

Transforming HR: The Agile Way

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Abstract : *This study has been undertaken to investigate how Agile practices are impacting organizations. With change in technology, fluidity and volatility in the global economy, organization failure and success will hinge on how “Agile” businesses will be. According to the Agile Alliance, Agile is “the ability to create and respond to change in order to succeed in an uncertain and turbulent environment. “Agile as a software development tool means collaboration to deliver the highest value product incrementally, effectively and efficiently with high quality and also continuously improving the same process. Prior to implementation, it is tested for results. Agility in itself means rapid decision making, creating a high performance and engaging culture in the organisation as a whole, flexible management of teams, and transparency in sharing information. As organizations tend towards, digitalization, Agile has gained more importance. To gain a better understanding about Agile practices, two organizations have been identified and studied.*

IndexTerms – Agile HR, Decision Making, Culture, Team management

I. INTRODUCTION

With change in technology, fluidity and volatility in the global economy, organization failure and success will hinge on how “Agile” businesses will be. According to the Agile Alliance, Agile is “the ability to create and respond to change in order to succeed in an uncertain and turbulent environment. “Agile as a software development tool means collaboration to deliver the highest value product incrementally, effectively and efficiently with high quality and also continuously improving the same process. Prior to implementation, it is tested for results. Agility in itself means rapid decision making, creating a high performance and engaging culture in the organisation as a whole, flexible management of teams, and transparency in sharing information. As organizations tend towards, digitalization, Agile has gained more importance. In the software world, being ‘agile’ is a mind-set.

What is an ‘Agile’ mind set, one might ask? An Agile manifesto constitutes an Agile mindset. Practically speaking, it’s about hypothesizing ideas, quickly building upon them, testing them against real customers and then iterating upon them. A growing number of HR professionals are looking forward to adapting agile methodologies, for hastening processes in their talent management area and also other areas in HR. Adapting an Agile concept in HR department basically means being more responsive to its customers and clients, which means HR needs to be more quick in making decisions and act upon it with the ever changing needs of the organisation. With the agile processes and new technology growing in every organisation, it is important to know how to integrate this into the HR functions and to increase agility in the ways it works. In an agile organisation, HR needs to provide same services it has been providing earlier and that is hiring, performance management, compensation management etc. but in ways that are responsive to the ongoing changes in the organisation culture and the work style. Agile HR also means having the right people in the right place to practice and refine the new processes. According to the report from the ‘Economic Intelligence Unit’ sponsored by EMC, almost 90 percent of senior executives understand that their organizations have to be responsive and reactive (i.e Agile).

“The Agile Model of HR states that human resources job is not just to implement controls and standards, and drive execution – but, rather to facilitate and improve organizational agility. This changes HR’s mission and focus. Driving agility means driving programs that create adaptability, innovation, collaboration, and speed” - Josh Bersin

The variables identified for this paper are organisational agility on rapid decision making, culture of the organisation and flexibility among teams with respect to Agile HR.

2. THEORITICAL FRAMEWORK

In the late 1990’s, several methodologies began to gain increasing public attention, each having a different combination of old and new ideas. These methodologies emphasized close collaboration between the development team and business stakeholders; frequent delivery of business value, tight, self-organizing teams; and smart ways to craft, confirm, and deliver code. The term “Agile” was applied to this collection of methodologies in early 2001 when 17 software development practitioners gathered in Snowbird, Utah to discuss their shared ideas and various approaches to software development. This joint collection of values and principles was expressed in the Manifesto for Agile Software Development and the corresponding twelve principles. Agile Alliance was formed shortly after this gathering to encourage practitioners to further explore and share ideas and experiences. Agile Alliance continues to curate resources to help you adopt agile practices and improve your ability to develop software with agility. (AGILE 101: agilealliance.org, n.d.)

Since its first adoption in 2001, Agile has become the talk of the town in most of the software companies which has urged the HR department also to use the same. Many fortune 500 companies started adapting agile methodology. The bigger the company, the bigger the challenges of adopting the process. Moreover, the concept of “organisational change” and “organisational agility” has been talked about since long earlier than the agile concept became popular in software industries. It is not wrong to say that the shift from simple to complex environment needs a huge change in the whole process too. The competitive world and the external environment in the business playing an important role has changed the entire business systems and therefore, creating an urgency to change the pace of the same. And, it makes sense that the HR teams also want to adopt the best of agile methods to stay competitive with these changes. In addition, it should also be kept in mind that moving faster and quick in the system is not only the thing which the companies may mis-interpret and they may try to go faster to keep up, but end up doing more harm than good. Traditionally when agile was a new market capturer, all HR, marketing and sales teams started calling themselves agile as they were more focusing on speed and swiftness. It should be kept in mind that speed is just a part of agile methods which should be combined with experimentation and validated learning. This strategy must show that it is imparting some value to the customers and adhere to it. (Corallo, 2017)

It can be rightly said that today the HR department is more business driven through the adoption of agile concept. The evolution of the HR process can be shown as in fig 1

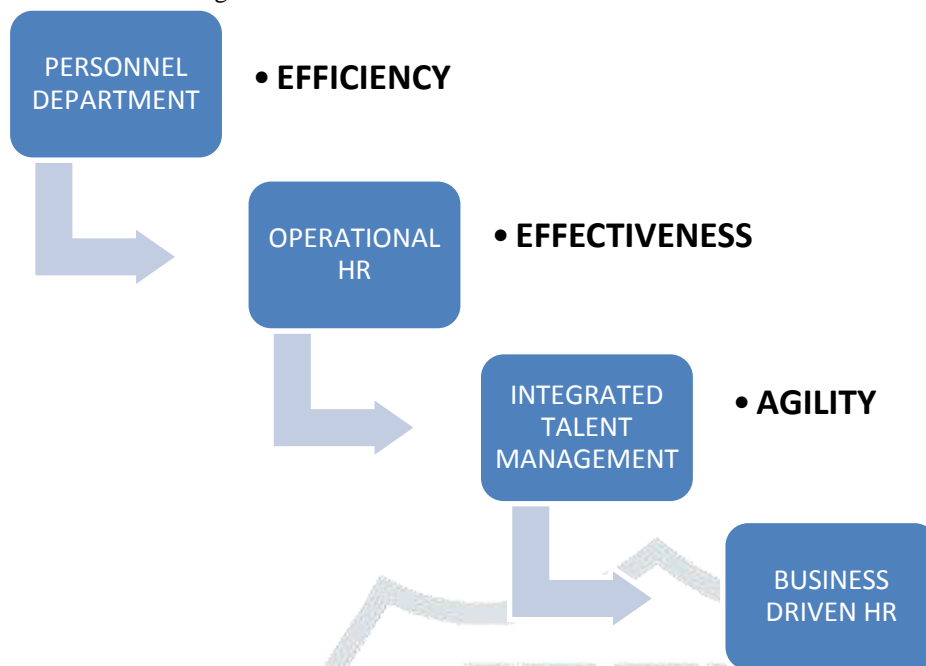


Fig 1 representing the evolution of HR

Earlier personnel department was accountable for hiring, training and placing employees along with taking care of formulating policies for the department. This was next followed by operational HR which typically used to handle the day to day operations of HR meeting the needs of the employees. Next came the integrated talent management which became popular five years ago focusing on an integrated approach in recruiting, development, performance management and deployment. And, finally the organisation felt the need of strategic HR which focuses on the planning role to meet the long term objectives of the company. The HR department is more business driven rather than mere operational. These are the four changing drivers for HR transformation (Josh Bersin, 2014).

Agility requires an approved culture where employees have the full authority to respond to the needs and queries of the customers and HR can help to create this culture. An agile organisational culture requires that kind of staffing of the flexible and dynamic people who embrace changes happening in the organisation. An agile HR also facilitates organisational agility as a whole.

3.LITERATURE REVIEW

The question is can software development principles be applied in Human talent? And yes, we got the answer as Agile HR is able to give the department the ability for flex and flow with ever increasing demand and ultimately serving its customers as well as the organisation (Jim Scully, 2013). In the traditional method of Human Resource Management, the focus was on power, control and arrangement but with the agile method, it has changed to speed and customer service. In coming days, HR will evolve from being a separate stand-alone function to one that collaborates closely with other parts of the business to deliver well-rounded HR and talent management processes (Irfan Ali Khan, Sneha Madhavapeddy, 2016). We talk about “change”, and hence it is important to know how change affects the organisation as a whole and most importantly the HR functions. According to Agile Alliance, Agile is the ability to create and respond to change in order to sustain in the VUCA world and dynamism that defines today’s global market. In this the success of HR agile adoption is directly related to how the new methodologies are introduced in the organization’s software project management (Geshwaree Huzoore, 2015). Agility requires a culture of empowerment where employees have the authority and independence to respond to the needs of customers. HR can help to create such a culture. An agile organizational culture requires staffing the organization with flexible and adaptable people who embrace change. That is why we are arguing that an agile organization has the ability to adapt quickly to market requirements, intuitively understands the risks, manages them carefully and demonstrates managerial flexibility in making business decisions. Agility also requires appropriate training, performance management and compensation structures. Transitioning from a traditional to an Agile HR methodology constitutes a big change. Before making it happen, the things which are needed in an organisation are – a compliant organisation and people, an active HR department, a dynamic workforce and a superb technology. In addition, the organisational culture consists of its values, ethics etc. and with agile HR, the employees know what to do so as to support these elements. In short, it can be said that HR agility is the function to respond to the problems quickly and effectively, decrease workforce disruptions and meet business requirements which will lead to the delivery of meaningful results more frequently.

The biggest challenges in modern HR is rapid change in technology, a weak performance management system and the millennial workforce with changing work cohorts. Reorganizing HR as an agile discipline can help HR create a more robust organization, with the agility and openness that’s required to navigate through the realities of the VUCA vortex.

The question also arises how agility should be followed in HR in each type of industries because every industry has its own working processes and culture, implementation of agile HR in every industry is indeed a challenge. Most HR processes work in an annual or at the best quarterly cycles. While agile adopts short cycles. Regular feedback and reflection, subsequent course correction based on evidence collected are the key aspects of Agile.

To adopt agile, companies has to transform and change their talent processes like performance appraisals, coaching, teams, compensation, recruiting, learning and development and also HR will require reskilling. In this context, organisations also must learn to contend with multidirectional feedback, decision rights to every employees whether it is at low or high level and group and team dynamics (Peter Cappelli, Anna Tavis, 2018).

3.1 RESEARCH QUESTIONS

1. Can Agile practices transform hard wired HR practices?
2. How have Agile practices been adopted by organizations?
3. Have Agile practices contributed to the movement of teams towards high flexibility?

3.2 RESEARCH OBJECTIVES

1. To explain the importance of adopting Agile practices in HR using two successful companies
2. To provide an insight on decision making and individual and team performance due to Agile practices.
3. To understand the overall performance of organizations which have adapted Agile HR practices

4. RESEARCH METHODOLOGY

Qualitative Method - Explanatory Case study

Explanatory Case study method reveals the cause and effect, meaning researchers want to know what is going on. It implies that there is something specific which the researcher wants to convey, as to why the decision was made, how it was affected and what is the current situation. In other words, here the story is told using data. It is a type of research design which tells some phenomena in detailed manner and was not discussed earlier. When conducting the research, the researcher is able to adapt himself or herself to complete new data and the new insight which is discovered while studying the subject. It is meant to provide details where a small amount of information is given for a certain case in the mind of the researcher. The purposes of this kind of method is that it provides deep understanding and can be derived from secondary sources and also gives clear conclusions. Some of the popular methods of explanatory research includes literature research, in depth study of every single problem, focus group and case analysis. In this paper, we have used the last method i.e case analysis where we have used cases of AGILE HR in two organisations which will aid in identifying Agile HR practices and its advantages. The variables identified in this study are rapid decision making, high performance culture and flexible management of teams.

Rapid Decision Making:

The decision making process is an important part of an organisation irrespective of its size and complexity. The management makes decision at the strategic, tactical and operational level. Making decisions can be time consuming, sometimes depending on the organisation's structure and it also leads to overthinking. Well framed decision and high performance go hand in hand. Rapid decision making is a tool which helps and boost decision making. It also gives people the insights as to how a decision should be made and how it can be implemented. Rapid decision making helps organisations to achieve their goals more efficiently and effectively

A High Performance Culture:

For any organisation to sustain it is very important that its employees are performing well for the desired objective and attain superior results. Hence, a culture needs to be formed which matches with all these. A high performance culture is a set of behaviours and norms which guides an organisation to perform well; which means to build an organisation which achieves better financial and non-financial results such as customer satisfaction, employee retention etc. than those of its competitors. For a high performance culture, it is necessary to have collaboration among employees, innovation and agility in work, good support, effective communication, and focus on performance.

Flexible Management of Teams:

Teamwork is a critical component of any organisation. Flexibility in team means how fast and successful a team is to adapt to changing circumstances and expectations. Managing flexibility in teams is a difficult task. Flexible working strengthens teams. The management, team and individuals are responsible to bring in the flexibility in the workings of a team. Teamwork flexibility is the key to manage creative employees.

5. ANALYSIS:

Two organizations using Agile HR practices have been identified for this study, to investigate the research questions, namely ING Netherland and Accenture.

5.1 CASE – I, ING Netherland

As ING Netherland started agile transformation in 2011, a lot of questions arose, all being high on HR agenda as to how the performance management would be conducted, how to develop people, what should their career path look like etc. And then, the HR team started focusing on its own transformation and realized that they need to move faster, be more proactive and become top notch HR professionals. In short, if the organisation is being agile and transforming for a change, why not people adopt that too. As a result, they reorganised their HR pillars using agile like smaller teams, sprints, and an iterative approach to product development with fewer staff and fewer handovers. In addition to adopting many agile practices, HR also created a marketplace i.e the room serving as a combination meeting place, control tower, and information base, all designed to facilitate discussion and rapid decision making. Meetings and interactions are thus more frequent and fluid with less top-down. The new way of working has allowed HR to be more standardized and streamlined in its output. (Tom Schotkamp, 2018)

Rapid Decision Making: The company changed their whole HR function by redesigning the processes and systems and reinventing their product portfolio so that they could accelerate the new people matter and ways of working (Tom Schotkamp, 2018). They streamlined the development of their services which made leaders to focus on more strategic issues and hence, the decisions which used to take long time for a particular thing because of obvious reasons, it got cut down shorter. In addition, by the creation of a separate room for conducting meeting and discussions facilitated decision making. The interactions between the top and low management is more fluid and frequent.

High Performance Culture: As a part of agility, the company has adopted peer to peer hiring system used by google. In this, the colleagues of the manager will select a group of people who will be reporting to him, all the manager will have is right to veto in the case if they choose someone he can't cope with. Following this approach even after thousands of hires made by teams, there was not a single case of veto power being exercised and that depicts that the system is working well.

The building walls were torn down in some places to have more of informal interaction between the employees irrespective of the grade. They have very small number of formal meetings. The whole office campus looks much more like a tech campus rather than a bank making the communication more effective in the organisation.

HR created a different workspace for their operational planning known as Obeya, a room which has a communication wall, an action wall, a performance wall and a portfolio wall to manage products and activities. The HR leaders assemble here in every two weeks to go through the stand ups. This facilitates more interaction and builds a culture where the voice of every employee is heard thus, leading to high performance and productivity.

Flexible Management of Teams: For instance, the HR Business Partners has flexible pool of partners who primarily work on execution-based teams (so-called to emphasize action) modelled loosely upon the delivery organization's squads. Each of these "impact teams" is dedicated to one area: for instance, one is executing the bank's new Step-Up Performance management program; another is implementing ING's new ways of working in other parts of the bank. This flexible pool enables HR to prioritize how it assigns resources, to ensure standardized products and services, and to develop and implement new tools and processes in far less time than it once took. (Tom Schotkamp, 2018).

5.2 CASE – II, ACCENTURE

Being Agile in Accenture has become one the most important business priority followed by managing change and attracting & retaining human capital. Agility helps the organisation to respond to volatile situation in more effective manner as decisions are taken by entire workforce and variable cost is given more weightage which helps them to adjust based on changing business environment unlike rigid structure. Companies don't use traditional methods to adapt to change instead they look towards expanding knowledge through brain science, moving towards gig economy will also help the organisation to be more flexible towards its workforce requirement. Agility impacts the HR to be more responsible towards mission, developing human capital and unearth new talents, creating an environment where it is easy to adapt, be ethical and empowered, using scientific methods and analytics to make decisions, drive towards learning organisation, designing career path for employees and managing talents in the organisation.

Decision Making: The ability to make rapid decisions in uncertain environments is foundational to agility (www.accenture.com, 2017). The cloud based technology in HR can help to make it more agile and flexible. Cloud based HR can support agility in several ways as seen in the decision making process. With the adoption of agility not only in a particular process, but also in the most required department i.e HR, the company is moving in fast forward direction in terms of its decision making process. Most importantly, with the Agile HR in picture, leaders can distinguish the decisions to be taken on priority basis that concerns the companies' strategic goals. Also, leaders have learnt to make critical decisions quickly.

High Performance Culture: An agile culture learns quickly, makes decisions fast and fails fast. Having this kind of culture is not an easy task, it requires mind-set and now we get the answer as to why agile can be treated as a mind-set. A high performance culture in an agile organisation implies a culture where the entire HR circle is tuned to recognize the next sources of growth from their current projects. Being agile also brings agility in people whom the HR leaders are recruiting and that further makes them follow the same agile trend. Sixty-nine percent of Nordic organizations perceive culture and people as a development area, in contrast to only 27 percent stating it's a stronghold. For most, the future requires a very different culture from today's which offers 'jobs for life' and rewards seniority as often as talent and expertise (www.accenture.com, 2017).

Flexible management of Teams: Workers and teams mobility is required in all dimensions in the organisation. HR professional will become experts after adopting agility, to make fluid workforce. The company defines work in small, discrete projects to enable greater flexibility and to easily shift skills to where they are needed. In one Accenture study, nearly 62 percent of workers said they've had to change careers at least once to meet the challenges of the job market. Accordingly, HR will get involved in developing career "webs" rather than ladders, and will help provide the support and knowledge necessary for people to navigate their careers in a more complex and ambiguous world as discussed by (Yaarit silverstone).

6. CONCLUSION

In both the case studies presented here, it is evident that adopting Agile practices definitely has advantages. Agility and speed are characteristics of high performing organizations which are adaptable and flexible in their approach to business. Transforming to Agile practices make processes more innovative, nimble and inexpensive. Leaders have to engage the Talent pool and ensure transformations happen rapidly. Opportunities for deeper involvement have to be created and stakeholders have to be deeply engrossed in the transformations.

CEO's are turning towards HR leaders to create an agile workforce, to capitalize on new opportunities and to take on deep rooted challenges. Bold internal policy transformations, a new approach to hiring, and paradigm shifts in company culture could become part of the transitioning to Agile. The growing need for Agile HR is evident. Rapid decision making, high performance culture and flexible management of teams help the organizations to be more flexible and adaptable to the hyper competitive changes that are happening in the business environment.

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