Promote workplace diversity:** With blind hiring, the organization can promote a diversified workplace comprised of employees who came from different backgrounds. Such an environment leads to enhance the performance and the growth of the organization as the organizational environment is comprised of people who have different types of ideas, experiences, backgrounds and skills, and abilities as well as viewpoints.
- **Select the right candidate:** In the traditional hiring process, it is very much hard to select the real talent as there is plenty of information that can steer to have bias decisions. Through blind hiring recruiter a make a fair decision as no or less information leads to have bias decision and select the best out of best by using unconventional assessment methods.
- **Positive brand reputation:** Since there are no discriminations, and every individual has an equivalent chance to join the business with their range of abilities most people are encouraged to apply to the vacancies published by that particular organization while increasing the brand reputation of that company. (Codlas, 2012).
- **Increase the pool of talents:** In the conventional hiring process managers consider all the demographic and identification information of the candidate and that sometimes kills the courage of the candidacies to apply for that vacancy. Also, the selection decisions most of the time are based on the manager's preferences. However, by removing name, age, sex, ethnicity, or foundation, managers could have a higher number of candidates that increase the possibility of finding the perfect worker (Fernandez, 2011).

## [8] **Challenges of Blind Hiring**

Even though blind hiring creates lots of merit points there are some downsides as well (Michael, 2016).

1. **Disrupt diversity goals:** Imagine that your organization is comprised of 80% female and 20% male and you want to have a gender-balanced workforce. But it is hard to achieve this goal if you practice blind hiring as we cannot expect that we can achieve the results we wanted.

2. **Required extensive time and effort for the application screening stage:** In the blind hiring process, it is required to remove all the identification information from the resumes sent by the applicants. To do that a separate team should be there and it will lengthen the screening stage.

3. **Lower morale of the recruiting team members:** Sometimes recruiting team members feel that administrators don't confide in and trust in them to settle on the right choice. There is potential that recruitment experts feel that administrators are blaming them for holding a predisposition (Dhaak, 2014).

## [9] Conclusion

Blind hiring considers as a game-changer in an organization's hiring process. There is a significant growth of technology in this 21<sup>st</sup> century and organizations trying to identify and hire the most appropriate talented employee to their organization based on their cost-effective systems. For that, they are using different hiring methods and blind hiring is considered a novel hiring method used by the organizations. Although this method creates both benefits and challenges it is completely relevant to the modern world, especially for millennials. Directly blind recruitment leads to promote the diversity of the organization as it evaluates people only by looking at the skills and capacities. It incorporates ousting the name, age, address or region, extended lengths of association, and school from the candidate's application. However, to accomplish the ultimate aim of blind hiring, managers should complement blind hiring practices with other human resource management functions.

## References

Alexandra, (2020). *13 Common Hiring Biases to Watch Out for*. Retrieved May 27, 2021 from <https://harver.com/blog/hiring-biases/>

Codlas, K. 2012, "Artistic license or operational and Blind Recruitment in Construction Sector Development? Creator liability for deceptive or "defective" documentary films and television programs", *Loyola of Los Angeles Entertainment Law Review*, vol. 33, no. 1, pp. 67.

Dhaak, V. 2014, "Solène Rowan, Remedies for Operational and Blind Recruitment in Construction Sector Development. A

Comparative Analysis of the Protection of Performance, Oxford: Oxford University Press, 2012, 265 pp, hb £60.00: Reviews", the Modern Law Review, vol. 77, no. 3, pp. 513-516.

Hayton (2020). Blind Hiring: Everything You Need To Know [Blog Post]. Retrieved from [https://harver.com/blog/blind-hiring/What Is Blind Hiring? \(How to Implement It\) \(2021\)](https://harver.com/blog/blind-hiring/What-Is-Blind-Hiring-(How-to-Implement-It)-(2021)) Retrieved May 27, 2021 from <https://www.embroker.com/blog/blind-hiring/>

Feintzeig, R. (2016). *ET The Boss Doesn't Want Your Résumé*. Retrieved May 27, 2021 from <http://www.wsj.com/articles/the-boss-doesnt-want-your-resume-1452025908>

Huhman, H. (2016). *The Case for Blind Hiring*. Retrieved May 27, 2021 from <https://www.entrepreneur.com/article/273674>

Miller, C.C. (2016). *Is blind hiring the best hiring?* Retrieved May 27, 2021 from <https://www.nytimes.com/2016/02/28/magazine/is-blind-hiring-the-best-hiring.html>

Michael, G. (2016). *How "Blind Recruitment" Works and Why You Should Consider It* The hiring practice could result in a more diverse workforce and a better bottom line. Retrieved May 27, 2021 from <https://www.fastcompany.com/3057631/how-blind-recruitment-works-and-why-you-should-consider>

Min, Ji-A. (2017). Blind Hiring: A How-To Guide to Reduce Bias & Increase Diversity [Blog Post]. Retrieved from <https://ideal.com/blind-hiring/>

Meena, K. (2016). Blind Recruitment: The New Hiring Buzz for Diversity Inclusion. *International Journal of Business and General Management (IJBGM)*, 5(5), 25-28

Roy, B.D. (2021). *How to Outsmart Unconscious Bias In Recruitment*. Retrieved May 27, 2021 from <https://blog.vantagecircle.com/unconscious-bias-in-recruitment/#:~:text=1.,Practice%20Blind%20Hiring%3A&text=A%20conventional%20hiring%20method%20encourages,based%20on%20his%20skill%20set.>

Maurer, R. (2016). Blind Hiring may be missing the point.

Retrieved May 27, 2021 from <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/blind-hiring-practices.aspx>

Manikandan.S. (2020). A Modern Concept of Blind Hiring: Its Importance and Benefits. *IOSR Journal of Business and Management (IOSR-JBM)*, 22(5),60-62

Six Types of Unconscious Bias in Hiring (2020). Retrieved May 27, 2021 from <https://toggl.com/blog/unconscious-bias>

Zazou, B. (2018). Bright Owl. Retrieved May 27, 2021 from <https://brightowl.pro/blogs/2018/01/recruiting-challenges-in-2018/>



Ms. Vimansha Ranasinghe is a Lecturer (Probationary) attached to the Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya. Since 2016 she worked as a lecturer in two private universities in Sri Lanka and then joined the University of Kelaniya in 2019. She has obtained a Bachelor of Science Human Resource Management (Special) Degree with a first-class from the University of Sri Jayewardenepura and she holds the Master of Business Administration degree from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. She is very much keen to research different areas in Human Resource Management, Organizational Behaviour, Psychology, and Counselling fields and contributes to the new knowledge creation of those fields. Her teaching areas include Human Resource Management, Strategic Human Resource Management, Psychology and Counselling, and Project Management.

# **Artificial Intelligence Embracement with Talent Acquisition in Modern Human Resource Management**

**T. S. S. Perera<sup>1</sup> & Dr. M. P. N. Janadari<sup>2</sup>**

<sup>1</sup>*Graduate, Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka*

<sup>2</sup>*Head of the Department Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka*

## **Abstract**

Today's globalized world is characterized by technology than ever before and the competition is no longer limited to the local firms, but it extended to the global level. Thus, in the contemporary business world, talent acquisition is a critical as well as a challengeable decision. Here selecting the most appropriate employee at the right time at the right job under the right cost is important to get the competitive advantage. By looking at the past few years, the usage of information technology is increasingly climbed up, and especially, the concept of artificial intelligence takes place in recruitment. Herein, the magnitude of artificial intelligence in modern human resource management is notable. This study mainly focuses on making a comprehensive review on the embracement of artificial intelligence with talent acquisition and recruitment in modern human resource management. Artificial intelligence act as a human and it facilitates computers to carry out the works speedily and accurately which is normally done by people. Thus, by emphasizing the role of artificial intelligence in hiring talents into the company, this paper will study how artificial intelligence influences over recruitment strategy of the company. The study entirely based on secondary sources of information such as journal articles, literature reviews, books, and websites also referred to explore the concept further.

***Key words: Artificial intelligence, Talent acquisition, Recruitment, Information technology***



## 1. Introduction

Globalization makes the world smaller while technology takes place in speeding up the processes. This enables organizations to stay up to date by embracing new technology in the dynamic environment. Here, the human plays a key role in ensuring the survival and the development of the organization. It is proven that the success of any organization is closely tied up to the quality of its employees irrespectively the scale of the organization. The discipline of human resource management becomes vital here and it involves different key aspects such as recruitment, training, performance, employee relations etc. Moreover, in the modern business era, human talent has paid increasing attention since it gains the large amount of competitive advantage into the organization. Thus, many organizations keep their eyes on the function of recruitment because it is more critical point where a new talent get to the organization. The way an employer recruits affects the individuals it hires, the training and developing they need, their initial performance and their retention rate (Breaugh, 2016).

The term of talent acquisition is broader than the recruitment. However, many people consider that the talent acquisition is synonym for the term of recruitment. Both approaches may use based upon the circumstances but there is a crucial difference between these two. Recruitment is about filling vacancies and it more tends to be tactical while talent acquisition tends to be more strategical. It is ongoing strategic process to find out leaders, specialists, and potential executives for the company at the same, it focuses on long term human resource planning while searching appropriate candidates for the positions that need a very specific set of skills. In today's business context is really dynamic and the organizations require an ever-ready workforce which has most updated skills to face to the global challenges. Companies have to engage with reskilling and hiring from non-traditional backgrounds. Thus, the competition for the super talents will be fierce and this will push organizations to have strong talent acquisition strategy in hand (Jobvite, 2021). This study focuses more on the contemporary concept of talent acquisition rather traditional recruitment.

Organizations develop and survive by innovating new ideas to strive in digitalized era. The business organizations want to expand their operations to obtain profits and establish new ventures across the globe and it is possible via the new technology. The

heterogeneous modern technologies such as artificial intelligence (AI) solutions largely impact on the entire business landscape especially it pressures human resource management to be more effective and generate profitable results (Bilal & Varallyai, 2019). At the same time, many studies were conducted to research on how combine HRM and technology together in order to bring benefits to the organization. There is no universally accepted definition for AI, however IN 2019, Mohammed defined AI also called machine intelligence is intelligence that demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals. In 2019, Min identified that AI has capabilities of learning, perception, and problem-solving which exhibited by machines. In general AI can be defined as a computer program or machine capable of human like behavior.

Traditional hiring methods involve the process of advertising a job, receiving resumes, shortlisting, conducting interviews and hiring the selected candidate into the company (Shih, Huang, & Shyur, 2005). These conventional methods are now taking a backseat as online portals and social media platforms take over the role of acquiring the appropriate talent into the organization. In modern human resource management, AI largely utilize in the area of recruitment and talent acquisition. It is a great avenue for HR professionals to filter the most appropriate and quality talent among a pool of candidate in a shorter period of time and cost effectively. Moreover, it enables to minimize the time-consuming activities, streamline and automat the screening of resumes, matching the available skills of the candidates with the job requirements more effectively and efficiently which allows HR professionals to make the right decision and the right time. Finally, it drives organization to obtain competitive advantage (Vedapradha, Hariharan, & Shivakami, 2019).

The current study does not suppose critically differentiate the recruitment and talent acquisition. But makes a comprehensive review on how acquire the appropriate talent into the organization by using the tools of artificial intelligence in modern human resource management. Even though, the AI solutions add value to the function of entire HRM, transforming its manual practices into smart automation is not an easy task. It is really challengeable for HR professionals and in some cases, organizations may fail in implementing the AI tools due to lack of knowledge about the technology. However, in 21<sup>st</sup> century the AI in HRM especially in recruitment area is inevitable and growing trend in the industry.

## **2. Role of AI in talent acquisition**

AI for talent acquisition and recruitment is a growing area of HR tech that is designed to automate and streamline some functions of recruiting workflow especially high volume and repetitive tasks. The innovative information technology allows machines to involve in decision making, logical reasoning and systematically react to achieve the benefits of using AI applications in the process of recruitment and talent acquisition renovating a greater portion of the process into automation. Those machines are empowered with the ability of handling and analyzing big data faster and make predictions of possible future outcomes in the area of talent acquisition. In the 21<sup>st</sup> century, the HRM is ready to eliminate the traditional time-consuming recruitment by opening up data driven talent acquisition, social media recruitment, improved candidate experiences, AI associated screening and etc. AI based virtual aids are capable enough to attract and connect candidates, calling and storing applications, evaluating those applications and assist HR professionals to manage the recruitment database for further works. Moreover, those AI portals are competent in tracking the browsing history of candidates in publishing the job advertisements across firms for different vacancies which posted to the proper candidates on the web pages.

One of the most popular software is chatbot that is used on websites to collect primary information of candidates and match the job requirements with the skills of the candidates automatically that save a huge amount of time and money. Chatbots interact with candidates like humans and respond logically by using natural language processing technology. Olivia and Mya are some of the examples for chatbots and they are engaged on the official website of the company to make the first level screening when job seekers visit the particular websites. Here the chatbots assist the seekers to complete the application, update them on application status, feedback procedure and respond instantly for basic queries which raise candidates. This platform makes a better feeling on candidate's mind about the company, and it shortens the hiring cycle while creating reliability with passive candidates making them feel like customers (Vedapradha, Hariharan, & Shivakami, 2019).

In hiring function, most of HR professionals rely on Applicant Tracking System (ATS) package to automate the function in

searching and picking up potential candidates from various sources such as job portals, social media, networking sites while matching job requirements in order to improve the quality and the efficiency of the process. AI facilitates HRM to digitalize the function while grabbing better opportunities in order to get the competitive advantage in to the organization that drive to ensure survival and the growth of the organization.

Furthermore, by replacing AI to manage time-consuming recruitment related processes that can be transformed into automate, HR professionals can free themselves up to focus on more imperative aspects of people that need to address to make a quality workforce in the organization. So that, AI brings more opportunities to the company while easing up the HR practices.

### **3. Methods and purposes for using AI in talent acquisition**

AI can be used for different parts of recruitment and talent acquisition process. Here are some of purposes and methods of AI that transform the conventional hiring function into modernized effective function. Primarily, AI facilitates HR professionals to sourcing candidates from different places. It uses web crawlers to find the potential people around the world that enable organizations to acquire great talent which fit with the particular job vacancy. AI deploys different sourcing tools to seek candidates automatically from talent pools and communities. The next purpose of using AI in recruitment is, it automatically matches candidates and the job requirements and score candidates accordingly. It provides recommendations to the recruiters about the most suitable candidates by reviewing their profiles. The most interactive part of AI tools is communication with candidates. Here it uses chatbots to gather basic information of candidates who visit the official webpage to see vacancies. At the same it provides feedback to the candidates and make interviews with them. It has ability to convert videos into text form and then analyzing the persona of the candidates. This tool responds to candidates more logically and gives them an interactive experience. This method enables company to draw a positive image on the candidate's mind about the company and that leads to generate favorable attitudes toward the company.

As next, AI applications facilitate to predict what kind of a person

would fit the existing work team of the company. In some cases, even though the particular candidate fit with the job he/she may not match with the existing work force and the organization. This situation may lead to make conflicts in the organization in future. Thus, reviewing the persona of candidates is very important before hiring them into the organization. Hence, AI tools allow HR professionals to look into the persona of candidates as same the skill set of them and picking the most matched candidate. Further, it helps to recognize when a new employee is needed for the organization.

Documentation is vigorous requirement in HRM, and it is got more attention in the area of recruitment and talent acquisition. Here AI applications involve with resumes of candidates, letters of application, job advertisements, and job contracts etc. The facility of generating, storing, and analyzing those documents may handle by AI tools effectively. The most important purpose of utilizing AI is facilitating in intelligent analytics. It helps to find relevant discussions online for HR to read and find comments in social media about the firm’s recruitment process (Talent Adore, 2019).

#### 4. AI based recruitment tools

The embracement of AI has been extending its beauty across many industries. Beginners and start up firms seem to be pioneers in grabbing the merits of this novel technology to avenues for recruitment in their businesses. Nowadays, many of companies accepted AI in their talent acquisition and recruitment function.

Here some of those tools are discussed below (Figure 4.1).



Figure 4.1: AI based recruitment tools

Source: (UK Recruiter, 2020)

- **TalentAdore:** This tool represents the best HR tech in Finland, and this helps to hire the right talent with virtual recruitment assistant for candidates. It sends AI assisted personalized feedbacks to all candidates and it will help to improve their experience. The AI algorithms write for them. The toll may match candidates with the most appropriate position by making unbiased recommendations and it automatically sourcing candidates from different talent communities by using its matching technology. It uses a bot-like interactive dialogues in the career pages and receive important tips in order to create relevant job advertisements.
- **Recii:** This AI solution makes a platform for natural conversation between candidates and recruiters while optimizing the recruitment process. It listens and direct candidates through the process in a natural discussion way via chat on the phone or computer. Candidates are allowed to text, call, WhatsApp, or online chats to get to know about job role and screening interviews. Generally, Recii facilitates audio analysis to predict the performance of candidates. With this tool hiring professionals can identify top candidates so that they can improve the candidate pool which ensuring there are right candidates for the vacancy.
- **Metaview:** This solution also provides an audio analysis to rank the interviewer proficiency. It uses discussion analytics get insights from the interviews while enabling to conduct interviews more effectively and make decisions for better hiring. This AI solution automatically transcribe the audio-record the interviews and video calls. This will help to interviewers to understand how much effectively they are conducted the interview? What are the lacking skills to interview someone better? What they need to improve in next time? At the same time, they will know, what questions asked by candidates frequently I the interview table? etc.
- **Textio:** This tool based up on the predictive data analysis with respect to the capable candidates applying to high profiled vacancies (Vedapradha, Hariharan, & Shivakami, 2019). Recruiters use this solution for attract active job seekers

through augmented job posts, to engage passive candidates through augmented recruiting mails and to work as one enterprise through augmented hiring teams.

- **Arya:** It is an improved technology that can be used in recruitment function that uses to collect a pool of potential candidates from various sources. It uses some communication channels which candidates are actively using such as text, email, call and chatbot communications.
- **Panna:** This tool is an interview platform for technical hiring. It empowers HR professionals by giving proper set of tools to screen candidates to identify bright applicants among the pool. It prepares and conducts intelligent interviews, and those interviews are evaluated by experts. It allows video conferencing and recognize voice and face of candidates to pick up the most appropriate candidate.
- **Entelo:** This AI solution searches social profiles of candidates using predictive algorithms to determine the reasons the most probable candidate to leave their current job. It makes predictions of the probability of an employee to change their current job and get indications of how much good fit the particular candidate with the job and the company. Via this tool the recruiters can discover the career highlights of candidates, chance to switching the current job, skill set, job fit, organization fit and estimates the market value of them.
- **HireVue:** This tool is applied to recognize facial expressions and emotions of the candidates. HireVue provides major insights about the workstyle of candidates, how they interact with people and general cognitive ability. That will allow hiring team to predict the future success of candidates (Johansson & Herranen, 2019).
- **Hiq:** This tool is built for talent acquisition by identifying the hidden and adjacent set of skills of candidates and utilize them for career development. Here finds the best person job fit and search new opportunities at the company. At the same, recruiters can identify which employees have similar set of skills for the top talents of the company.

## 5. Benefits of AI application in talent acquisition

The embracement of talent acquisition with AI is remarkable transformation in the field of Human Resource Management. The globalization and the technological advancement pull organizations to convert its functions into digitalized platforms that improve the efficiency and the quality of those functions. Talent acquisition and the recruitment take a key place in the field of HRM that make a major influence over ensuring a qualitative workforce in the organization. AI is a better platform to modernize the HRM practices especially the function of talent acquisition. Improve the quality and the objectivity of the function of recruitment are very much important because that is the place where the talent come into the organization. Thus, biases free decision is key for picking up the best talent into the organization. As a human being, the recruiter is always biased (Talent Adore, 2019). The recruiter's feelings, attitudes, personality directly influence over the decision of recruitment. In here, AI takes place in determining unbiased criteria and decisions for hiring the talents.

Figure 5.1: Key benefits of AI application in talent acquisition

Source: (Dash Magazine, 2019)



The primary objective of the function of recruitment is attracting suitable candidates as much as possible which enable to select the most appropriate candidate among them. But what happens if the job advertisement does not give the correct impression to the audience? It may result to having plenty of job applications but not the right ones. The hiring team may tire with fruitless tasks and



fewer potential candidates. Here AI may guide the hiring team by giving some important tips for making job advertisements. At the same time, some improved technological tools like chatbots may use to direct applicants to apply for suitable vacancies and also engage with first screening on behalf of the company which save large amount of time and cost. Moreover, AI enable company to hire people for projects without revealing what kind of positions are open.

Without AI, hiring teams are forced to look out candidates from a big database with certain key words. There is a huge risk that appropriate candidates may be neglected. Those candidates might have the best match skills, experience and attitudes which requires by the particular job vacancy. Because none of job applicants are professional job seekers. Therefore, some of applicants have not used the correct key words in their resumes. This issue is addressed by AI solutions that allow to review candidates without relying upon key words. In contrast, it those can look at the candidates' documents as a whole and see the expertise and the suitability behind the individual word being used.

In the modern business context, the time is gold. But the most common problem in the function of recruitment is having a too long process. Potential candidates have high demand, and they will be hunted by another employer while they are in the lengthy recruitment process in the particular company. It is not only a time-consuming task but also it wastes the cost and the effort of HR professionals. AI truly enables the recruitment process more efficient and make both employer and candidate happy. AI solutions automate various manual parts of talent acquisition that help to save a huge amount time while filling job vacancies faster. This will reduce the waiting time of the candidates and accelerate the hiring decision with improved quality.

With the limited amount of time, most employers have missed to give a great experience to their candidates individually. Many companies give up their candidates without giving even a feedback to them since it consumes too much of time and employers are not in a position to utilize that much of time for rejected candidates. However, making a better communication with the candidates considerably improve the candidates' experience while improving the employer brand. AI is a great platform to interact with candidates regardless the number. It does not matter the employer received thousand no. of resumes; AI improved technology does not miss anyone such chatbots build conversations with them and

give an great experience to them. Natural Language Processing (NLP) technology is used in AI to send a customized feedback to all candidates.

## **6. Challenges of using AI in recruitment**

Even though, the AI solutions bring more benefits to the company some key challenges can be seen in there when practicing it in the area of talent acquisition and recruitment. It is very important to know how to use AI in the business context. It is true that many HR professionals and experts are looking for transforming their traditional HR landscape especially the recruitment function to digitalized platform. However, it requires better technological knowledge about AI, enough finance to buy AI, and enough time to utilize on adapting current practices into AI based functions. It is essential to know how to use AI correctly. Choosing the wrong way may cause failure. It can be seen that several companies are willing to try out AI applications in their recruitment, but they are lacking the awareness of why they should transform into AI and how use it?

Another key challenge of AI is, how well the AI applications understand the organizational culture, values and how AI knows what kind of employee is exactly required by the company. Even though, current AI technology able to think logically up to some extent, still it cannot fully understand the values, believes and culture of the particular firm while it is very much important criteria in recruitment. Thus, HR professionals must closely involve with AI tools in recruiting candidates to avoid wrong hiring. The AI technology still in nascent stage. So that there may be various flaws and inconsistencies with the organizations' real requirements. With that reason, it may reject some better talents even in screening stages. For instance, candidate may be rejected while shortlisting because of that candidate have used a different font in his/her resume that font did not supported by the AI tools.

In other hand, AI technology largely refer social media for picking most ideal talent among the pool of candidates. Even though this method is more trending method that AI used, some talented candidates have neglected here. For instance, what happen to candidates who best fit with the job role and having super skill set that match with the job, but did not much active in social media? Social media-based AI may simply reject those candidates. Thus, one tool is not sufficient to make the recruitment decision in the company.

## 7. Conclusion

AI allow companies to work smarter and faster with more effectively and qualitative manner. It gains the key attention toward the recruitment and talent acquisition by embossing the importance of automation in modern human resource management. Furthermore, the function of recruitment is taking up growth by adapting AI. AI gives a massive opportunity to its users by giving an impressive experience. However, AI projects and tools do not success always. There may be some failures in some cases due to different reasons. But it does not mean that the employers should be scared to try out it. The key message it learns from mistakes. Even though, the AI solutions streamline the talent acquisition and recruitment process in many ways, the specialists in the field advise to not to reject candidates purely based on AI.

## References

- Bilal, H., & Varallyai, L. (2019). Will Artificial Intelligence Takeover Human Resource Recruitment and Selection? . *Network Intelligence Studies*, 7(19).
- Breaugh, J. (2016). *Talent Acquisition: A Guide to Understanding and Managing the Recruitment Process*. SHRM Foundation, United State, America.
- Dash Magazine. (2019, August). AI for Recruiting: Everything you Need to Know.
- Geetha, R., & Bhanu, S. (2018). Recruitment through artificial intelligence: a conceptual study. *International journal of mechanical Engineering and Technology*, 9(7), 63–70.
- Jobvite. (2021, May 12). *What is the Difference Between Recruitment and Talent Acquisition?* Retrieved from Jobvite Blog: The Place Where Recruiters Gather: <https://www.jobvite.com/blog/recruiting-process/what-is-the-difference-between-recruitment-and-talent-acquisition/>
- Johansson, J., & Herranen, S. (2019). *The application of Artificial Intelligence (AI) in Human Resource Management*.

- Min, J. (2019, February ). *Ideal*. Retrieved from 12 Revealing Stats On How Recruiters Feel About AI [Infographic]: <https://ideal.com/how-recruiters-feel-about-ai/>
- Mohammed, Z. (2019). Artificial Intelligence Definition, Ethics and Standards. *BUE*.
- Shih, H., Huang, L., & Shyur, H. (2005). Recruitment and selection processes through an effective GDSS. *Comput. Math. Appl.*, 50(10), 1543–1558.
- Talent Adore. (2019). AI in Recruitment.
- UK Recruiter. (2020). UK Recruiter Tech & Social Media Showcase.
- Vedapradha, R., Hariharan, R., & Shivakami, R. (2019). Artificial Intelligence: A Technological Prototype in Recruitment. *Journal of Service Science and Management*, 12, 382-390.



**Ms. Samitha Perera** is a first-class graduate in University of Kelaniya in Bachelor of Business Management (Special) Degree in Human Resource Management with two gold medals for the Highest results and HR student of the year. She has been nominated to the Dean’s List in recognition of her outstanding academic performances in the University. Currently she is reading for Master of Human Resource

Management in University of Kelaniya, Sri Lanka and Master of Business Administration in Information Technology in University of Moratuwa, Sri Lanka. Her interest areas includes Strategic Human Resource Management, Labor Law, Information Technology, Psychology, Organizational Behavior and Labor Economics. Currently she is working attached to a well reputed privet sector organization as an active HR practitioner. Her enthusiasm, momentum with industry exposure drive her to attain great achievements in her career and academic life.



**Dr. M P N Janadari** is one of the contributory academics in Sri Lanka who has done many researches in the disciplines of Human Resource Management and Organizational Behavior with a number of research publications in high impact journals. She obtained her Ph.D from the University Utara, Malaysia and her Masters of

Science in Management from the University of Sri Jayawardhanapura, and her Bachelor's degree in the field of Human Resource Management from the University of Kelaniya Sri Lanka. She is also one of the members of Association of Accounting Technicians of Sri Lanka. Currently she is serving as the Head of the Department of Human Resource Management of University of Kelaniya and as the Deputy Director Centre for Distance and Continuing Education, University of Kelaniya. Her teaching and research interests includes Human Resource Management, Organizational Behavior, Economics, and Management. Contributing herself as a Chair for many national and International Conferences and Summits and Degree Development programs has made her an extraordinary value maker.

## **Industrial Revolution 4.0 and the Future of HRM**

*K. L. N. K. Gunathunge<sup>1</sup> & K. G. P. Lakmal<sup>2</sup>*

*<sup>1</sup>Assistant Lecturer, Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka*

*<sup>2</sup>Assistant Lecturer, Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka*

### **Introduction**

From the beginning of civilization, technological development has been the driving factor behind the advancement of human society. Technological evolution has four significant improvements, known as industrial revolutions, which occurred because of inventions. The steam engine, followed by electricity, digitalization, and the use of information technology, culminated in significant breakthroughs in the Information and Communications Technologies (ICT) industry towards the end of the 20th century, along with the arrival and widespread use of the Internet, which accompanied in the Fourth Industrial Revolution (4IR). Many socio-economic, political, and technological changes have begun in the fourth industrial revolution (Lasi et al., 2014), also known as Industry 4.0 (Burmeister et al., 2015). As mentioned, advanced technologies, which are the base of Industry 4.0, contain the Internet of Things (IoT), artificial intelligence, augmented and virtual reality, robotics, big data analysis, 3D printing, and cloud computing, etc. (Roblek et al., 2017; Rojko, 2017). It aims at interconnectivity, digitalization, automation, and real-time data to create a well-connected environment for organizations that fosters innovation, enhances efficiency and effectiveness, and generates new opportunities. (Kohnova et al., 2019). Increasing economic efficiency, increasing labor productivity, flexibility and intelligence, lowering manufacturing costs, and improving returns on investments can be identified as the advantages of the industrial revolution 4.0.

Industry 4.0 will transform every phase of the process, from production to distribution, distribution to marketing, and will encompass radical innovations within the organization. Human Resource Management is another area that is being affected by the dawn of industry 4.0. The effects of digital disruption can be felt

across all corporate functions, and HR is no different. It is expected to have a massive influence on both the economy and the labor force and impact employee roles in terms of health, mobility, working hours, and personal life. However, the combination of modern technology and professional personnel directs to superior innovation and increased productivity (Thames & Schaefer, 2016). Employees who are motivated to contribute to organizational learning and innovation plays a vital role in the organization, and organizations need to be sensitive to new requirements of customers and rivalries since the volatile business environment in industry 4.0, where change is speeding with increased velocity and regularity (Shamim et al., 2016). The implementation of Industry 4.0 has been widely accepted as requiring considerable changes in personnel skills, hiring, and training. A crucial component in industry 4.0, automation, is altering how human work is done by substituting, expanding, and creating new employee responsibilities. Due to the changes that occur, most median employees cannot work with new technology, and industry 4.0 can destroy occupations and make employees jobless faster than it creates jobs (Adolph et al., 2014). As job roles and tasks transform, the skills expected by the workforce need to be also changed; developing skills for the future is a crucial requirement for employees. Also, HR professionals also need to evaluate their functions and responsibilities in industry 4.0 and direct them into this technological revolution (Dhanpat et al., 2020). As a remedy, employees must be trained on using new technologies; otherwise, top management would face difficulties adapting to new business practices within the business. Multi-generational workforces, work-life balance, greater mobility, and evolving digital job definitions are all concerns that organizations are contending with the environment of industry 4.0. HR is at the heart of the 4th Industrial Revolution since the function manages the most critical resource that businesses own. As a resource, this will help in producing both good and powerful transformation sectors worldwide.

## The Role of HRM

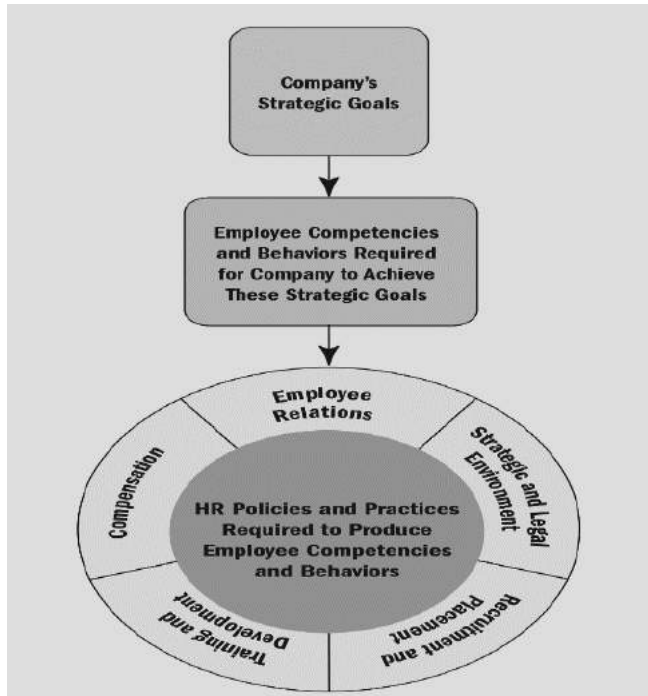


Figure 1: The Strategic Context

Source: Dessler, G. (2020). *Human Resource Management* (Sixteenth). Pearson Education, Inc.

When considering an organization as a unit, it consists of different resources, human, monetary, raw materials, and capital. Compared to the other resources, people in the organization are viewed as the greatest resource. Therefore, organizations have implemented different strategies and spent millions to make employees productive, loyal, and motivated. Most importantly, treating employees fairly and providing the opportunity to grow will help the organization achieve its goals effectively. Since World War II, academics and scholars use various terminologies to identify this field of management, "human relations," "personnel management," and now "management of the human resource." In general, Human Resource Management is acquiring, training, appraising, and compensating employees and attending to industrial relations,



health and safety, and fairness concerns of employees (Srinivas & Yasmeen, 2017).

Earlier, HR Management was primarily an administrative function that focuses on day-to-day responsibilities and only works to solve employee problems, manage labor relations, and keep the employees satisfied. However, modern HR Management is somewhat different from traditional HR practices. It focuses on a broader area and stresses employees' importance in achieving long-term competitive advantage for a company. Due to the evolving markets and industries, the companies consider changing the traditional HR practices towards strategic HR Management practices to gain a long-term competitive advantage. Therefore, to achieve the desired goals, organizations combined their human resource activities with business strategy and engaged human resource professionals in assisting organizational controllers and leaders in meeting both productivity and equity goals within the organization (Bratton & Gold, 2017). Hence managers and leaders design HR policies and practices to produce employee competencies and behaviors necessary to achieve organizational goals (Figure 1). These changes occurred within a shorter period because a business cannot compete with another company if management fails to align HR functions strategically with the business's long-term goals. And also, to be genuinely strategic, HR must comprehend the strategy's origins and engage with the many stakeholders for whom the plan was created initially. Then HR would be able to add enormous value to the organization if it succeeded in implementing the function strategically and methodically.

As the chapter discussed, Human Resource Management is responsible for various tasks within an organization. As Edward L. Gubman (1996) observed in the *Journal of Business Strategy*, "the basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and make the human resource an excellent contribution to the business success." Hence, the most critical aspect of HR is finding a good match for hiring talent. Employee motivation, performance, and retention are all influenced by recruiting. Since talent affects an organization's strengths, strategic execution, and competitive advantage, recruitment is considered the foundation of organizational performance (Phillips & Gully, 2015). Sometimes, It can be challenging to find the right people to work in the business.

Though it can take months to complete a recruiting process, and getting it wrong can be expensive for an organization. In such a case, the HR department plays a vital role in developing an effective recruitment and selection policy for an organization. The process will make it easier for the organization to choose the right candidate who meets the work-related competencies and complements its core value.

Within an ever-changing and fast-paced corporate world, training and development is another vital function for any organization. Training and development programs aim to keep employees updated with the skills they need to adapt to changes in the organization's atmosphere, structure, and technology (Niazi, 2011). Primarily, management initiates training and development programs to close the skills gap in the organization. Nowadays, the digital world related to business is changing at a breakneck speed, and also it is hard to anticipate the future developments of the digital world. Meanwhile, these changes and developments have continuously outpaced the employees' skills and abilities to perform a task. Herein, the HR department provides all the training and development facilities to upskill and reskill employees' talent to bridge the knowledge gap.

Apart from the significant activities, there are other functions of HR; compensating and providing additional benefits such as bonuses and rewards to the employees, maintain a safe work environment, strengthening the employer-employee relations, and complying with labor and employment law. When it comes to HR-related concerns and activities, the organization can be a small business or a larger organization. However, personal problems do not discriminate between small and big companies because personnel management issues can have a decisive impact on business health. Therefore, as a field, HRM has evolved significantly over the past two decades, allowing it to play an even more critical role in today's dynamic business environment, especially in the Fourth Industrial Revolution.

#### **Industry Revolution 4.0**

The Industrial Revolution was the transition from an agricultural and handicraft economy to one dominated by industry and machine production. This procedure began in the 18th century in Britain and extended throughout the world from there. Following the first Industrial Revolution, manufacturing has evolved from water and

steam-powered machines to electrical and digital automated production, creating the manufacturing process more complicated, automatic, and sustainable so that individuals can operate machines efficiently and consistently (Qin et al., 2016). Industry 4.0 refers to the rising digitization of the entire value chain, as well as the ensuing interconnection of people, devices, and systems via real-time data exchange (Mohelska & Sokolova, 2018). The Fourth Industrial Era emerged when machines began to control themselves and their processes without human intervention. Schumacher et al. (2016) state that the concept of Industry 4.0 refers to recent technological advancements that use the Internet and supporting technologies to connect physical objects, human involvements, intelligent machines, production processes within an organization to create a new sort of intellectual, interacted, and agile value chain. The fundamental goal of Industry 4.0 is to meet unique client needs in areas such as order management, research and development, factory commissioning, delivery, and product reuse and recycling (Neugebauer et al., 2016). Industry 4.0 is about reinventing how the entire organization functions and grows, not merely investing in new technology and tools to boost industrial efficiency. In terms of production, this concept entails a revolutionary loss of human labor, as robots will take over a more significant portion of the work that people could only do. Devices and products and even semi-finished items will be fitted with chips that store critical information such as how they will be processed when they will be processed, and so on. Robotics, Big Data Analytics, Internet of Things (IoT), Cloud Computing, and Additive Manufacturing are the five key drivers of Industry 4.0, which aid in the transformation of industrial processes into completely digitized and intelligent ones.

### *Robotics*

With robot technologies, goods and services can be produced and delivered with little or no human interaction. Robots are typically designed to perform repetitive activities so that workers can focus on other vital activities. By engaging robots, businesses could save money on health and safety by having fewer employees participate in hazardous work activities, resulting in fewer work-related accidents. Every business must plan for human mistakes, and time and energy are spent resolving problems when they arise. Nevertheless, robots can execute extremely repetitive or mathematical jobs with a far narrower margin of error than human labor

### *Big Data analytics*

The concept of big data has been around for years, and most companies now realize that if they capture all of the data that flows into their operations, they can use analytics to extract tremendous value. Big data analytics are the advanced analytic techniques to analyze extensive data sets containing structured, semi-structured, and unstructured data and data from many sources and sizes. Artificial intelligence (AI), mobile devices, social media, and the Internet of Things are driving data sources to big data, and they are more complicated than traditional data sources.

### *Internet of Things (IoT)*

The Internet of Things (IoT) is a global network of interconnected things that communicate via protocols. Internet of things is sometimes called as Internet of Everything. For example, a person with a heart monitor implant, a farm animal with a biochip transmitter, a motor car with inbuilt sensors to alert the driver or anything, can be given an IP address and send data over a network are examples of the Internet of things. People can use the Internet of things to work smarter and enable easier control of their lives. IoT provides smart gadgets to automate homes. IoT gives businesses a real-time view of how their systems work, providing information on anything from machine performance to logistics.

### *Cloud Computing*

Cloud computing refers to the distribution of on-demand computing services, such as applications, storage, and processing power, over the Internet and on a pay-per-use basis. Companies can rent storage, database connectivity, and processing power from a cloud service provider rather than owning their computing equipment or data centers. One advantage of cloud computing is that businesses can avoid the high costs of building and maintaining their servers by paying only for what they use. Despite its extensive history, cloud computing is still in its early stages of development. Many businesses are still debating which apps to migrate to the cloud and when it should have happened. As companies become more comfortable with the idea of their data being stored somewhere other than a server in the basement, usage is expected to rise.

### *Additive Manufacturing*

Additive manufacturing, also known as 3D printing, creates three-dimensional solid items from a computer-generated file. An object is built via additive technique where one layer of material lays down on previous layers of material until the product is finished. Each of these layers can be viewed as lightly sliced. Subtractive manufacturing, which involves cutting out a chunk of steel or plastic with a milling machine, is the opposite of 3D printing. Since the late 1990s, businesses have been using 3D printers to make prototypes, commonly known as "Rapid Prototyping," as part of their design process.

### **HR's Place in the Fourth Industrial Revolution (4IR)**

The Fourth Industrial Revolution (4IR) or industry 4.0 is blending the physical, digital, and biological worlds by eliminating the borders between people and technology. Industry 4.0, or rather the digital revolution, completely change the business world by introducing Artificial Intelligence (AI), biotechnology, and the Internet of things (IoT). These technologies will bring several benefits to businesses, such as reducing production failure, increasing productivity through robotics, etc. But the advancement of technology has always resulted in other changes in an organizational context, including how people work. These changes in how people work and businesses create value will reshape the future of work across all industries. In the modern world of digitalization, the pros and cons of emerging technologies are inevitable; therefore, companies will need to adjust to these developments while assisting with the workforce transition by upskilling and reskilling the existing talent. If the organizations can manage these changes well, the future of work may be one where many more people can fulfill their full potential. Therefore, it is vital to understand the changing role of companies in reshaping people management strategies and the place of the human resource management function as a critical driver in elaborating how work is experienced, how it is done, and how the workforce develops with the technology.

As the chapter discussed, companies need to adapt to the new developments in society, the business world, and the external environment. Because the latest technological developments will change the way companies operate and especially how people engage in work. Therefore, it is essential to identify new people

strategies that will arise during the Fourth Industrial Revolution. According to the white paper published by the World Economic Forum (December 2019) in collaboration with Saudi Aramco, Unilever, and Willis Towers Watson has identified six essential aspects that need to give attention and implement by the business leaders, partnering with their human resource departments (World Economic Forum, 2019).

### **1. Developing New Leadership Capabilities for the Fourth Industrial Revolution**

Organizations that manage the human workforce will be responsible for workforce transition due to the fourth industrial revolution. Herein, the leader must equip with the knowledge of the opportunities and risk that brings with the new technology adoption to proceed with a smooth workforce transition. Management should utilize the opportunity and power of technology to shape the Fourth Industrial Revolution and steer it toward the organization's values and success. To reach the maximum result, the leaders should adopt the right technology and build up new innovative people strategy for future work while focusing on a new vision of organizational culture. Leaders must lead with a purpose. As mentioned before, they need to be tech-savvy, tech-oriented people because the readiness of the employees to embrace changes in the technology will depend on leaders' ability to use this knowledge. However, today's leaders are trapped in old-traditional, linear thinking or too preoccupied with several crises vying for their attention. To overcome the above limitations, the leaders have to think strategically, develop new leadership capabilities, and shape the organization's future by leading from the edge. To achieve the purpose, the organizations have introduced new HR Management roles, such as Cultural Ambassador and Digital HR Lead.

### **2. Managing the Integration of Technology in the Workplace**

The Industrial Revolution 4.0 has replaced the role of the human in most manufacturing companies and other industries because of the adoption of new technology within the changing ecosystem of work. The latest technology makes it easier for businesses to automate regular work, but it could alter job responsibilities between humans and robots and algorithms. Then it is critical to consider the human impact of the Fourth Industrial Revolution in contrast to the consequences of technological adoption on job

displacement. Therefore, managing the integration of technology in the workplace lies in the HR function of companies. They are responsible for creating new people strategies as the optimal solution to balance people and machines. Within the changing ecosystem of work, HR officers and leaders must change the traditional model of job redundancy and job automation and introduce concepts such as reskilling, redeployment, and job reinvention while working beyond the wall of the ecosystem. Reskilling refers to the search for employees with "adjacent skills," or talents similar to the new talents the firm requires. It gives workers a lateral learning opportunity. Redeployment is when a company seeks to find current employees another position within the company, thereby avoiding redundancy. The employer will establish transferrable skills within each employee and then liaise with the recruiting manager within another part of the business to develop a case of redeployment of people.

It's vital to remember that automation affects tasks rather than jobs. Therefore it necessitates a rethinking of what a "job" is, how it is structured, and how it should be restructured or redefined when conducting a job reinvention. The companies have introduced some emerging roles such as Head of Work Reinvention and Reskilling and Head of Relevance and Purpose to manage technology integration in the workplace. Finally, the main task of HR would be to align the interest of the organization with its stakeholders through technology, culture, and processes.

### **3. Enhancing the Employee Experience**

The core of the employee experience is employee engagement. However, automation and digitalization have enormously impacted employee engagement, forcing firms to manage work in an agile manner with the optimal number of workers, non-workers, and technology. Herein technology is the central piece in the fourth industrial revolution. Without having the right set of skills and knowledge, it is hard for employees to engage in work as they did before the fourth industrial revolution. Because technology is altering how employees work in various ways, and as a result, it has an increasingly create positive or negative impact on Employee Experience. Therefore leaders must move from the traditional model of concentrating only on employee engagement and monetary compensation for full-time employees only within the company. Leaders must offer employees a strong purpose instead

of financial rewards to create a holistic employee experience for all employees. With a purpose, the leaders must provide employees meaning for their work and inspire the workforce to achieve future company goals. While directing them for the betterment of the organization, leaders must be concerned about employees' well-being, especially emotional well-being.

Meanwhile, leaders must ensure that all the employees continuously engage in work through technology. Therefore, to analyze and extend employee experience by blending them with the technology, companies have developed their HR function with the emerging roles, such as Employee Experience Specialist and Bot Monitor.

#### **4. Building an Agile and Personalized Learning Culture**

Technology is continually changing, and businesses must stay on top of the latest developments to ensure that their employees remain as productive as possible. When the market and industries were moving forward with the technology, an organization cannot be static. Therefore, to meet evolving business needs, firms must modernize their learning processes. The concept of agile learning is a method of training and development that emphasizes speed, collaboration, and flexibility of employee learning. Herein, agility is being able to adapt and move quickly in the face of change. Agile learning illustrates that a business is committed to rapid adaptation. With implementing agile and personalized learning culture, the leaders must ensure that employees have enough time and facilities for training as needed. When it comes to the personalized learning, management always encouraged employees to have experiential learning as much as possible. With this, organizations will deliver learning more personally and help integrate work and learning more tightly. Learning must shift from a traditional mindset of "knowing it all," with planned learning programs, to an agile culture of lifelong learning that is continuous and digitally-enabled, self-driven, and individualized due to how learning is changing conducted in a company. Organizations that value the importance of high-end learning culture have formed a new position, the Chief Learning Officer. The CLO has enabled a culture within organizations that support lifelong learning with enhanced digital tools to power up employees' knowledge.

#### **5. Establishing Metrics for Valuing Human Capital**

Human capital is becoming increasingly important as the



industrialized nation transition to a knowledge economy with the fourth industrial revolution. Even firms heavily invest in machinery still consider human capital as an asset that can create value and improve a company's performance; hence the demand for the strategies that link human capital practices to support performance is high. Organizations often use several measures for valuing the effectiveness and efficiency of functions within the organization. Usually, those measurements can be used as a benchmark to evaluate different sections of a firm. For HR professionals, benchmarking is quickly becoming a must-have tool. Besides initiating internal standards, it's a system for comparing processes, practices, and outcomes against competitors to enhance its performance. Typically, the human resource of an organization is integrated across almost all the functions of a firm, including operations, finance, marketing, etc. Therefore, even leaders can utilize metrics use for business strategies, finance, and operations to evaluate human resource performance. When there is a composition of machinery and people, it is crucial to have a proper mechanism in valuing Human Capital. Head of insights and HR Data Scientist are examples of emerging roles in HRM established for data analysis, data measurement, and reporting.

## **6. Embedding Diversity and Inclusion**

Conversations about how to overcome racism, inequality, and injustice continue to rage around the world. Even in the business world, companies with diverse and inclusive cultures drive innovative results. Moreover, having a more varied staff can also help to increase productivity in firms. Diverse viewpoints encourage increased creativity and idea generation, and team members can benefit from one other's experiences. Organizations may generate and develop more inventive ways with more diversified skill sets, life experiences, and ideas. The majority of businesses now recognize the value of a diverse workforce and are wholly committed to various inclusion programs, including addressing gender imbalance, increasing ethnic representation, and helping persons with disabilities. However, pre-existing stereotypes that have long influenced internal talent acquisition and management are the key obstacles to building an inclusive atmosphere; changing the hiring process alone will not lead to firms' success. Therefore, to promote diversity in the workplace, leaders can encourage employees to take more control over demanding workplace improvements and promote transparency

across the company to create a more accepting diverse environment. To promote diversity and inclusivity at work, companies need leaders that exemplify the same ideals. A company can't expect a friendly corporate culture if it hires managers and executives who don't care about providing a safe environment for people from all walks of life.

External influences such as globalization, technology, and broad changes in society, including law and changes in values and beliefs, have accelerated this significant transformation in management, especially in HR. Since it is quite impossible to manage businesses' external forces, people's impact, motivation, and engagement have become more essential differentiators in the race for success and sustainability in the business world. While governments update education and labor legislation, support training and skills development, and strengthen social protection, businesses must invest in the workforce through training, lifelong learning, and efforts to create diversity and inclusion. Therefore, Ślusarczyk (2018) has emphasized the importance of the HR professionals' role in industries, keeping their organizations up to date with the transition during the fourth industrial revolution to embrace the future challenges and capture future opportunities for the betterment of future HRM.

## **HR Challenges in industry 4.0**

### **Job Extinction**

The Fourth Industrial Revolution will impact practically every industry, estimating that 50% of jobs will be automated. (The Economist, 2018). Automation of manufacturing processes will impact workers whose activities are routine, resulting in the loss of many employments, primarily among those with less education. Workers must acquire new skills to survive with this automation (Sung, 2018). Some industries will be automated than others as robots are evolving like humans. Many full-time professions in manufacturing and agriculture are being wiped out due to greater automation, so there will be a decline in the number of full-time personnel in these fields soon. But there is a problem with robots. Even though robots are clever, quick, and efficient in completing predefined tasks, robots are not better at every work. Robots lack cognitive skills. They can answer customer problems, but they do not have empathy to support customers with good care. There is

an exception. Robot technology has been growing much faster. There will be intelligent robots shortly with high cognitive abilities than humans. If that happens, the need for a human workforce will be unnecessary.

### **Skill Disruption**

During industry 4.0, there is extensive use of software, robotics, and data analytics. Therefore, the demand for skillful workers in IT technologies will rise. Existing workers must transform their skills to respond to new IT integrations. As the whole ecosystem of human living is being changed, the collective response from the government, educational institutions, and companies are needed to adapt to industry 4.0 quickly. Every party should work together to educate the workforce on new IT skills. There is no room for the traditional workforce, and change resistance leads every party to be kicked out from industry 4.0 without reaping the benefits. The risk of losing old-aged people's jobs can be witnessed as it is hard for them to adapt quickly to a new set of IT skills. Education and training systems that have not evolved in decades and have not received adequate funding are now unable to fulfill unique demands. According to the study "The Future of Jobs," 65 percent of primary school students will be employed in occupations that do not yet exist. (World Economic Forum, 2018)

### **HR Opportunities in industry 4.0**

#### **Job Automation**

According to the Future of Jobs survey done by the world economic forum in 2018, human labor will reduce from 71% to 58% by 2025 (World Economic Forum, 2018). The same report states that approximately 50% of organizations worldwide will expect a decrease in the full-time workforce due to automation. Human labor will be substituted, reinvented, and transformed. Workers will not have to work full-time work schedule. People can get rid of tough jobs as robots, and AI will take care of them. Therefore, people will get ample time to be with their families and enjoy their lives because of automation. In the meantime of robot invasion, people should develop new skill sets which align with the technology of industry 4.0.

#### **New Job Roles**

In the future, routine-based, mostly white-colored jobs like accountants, auditors, cashiers, data entry clerks, and payroll clerks will be unnecessary as intelligent systems serve the exact requirements. The traditional structure of the labor market will be significantly restructured with new job roles such as AI specialists, Big data consultants, data scientists, etc. (Table 1). Even though automation will cost extinct traditional jobs, the proportion of expected loss will be offset by creating new jobs. There will be better quality and better payrolls in new job roles.

**Table 1: Traditional and New job roles**

<b>Traditional Roles</b>	<b>New Roles</b>
<ul style="list-style-type: none"> <li>• General and Operations Managers</li> <li>• Software and Applications Developers</li> <li>• Sales and Marketing Professionals</li> <li>• Sales Representatives,</li> <li>• Wholesale and manufacturing,</li> <li>• Technical Human Resources Specialists Financial and Investment Advisers</li> <li>• Database and Network Professionals</li> <li>• Supply Chain and Logistics Specialists</li> </ul>	<ul style="list-style-type: none"> <li>• AI and Machine Learning Specialists</li> <li>• Big Data Specialists</li> <li>• Data Analysts and Scientists</li> <li>• Digital Transformation Specialists</li> <li>• New Technology Specialists</li> <li>• Process Automation Specialists</li> <li>• Innovation Professionals</li> <li>• Ecommerce and Social Media Specialists Robotics Specialists and Engineers</li> </ul>

**Source: The Future of Jobs Report 2018**

### **Remote Working**

As a result of the 4<sup>th</sup> Industrial Revolution technologies, many companies may hire remote workers. Due to new technology, employees may want to work remotely and freely. By creating a more flexible work environment, companies can recruit worldwide and scale their businesses with greater productivity. There will be fewer full-time jobs in the future, and workers will work in a career portfolio rather than working for the same organization. With the popularity of remote working, the rise of gig-economies will be accelerated where task-based electronically mediated jobs are dominant. Workers prefer remote working as it gives them more

autonomy, better work-life balance, and greater flexibility. Companies will experience less employee turnover and less office space, leading to fewer office rents due to remote working.

### **Easy Recruitments**

With the rise of automation and AI, the talent acquisition sector may be vulnerable. Recruiters will be out of the industry because their roles would have been automated. Robots are already being utilized in the recruitment sector, making talent acquisition much easier than before. Screening resumes, sorting, and scheduling prospected interviews have become quicker and easier with automated talent acquisition systems. Therefore, recruiters need to develop their skills following these automation concepts in industry 4.0. AI technology can screen a large volume of candidates' CVs to sort out the best candidates by exploring skills gaps within the company and retrieve candidates' social media profiles. Chatbot also plays a vital role in answering candidates' questions regarding the interviews and job roles. The online interview system will analyze answers, facial expressions, word choices, and patterns to verify candidates' fitness for the job. The recruitment industry may have both opportunities and challenges with such advancements in industry 4.0.

### **Staff Augmentation**

For a variety of reasons, full automation is not currently possible. To begin with, it isn't straightforward. There is no quick switch for a fully automated, efficient environment. Training robots to do essential jobs requires time and money, and few organizations can develop the necessary deep learning capabilities. Even robots only conduct their simple, preprogrammed operations. There are numerous situations in which a human's inherent intellect is still needed to ensure that issues are resolved efficiently and quickly. The present workforce is still necessary to handle the difficulties of productivity transformation. With the extra constraints of recruiting and retaining workers, businesses seek ways to augment human factors and improve the worker experience to boost productivity and safety in the company. In the future, companies might consider work augmentation rather than work automation concerning the importance of the existent of the human factor in business operation.

## References

- Adolph, S., Tisch, M. and Metternich, J. (2014), "Challenges and approaches to competency development for future production," *Journal of International Scientific Publications – Educational Alternatives*, Vol.12No.8, pp. 1001-1010.
- Bratton, J., & Gold, J. (2017). Human resource management: theory and practice. *Human Resource Management: Theory and Practice*. <https://doi.org/10.12737/1711-1>
- Burmeister, C., Luettgens, D. and Piller, F.T. (2015), "Business model innovation for industry 4.0: why the", *Harvard Business Review*, Vol. 11/2014 RWTH-TIM Working Paper, February, How Connections, Sensors, and Data Are Revolutionizing Business
- Dhanpat, N., Buthelezi, Z.P., Joe, M.R., Maphela, T.V., & Shongwe, N. (2020). Industry 4.0: The role of human resource professionals. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur*, 18(0), a1302. <https://doi.org/10.4102/sajhrm.v18i0.1302>
- Gubman, E. L. (1996, November-December). The gauntlet is down—*Journal of Business Strategy*, 17(6), 33+.
- J. Qin, Y. Liu, R. Grosvenor,(2016) A Categorical Framework of Manufacturing for Industry 4.0 and Beyond, Changeable, Agile, Reconfigurable & Virtual Production, *Procedia CIRP*, 52,173 – 178.
- Kohnova, L., Papula, J. and Salajova, N. (2019), "Internal factors supporting business and technological transformation in the context of Industry 4.0", *Business: Theory and Practice*, Volume 20, pp. 137-145.
- Lasi, H., Fettke, P.D.P., Kemper, H.G., Feld, D.I.T. and Hoffmann, D.H.M. (2014), "Industry 4.0", *Business & Information Systems Engineering*, Vol.6 No.4, pp. 239-242.
- Miles, A. (2013), "Agile learning: living with the speed of change," *Development and Learning in Organizations*, Vol. 27

- Mohelska, H. & Sokolova, M., (2018). Management approaches for industry 4.0 – The organizational culture perspective. *Technological and Economic Development of Economy*, 24(6), p. 2225–2240.
- Neugebauer, R., S. Hippmann, M. Leis, M. Landherr, (2016) Industrie 4.0- Form the perspective of applied research, 49th CIRP conference on manufacturing systems, 2-7.
- Niazi, A. S. (2011). Training and Development Strategy and Its Role in Organizational Performance. *Journal of Public Administration and Governance*, 1(2), 42. <https://doi.org/10.5296/jpag.v1i2.862>
- Phillips, J. M., & Gully, S. M. (2015). Multilevel and Strategic Recruiting: Where Have We Been, Where Can We Go From Here? *Journal of Management*, 41(5), 1416–1445. <https://doi.org/10.1177/0149206315582248>
- Roblek, V., Erenda, I. and Mesko, M. (2017), The Challenges of Sustainable Business Development in the Post-Industrial Society in the First Half of the 21<sup>st</sup> Century, *IGIGlobal*, pp. 1-4.
- Rojko, A. (2017). "Industry 4.0 concept: background and overview", *International Journal of Interactive Mobile Technologies*, Vol.11 No.5, pp.77-89.
- Schumacher, A., Erol, S., Sihm, W. A Maturity., (2016) Model for Assessing Industry 4.0 Readiness and Maturity of Manufacturing Enterprises. *Procedia CIRP*, 52, 161–166
- Ślusarczyk, B. (2018). Industry 4.0: Are we ready? *Polish Journal of Management Studies*, 17(1), 232–248. <https://doi.org/10.17512/pjms.2018.17.1.19>
- Srinivas, K., & Yasmeen, S. (2017). A study on employee engagement in small and medium enterprises in digital economy. *Millennial workforce—A contemplation. Hyderabad: Zenon Academic Publishing*, 57-64.
- Sung, T.K. (2018) Industry 4.0: A Korea perspective. *Technol. Forecast. Soc. Chang*, 132, 40–45.
- Thames, L. and Schaefer, D. (2016), "Software-Defined cloud

manufacturing for industry 4.0", *Procedia CIRP*, ISSN2212-8271, Vol.52, pp.12-17.

The Economist. (2018). *A study finds nearly half of jobs are vulnerable to automation*. <https://www.economist.com/graphic-detail/2018/04/24/a-study-finds-nearly-half-of-jobs-are-vulnerable-to-automation>

Verevka, T.V. (2019), "Development of industry 4.0 in the hotel and restaurant business", *IBIMA Business Review*, pp.1-12.

World Economic Forum. (2018). *The Future of Jobs Report 2018* <https://www.weforum.org/reports/the-future-of-jobs-report-2018>

World Economic Forum. (2019). *HR4.0: Shaping People Strategies in the Fourth Industrial Revolution*. WEFForum, December, 1–38. <https://www.weforum.org/reports/hr4-0-shaping-people-strategies-in-the-fourth-industrial-revolution>



**Kalhara Gunathunge** is a proud graduate of the University of Kelaniya, Sri Lanka, and received the Bachelor of Commerce Degree (Hons) in Entrepreneurship from the University of Kelaniya in 2018. And currently, he is reading for his Master's Degree in Business Studies at the University of Kelaniya. He has working experience in the Management field for almost two years with hands-on experience in

modern supply chain management. He is currently working as an Assistant Lecturer attached to the Department of Commerce and Financial Management, University of Kelaniya, Sri Lanka. His research and teaching interests include theory and application of entrepreneurship-related areas, entrepreneurship practices at firm levels, especially in SMEs, entrepreneurship education, creativity and innovation, and the impact of technology on modern management practices. As young academia, he is interested in relating the latest technological developments to the field of entrepreneurship and management and makes a valuable contribution to the area.





**Prasanna Lakmal** is an assistant lecturer working at Department for Commerce & Financial Management of University of Kelaniya, Sri Lanka. He has graduated in Bachelor of Commerce Degree (Hons) in Business and Technology. His teaching and research interests focus on digital marketing, digital economies, industrial design, innovation, new product development, human-computer interaction, additive manufacturing.

artificial intelligence, machine learning, and internet of things. He is a digital evangelist and involves in many research initiatives which are concentrated on improving human life via digital technology and popularizing novel technologies among people in his university and beyond its boundaries. He has also done research in electronic customer relationship management and influencer marketing in Sri Lanka. Prasanna Lakmal is very enthusiastic on future digital development agendas and interested in researching more phases of them.

# **Application of Foresight Planning in Strategic Business Planning**

**Edward Rebecca<sup>1</sup>**

<sup>1</sup>Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya  
Sri Lanka

## **Introduction**

Foresight planning discusses the processes which anticipate opportunities and threats which may arise in a foreseeable future from mid to long term time frames. Foresight planning also encourages innovation, strategic evaluation and shaping the future proactively. Thus, unlike in traditional planning which pursued in preventing failure, foresight planning prioritizes resilience which is early detection of threats and fast recovery.

Strategic foresight or in other words foresight planning helps a company to make long-term plans especially when the future is unpredictable. That is the main difference between foresight planning and strategic planning. Strategic planning focuses mainly on a future direction based on the learnings in the past, whereas strategic foresight looks 10 to 20 years ahead in a VUCA (Volatility, Uncertainty, Chaos and Ambiguity) world and shaping the strategic direction of the company.

Strategic foresight, as an instrument to develop strategies for the future, is important to challenge the predictions of the present world. An important step in anticipating practically is to associate the present with the future, accept its volatility and work collaboratively to grasp it better. When emerging future scenarios, it is vital to understand the fact that although the future is unpredictable, it can be influenced by the actions or inactions that we do today.

Foresight planning uses various tools in mapping the strategic strides of a company or a situation. Issue analysis, expert panels, visioning, scenario planning, the Delphi method is only a few of them and these will be discussed in the latter part of this chapter.

To summarize, organizations want to understand in greater detail how the environment is changing, the impact of these changes in their businesses and how they can make the most of these changes.

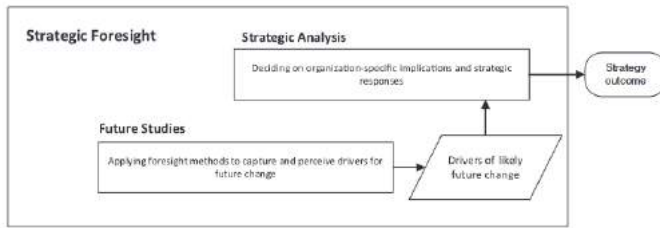
Foresight planning helps organizations to look ahead to understand the future and make informed decisions based on carefully analyzed scenarios of the future.

### **Foresight Planning**

Foresight planning discusses how a firm understands future-oriented insights and apply them to the organization's strategic activities and decision making.

Rich source of theoretical understanding has been published by Rohrbeck and Gemünden, (2011) Corporate foresight. Rohrbeck and Gemünden (2015) provides historical background about the foresight research field, from its beginning in the 1950s mainly through scenario planning in the 1960s–1970s, to organizational integration since 2000 to present. Different terms are being used to relate foresight planning to make strategic decisions in corporations. However, Hameland Prahalad (1994) defines industry foresight can be used to understand deep insights of trends that will benefit in creating new competitive space for organizations. Slaughter (1997) uses the word ‘strategic foresight’ to signify a combination of future methods with those of strategic management.

The first definition has come from Ahuja, Coff, and Lee (2005) who highlight the role of an individual and take a resource-based view. They argue that managers should perform foresight to acquire resources at below their future value in order to create a competitive advantage (Ahuja et al., 2005). Ahuja et al. (2005) use foresight as a way of using personal power to understand things well in advance. They also define managerial foresight as managers’ ability and how their actions could create a competitive advantage. Rohrbeck and Gemünden (2015) uses the term ‘corporate foresight’ as a method that allows an organization to build the basis for a future competitive advantage through value creation. Considering the foresight terms mentioned above, strategic foresight is a twofold purpose task of 1) observing, perceiving, and capturing factors that are likely to persuade future changes and 2) dealing with these changes by deciding suitable organizational responses as illustrated in Figure. 1.



**Figure 1: Strategic Foresight**

*Source:* The nature of strategic foresight research, NHH

Norwegian School of Economics.

According to the prospective approach, the above two processes should not be behaving independently where the foresight part by the futurist and the decision-maker the strategy part. It should be a combined and integrative process where the decision-maker participates in the foresight process and futurist in the strategy part. There are several factors behind the reasons for strategic foresight that have been attracted by researchers. Foresight and foresight methods have been applied by various institutions and people widely for a longer period of time. However, strategic foresight as a concept is fairly new and stresses carrying forward-looking techniques to the strategic decision-making process.

As discussed earlier in this chapter, strategic planning provides insights of an organization's operating environment and identify the challenges and opportunities. This will help the organization and its managers to improve innovation and it builds the competitive space. Further, strategic foresight must be a core topic in strategic management where it attracts attract researchers from multi-disciplinary areas such as management, economics, sociology, and psychology. Also, even though the research on strategic foresight/foresight planning is very limited (Jissink et al., 2014), there is a growing research interest in the field. However, it was found that the existing literature is still not properly integrated and discussed in mass. Therefore, it can be concluded that the academic field is weakly organized with related to this topic (Rohrbeck & Gemünden, 2015).

Therefore, the author recommends putting more emphasis on foresight theory and its practical application for organizations

strategic planning. Since the success of strategic planning and decision making is primarily based on adequate information about an organization's objectives, strategies and vision – it is vital to embrace systematic future thinking or in other words foresight, into the process of strategic planning.

### **Practical Application and Learnings**

The greatest challenge for organizations nowadays is the increasing pressure they have to face as a result of uncertainty. Companies still suffer from the lack of a framework to predict future economic conditions and provide relevant responses to them.

There is no doubt that forewarned only can be defended by forearmed. Forearmed is part of strategic foresight. Firms now understand that strategic foresight does not only avoid hazards but also assist them in taking full advantage of emerging opportunities in the market.

A recent Harvard Business Review has been cited research by Germany's EBS Business School, which explains the areas strategic foresight adds value to an organization – as below.

- (i) Enhanced capacity to perceive change
- (ii) Enhanced capacity to interpret and respond to change
- (iii) Influence on other factors
- (iv) Enhanced capacity for organizational learning

Companies however, have adopted several tools as frameworks to predict the uncertainty and make proactive changes. Several tools are described below.

- (i) **Issue Analysis (IA)**  
This can be identified as a method of resolving strategic issues. IA provides information for strategic decision making. IA is called an information method and it identifies things well in advance and depending on its development companies or persons who request such information are informed about the consequences. IA has several types such as emergent issue analysis (EIA), cause and effect method, casualty, future wheel method.
- (ii) **Visioning**

This is another form of foresight planning where the desirable future of the organization is created as a mental state by the management of the organization. This is a powerful tool as it brings people are brought together to share what they really feel, what they want to do and how they want to do it.

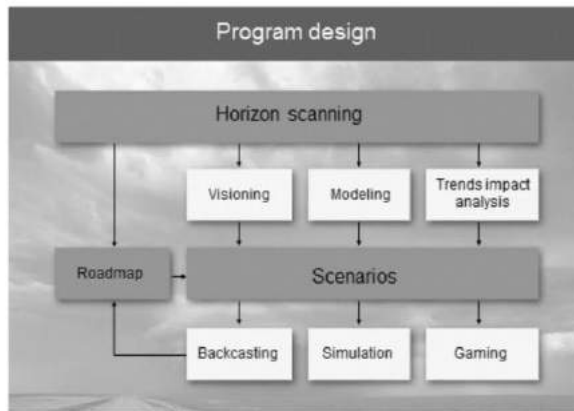
A good example of using foresight planning could be understood through a simple case study back in the late 1960s. Although running an oil company was simple by then, demand was growing at 7% per annum and supply was unlimited. Strategic planning was in action but was used to plan demand (build refineries) and supply (add new tankers) only. Then the leaders of Royal Dutch Shell started doing scenarios to show how the supply of oil should be restricted by oil-producing countries in the future. Although they didn't discover when this should be started, they knew signs that the supply should be limited by the day the scenarios were approached. Seeing these 'warning signs' before anyone else allowed the Royal Dutch Shells to stop building refineries immediately and became the only oil company that didn't go into an overcapacity situation during the oil crisis in 1972. Therefore, in summary, the main part of foresight planning is to provide information for management to see the unseen. This does not stop from there but adds value to the organization by taking everyone into the same mental framework, ensuring resilience and sustainability.

### **Applicability**

Foresight planning is becoming important in strategic planning as it provides vital information for management in taking decisions for companies. As the future is unpredictable and volatile, and companies are facing a VUCA world, it is necessary to adapt wide lenses to have an understanding of the future. A broad lens helps to identify significant trends, phenomena, and doubts while obtaining strategic insights from them.

Foresight planning helps companies to plan their future. Before starting a program or a project, analyzing different methods is useful to understand different consequences by the end of the project. Following is a combined framework for foresight planning which has helped a company to build their strategic roadmap.

**Figure 2: Program Design of an organization**



Source: Practical Foresight guide, Dr. Michael Jackson, Shaping Tomorrow

It is noticeable that the above framework has been based on several strategic foresight tools such as visioning, modelling, trend analysis, scenario planning etc.

The main purpose of any company implementing strategic foresight process is to ensure that companies take informed decisions based on several future scenarios which are carefully analyzed and diagnosed.

There are lot of benefits companies gain by adopting foresight in their strategic vision and some of them are mentioned below.

- (i) Increase the organizational awareness of future trends which are relevant to the success of the organization.
- (ii) Complete mapping of key future development of organization in a systematic way which helps organizational visioning.
- (iii) Assist in early warnings. Continuous scanning and tracking about warning signals and opportunities that are relevant to the organizations success planning.
- (iv) Future planning and decision management. – Deep drives into vital topics such as strategic plans and investment decisions relevant to future expansions.
- (v) Thought Leadership – Having nourished views and opinions of the future developments of a company

puts its management in a natural thought leader's position.

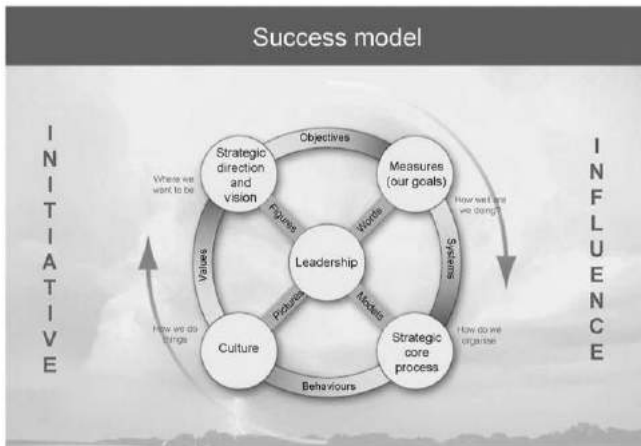
**Figure 3: Foresight planning & Thought Leadership**



Source: [www.futuresplatform.com](http://www.futuresplatform.com)

According to the above figure it shows that how the strategic foresight helps all levels of the organization to drive its vision through leadership. Leaders are confident when they clearly know – Where we want to be, how well the company is going, how they should organize better and how they do things. All models, tools, frameworks described above helps a company to become more clear on these areas and respond proactively to uncertain challenges. That's the ultimate objective of having strategic foresight.

**Figure 4: Success Model of an Organization**



Source: Success Model, Courtesy of Black Mountain Consultancy.



## **Conclusion**

It is clear that there are advantages to strategic foresight and why every company should implement it. One of the reasons for companies to strategic foresight execute better is the fact that strategic foresight enhances the ability to understand the evolving world and make better decisions. When companies combine seeing the long term to the short term understanding, managers more often make realizations not revealed through foresight. This results in considering various stakeholder's sights in the strategy process and integrating the values of what is viable and fair in the strategic decision-making. In more practical terms, through strategic foresight, managers can find a number of clear results of how this process can shape the outperforming entity of the future.

In smaller organizations, foresight can be incorporated into the organization's culture and values and it could be regarded as a foundation for identifying the next disruptive innovation to expand the business and ensure existence in a competitive environment.

Forecasting from historical data and past experience will become imperfect as discontinuities or strategic surprises from the environment cause immediate or long-term change, the browsing of the environment for weak signals is becoming increasingly important to the long-term success of an organization. Foresight activities will not protect companies from failing, but also there are pure benefits to organizations challenging themselves with the prospective futures, in preparation for both specified and cultural strategic reactions to changes driven by the ambiguous environment.

To conclude, the author claims foresight planning is an essential element in strategic planning and implementation hence, management should be encouraged to practice and action them as a part of the company's strategy development to ensure that they will not obscure uncertainties during the process.

## **References.**

Calof, J., Miller, R., and Jackson, M. (2012). Towards impactful foresight: view points from foresight consultants and academics. *Foresight*, 14(1), 82–97.

Schoblic, J.P. (HBR) Strategic Foresight as Dynamic Capability: A New Lens on Knightian Uncertainty.

Bezold and Clement (2010). Lessons from using scenarios for strategic foresight. *Technological Forecasting and Social Change - Technol Forecast Soc Change*. 77. 1513-1518. 10.1016/j.techfore.2010.06.012.

Conway, Maree and Voros, Joseph. (2003). *Foresight: Learning from the Future*.

Rohrbeck, R., and Gemünden, H.G., (2011). Corporate foresight: its three roles in enhancing the innovation capacity of a firm. *Technol. Forecast. Soc. Chang.* 78, 231–243

Sarpong D, Maclean M, Alexander E, Organizing strategic foresight: A contextual practice of ‘way finding’, *Futures*, Volume 53, 2013, Pages 33-41

Voros, J. (2003). A generic foresight process framework. *Foresight*, 5(3), 10–21.

Berkhout, F., and Hertin, J. (2002). *Foresight futures scenarios: developing and applying a participative strategic planning tool*. Greener Management International.

Strategic Corporate Foresight, Foresight Framework. Retrieved from [www.futuresreening.com](http://www.futuresreening.com)

Why your company needs strategic foresight and what will result out of it, Retrieved from <https://demoshelsinki.fi/2018/08/29/why-your-company-needs-strategic-foresight-and-what-will-result-out-of-it/>. The Benefits of Strategic Foresight Planning, Kreisler Miller. Retrieved from [www.kmco.com](http://www.kmco.com)

Wilson, J.P, Irvine, D, Strategic Planning and Foresight: Learning from and managing for the Future, Retrieved from <https://www.conted.ox.ac.uk/courses/strategic-planning-and-foresight-learning-from-and-managing-for-the-future>



**Ms. Edward Rebecca** is a Lecturer – Probationary, attached to the Department of HRM of University of Kelaniya, who has been graduated in Bachelor of Business Management (Special) degree in Human Resource Management with a First class. She is currently reading for her Master of Business Management in Postgraduate Institute of Management (PIM) – University of Sri Jayewardenepura, Sri Lanka. Her researches and teaching interests include Human Resource Management, Total Quality Management, Organization behavior, Training Development and Information technology. As young Academia, she is interested in creating new knowledge and making valuable contributions to the knowledge platform.

# **A Study on Impact of GST on Retail Industry**

**Vishnu S S<sup>1</sup> & Premalatha K P<sup>2</sup>**

<sup>1</sup>Management student, Adarsh Institute Of Management  
And Information Technology, Bangalore

<sup>2</sup>Assistant professor, Adarsh Institute Of Management And  
Information, Technology, Bangalore

## **ABSTRACT**

The introduction of GST was an initiative taken by the Indian government to create one nation and one tax regime, which was largely successful but often criticized by many. The study is to learn about the retailers' perspectives on the GST implementation and the latest developments in the tax pattern. The purpose of this study was to provide an overview of the GST implementation among retailers. Input Tax Credit will be offered across products and services at every level of supply, preventing tax cascading. GST will enhance the compliance environment by requiring all returns to be filed online and input credits to be validated online, as well as promoting more transaction paper trails. It is identified that along the benefits there were also some criticism in respect of successful implementation of GST among the retailers.

***Key words: GST, Retailers, implementation***

## **I. INTRODUCTION**

In an ever-changing economic environment, the government's policies of globalization, liberalization, and privatization have made a significant impact by putting a new economic system into effect in India in recent years. The globalisation wind that swept across the globe in the second half of the decade engulfed all countries, even those that had previously been considered conservative and communist, either by policy or governance. This opening up of domestic economies to international stakeholders has led to a number of opportunities to every participating country along with the threat of being exploited by the counter parts. So, it is a race. Race of the economies to grab economic benefits to the maximum possible extent by fulfilling the needed requirements.

## **STATEMENT OF THE PROBLEM**

Implementation of GST was a step taken by the government of India to have one nation and one tax policy, to provide common platform for all the tax payers. The implementation of GST was successful to a large extent and was also criticized by many. The complication in

filing procedures, lack of awareness, readiness of the market etc. were the reasons where some business class did not find GST as a good decision. Thus this study focuses on understanding the impact of GST on Retailers in India. The present research is based on the review of literature and other previous studies.

### **OBJECTIVES OF THE STUDY**

- To understand the importance of GST in business.
- To study the impact of GST on retailers.

### **SCOPE OF THE STUDY**

This study is conducted to find out the views of retailers about GST and to know about new changes of tax pattern and the variation in their business that retailers should understand the impact of GST.

### **SOURCES OF DATA**

The secondary data is collected is based on the official websites, journals and published research papers.

### **TOOLS FOR DATA COLLECTION**

- Research articles
- Journals
- Internet sources

### **REVIEW OF LITERATURE**

More than 30 to 40 articles have been reviewed and analysed, these 10 articles have been taken as the source.

KrishIyer, Wal-Mart India President & CEO (June1, 2017) GST has ushered in a new era of business. GST, he added, will establish a single national market, making the supply chain and the Indian retail sector more efficient. With GST, there are bottlenecks all across the country, including checkpoints, octroi-payments, and therefore the length of time trucks must wait, resulting in a lack of simple transit of products from one state to another.

A Vinod Kaushik Retail sector in India 26 sep 2016, observed that the Indian retail industry is one of the fastest growing industries in the world. India's retail business is anticipated to reach US\$1.3 trillion by 2020, with a compound annual growth rate of 16.7% from 2015 to2020. In terms of retail shop availability per capita, India is among the highest in the world.The retail industry in India is

exploding, with development occurring not just in large cities and metros, but also in Tier-II and Tier-III cities. India's government has implemented changes to encourage foreign direct investment in the retail sector. The government has allowed 51 percent FDI in multi-brand retail and upped the FDI cap in single-brand retail to 100 percent (from 51 percent).

AbhinavJain, Co-founder & director, Beacon (22 June, 2017) According to the author, while GST saves money in the long run, it is creating a lot of grief in the retail sector. Rental costs, which now include a 15% service tax, are not negotiable for retailers, unlike in other businesses, and must be viewed as an extra expense.

(Dr.AnkitaVerma, Dr.PriyankaKhandelwal, Dr.Sonia Justin Raj, 2018) The Goods and Services Tax (GST) was India's largest tax reform, enacted at midnight on July 1, 2017. The GST was implemented with the goal of simplifying the previous complicated taxing structure. The goal of this study is to figure out how GST affects micro, small, and medium businesses (MSME). Both good and negative consequences have been identified and documented. The paper has tried to make an attempt to discuss the problem faced back then & still how the businesses are managing after the effect of the GST.

(Angshuman Banerjee, 2017) The passing of the Goods and Services Tax (GST) bill has generated momentum in India. The unification of the indirect taxation system under a single tax regime is a monumental move in the history of Indian economy. With regards to the same, this paper seeks to discuss the different manners by which the GST bill may impact the various parties in the market such as customers, businesses, and the governments.

(Dr. Pragya Dixit, 2017) France was the first country to introduce this system in 1954. Almost 140 countries follow this tax system. GST will be the next big tax reform in India. This reform can continue until it has fully evolved. With GST you can lower operating costs by becoming a single market on the entire Indian market. It facilitates the smooth movement of goods by the state and lowers the transaction costs of companies. This research report shows the impact of GST in other areas.

(Mujalde & Vani, 2017) The present research paper is an attempt to

study the concept of Goods and Service tax over the current taxation system in India. GST will be borne by the customer. GST has been implemented in over 150 countries. GST to be structured on the destination principle so that the tax base shifts from production to consumption whereby imports will be liable to tax and exports will be relieved of the burden of GST. Moving to GST regime will be beneficial for the economy on multiple counts. It can also be used as an effective tool for fiscal policy management if implemented successfully.

(Abdul Matheen, K.SaiSantoshKumar, Qamer Unnisa Hina, Sharmila, 2017) Paper gives knowledge about GST and a flawless implementation would trigger an increase in the government revenue and a surge in the Indian economy. Present Indian tax system is very complex as it includes cascading effects of tax. GST, being one single indirect tax scheme for the entire nation will attempt to make India united common market. India needs a strong and defined system of GST to overcome the shortcomings of VAT.

(Kailashchandra Agrawal, 2017) The research paper is regarding impact of GST on Indian Economy. With the introduction of GST there is a condition chaos and confusion among common man. The aim this research paper is to explain the mechanism of GST and its effects on Indian economy. GST is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government.

(Akansha Khurana and Aastha Sharma, 2016) A positive reform for Indirect taxation system concluded that the GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes.

### **IMPACT OF GST ON RETAILERS**

- Reduce multiple taxes

GST basically replaces all of the many indirect taxes that are now imposed on the supply of retail goods. Prior to GST, retailers had to pay a variety of taxes, such as VAT, CST, service tax, excise duty, and so on, totalling about 30% of the product cost. Following GST, there is just one tax, which ranges from 12 to 28 % depending on

the commodity. GST also reduces the cascading of taxes as the credit for input taxes can be now claimed by retailers.

- **Input Tax Credit**

Unlike the previous tax system, the GST contains an input tax credit provision, which allows a retailer to claim credits for the tax he previously paid on the purchase of inputs. This not only saves money, but it also minimises the tax cascade impact.

- **Increased Supply Chain efficiency**

GST will have a significant influence on retail industry warehousing networks. Industries will have no incentive to operate warehouses in each state where they operate if the CST is repealed. Warehouses will be consolidated by 20 % to 30 % as a result of this. Because state lines are becoming less important, transportation will benefit. Long lines and wait times at checkpoints and state borders will be minimised, decreasing the lead time even further. The impact of GST will be felt throughout supply chains, since they will be designed for efficiency rather than compliance with the taxing system.

- **Better opportunities & Growth of Retail Market**

Analysts anticipate that after GST is implemented, markets would be unified. As a result, the most significant consequence of GST will be the expansion of possible markets for merchants. Retailers would be willing to explore markets outside their current borders, resulting in increased retail expansion.

- **New Promotional Strategies**

In stark contrast to the previous approach of promotional gifts and items, the new GST tax regimes have pushed retailers to design and implement a whole new promotional strategy. This is due to the fact that under GST, all supply routes are held accountable and, as a result, are subject to taxation.

- **Reduced Complications**

The less taxes there are, the less complicated things become. Furthermore, because GST is a fully digital tax system, shops can prepare and submit returns online without having to deal with a lot of physical papers, accounts, and so on.

## **IMPORTANCE OF GST**

Introduction of GST is considered to be a significant step in the reform of indirect taxation in India. Amalgamating several Central and State taxes into a single tax would help mitigate the double taxation, leading to a common national market. From the consumers



point of view, the advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%.

The other advantages include:

- Reduction in prices: Manufacturers or traders would not have to include taxes as a part of their cost of production, which would lead to reduction in prices.
- Lower compliance and procedural cost: There would be reduction in the load to maintain compliance. Also keeping record of CGST, SGST and IGST separately would not be required.
- Move towards a Unified GST: Although India is adopting dual GST, it is still a good move towards a Unified GST which is regarded as the best method of Indirect Taxes.
- GST rollout can help boost India's GDP growth by 100-200 bps or (1 to 2%) as this will help faster and cheaper movement of goods across the country with a uniform taxation structure.
- GST's successful implementation would give a strong signal to the foreign investors about India's ability to support business.
- GST will be beneficial with more transparency, efficient compliance, ramp up in GDP growth to the Centre, states, industrialists, manufacturers, the common man and the country at large.
- Integration of taxes under GST.

### **FINDINGS & SUGGESTIONS**

- In this study even though GST implementation is bit complicated, it helps retailers to avoid various other taxes and to follow one single taxation policy.
- The government has to undertake some awareness programs to create awareness about the GST application among various businesses.
- GST has brought transparent policies when compared to VAT.
- Some of the retailers have found it difficult in understanding the application and usage of GST.
- There is a mixed opinion from the retailer's side about the advantages and applicability of GST in India.
- The study identified that GST has a positive impact on the various business sectors as well as retailers in specific.

### **CONCLUSION**

It is observed that the implementation of GST will play an important role in the growth of economy. It is designed in such a way that it is

expected to generate good amount of revenue for both central and state government. GST will also prevent cascading of taxes as Input Tax Credit will be available across goods and services at every stage of supply. GST will improve environment of compliance as all returns to be filed online, input credits to be verified online, encouraging more paper trail of transactions. Except for a few exceptions, GST will significantly boost the retail sector. It is observed that GST has been a positive impact on retail industry.



**Mr. Vishnu S S**, a first-class distinction graduate from Bangalore University in Bachelor of Commerce, currently pursuing Master of Business Administration in Adarsh Institute of Management and Information Technology, Bangalore. His area of interest lies in Finance, Corporate Strategic. His enthusiasm and momentum with these areas drives him to achieve great career and academic life.



**Mrs. Premalatha K P** - research scholar from University of Mysore, K SET qualified and has 8+ years of teaching experience in undergraduate and postgraduate institutions. Presented and published papers in national and international level conferences and also published a paper in UGC recognised journal. Currently working as assistant professor at Adarsh Institute of Management and Technology.



Printed and Published By  
GLOBAL LEARNERS ACADEMY OF DEVELOPMENT  
CHENNAI, INDIA, [www.gladnetwork.in](http://www.gladnetwork.in), Email - [editor@gladnetwork.in](mailto:editor@gladnetwork.in)

© Global Learners Academy of Development