

FLEXIBILITY IN HUMAN RESOURCES MANAGEMENT AND ITS IMPACT ON PERFORMANCE ORGANIZATIONS

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Abstract

People is the more important resource for any organization, flexibility is a highly desirable attribute for all companies; organizational flexibility is possible through people. This paper reports about the relationship between human resources management and organizational performance that can be upgraded by getting flexibility. The study was made in two main phases, first, a literature review looking for the state of the art about human resources management and organizational flexibility. Second, using affinity diagram, the relationship between these and the company performance was identified, for summarized in a conceptual proposal. The study conclude that companies can get high performance using the human resources management to be flexible.

Key words: *Affinity diagram; flexibility, human resources management; organization; performance.*

JEL Classification: *M12, M54, L25.*

I. INTRODUCTION

This paper reports part of an exploratory research results about organizational flexibility related with human resources management. The main objective in this research stage is get general basis for understand the relationship between organizational flexibility, human resources practices and company performance; thus, the research question is: can a company get high performance by organizational flexibility generated for its own human resources management?

Literature review was made by using Affinity diagram and allows identify that many desirable characteristics for a positive company performance are gotten when a company is flexible, and those characteristics are presents in an organization when human resources practices exploit people skills in a flexible but equilibrated way (Nazarian, Atkinson, & Foroudi; 2017). Literature analysis reveals that well documented practices as training, leadership, and communication (Shea-Tinn, Y. & Zhiping, W., 2016; Meza-Ruiz et al, 2017; Ukil, & Akkas, 2017; Komodromos, Halkias, & Harkiolkakis; 2019) are the same important than others like, informal control mechanisms and employee's autonomy when a company is looking for being successful and sustainable (Maatman & Meijerink, 2017; Burcharth, Knudsen & Søndergaard, 2017).

II. HUMAN RESOURCES MANAGEMENT

All organizations require a variety of resources to hold out their duties, being key the human resources; in part because of their aptitude to contribute soft skill;, such as talent, effort and creativity; and, for being a bridge between their own human resources practices and organizational learning (Hernández-Pacheco, F. & Quezada Escamilla, D., 2016; Diaz-Fernandez, M., Pasamar-Reyes, S. & Valle-Cabrera, R., 2017).

Human resource management requires organizational efficiency and many mandatory functions or practices to get the organization's purposes. Informal human resource practices lead to difficulties in dealing with crises, maintaining a strategic orientation, and operating adequately in changing and globalized environments (Hernández-Pacheco, F. & Quezada Escamilla, D., 2016; Parnell, JA, 2015).

Human resources management has changed trough the time. Starting with de labor division, concept introduced by Adam Smith in 1776, to the increasing interest in the human resources and people in the 1970 and 1980, when became the most important factor for the companies (Itani, 2017).

During the decade before Second World War, and with the born of the behavioral management theory, Mary Parker Follet defined management as doing tasks through people, and argued about labor participation, authority based in knowledge and conflict resolution; then, the human resources perspectives come to be a core of humanistic perspective in the management theory (Khorasani & Almasifard, 2017). Recently, two of the

booming forms that human factor management takes are the so-called Strategic Human Resource Management (SHRM) and Talent Management (Gannon, JM, Roper, A. & Doherty, L., 2015; Daubner-Siva, D. et al, 2018).

The universalist approach of SHRM encourage companies to reach competitive advantage by implementing sophisticated HRM practices for their human resources, and the other two approaches refers to the best-fit or contingency and resource-based view (Gannon, JM, Roper, A. & Doherty, L., 2015). Thus, SHRM manifests itself as a more dynamic than static style of human resource management.

According with Buta (2015), the new type of human resource management has several characteristics that differ from classic human resource management, such as, the inclusion of stakeholders in its scope, consider the heterogeneity of human resources involved in the organization, their characteristics, motivations and expectations and, design and implementation of HR activities in a flexible way in accordance of organization evolution.

III. ORGANIZATIONAL FLEXIBILITY

The term “flexibility” refers, among other things, to the disposition to change the shape of an object, to the easy adaptation of a person to the opinion of others and to the susceptibility of variation according to needs or circumstances (Real Academia Española, 2019). Flexibility is an important ability of an organization to provide adaptation to changes in the business environment, for example, changes in customer needs, business processes, market demands, competitors, and technology. To maintain a competitive advantage, a holistic vision of flexibility is required, which means taking into account the various aspects involved in the product or service development process, because making an aspect more or less flexible can affect the flexibility of another aspect (Nurdiani, I., Börstler, J. and Fricker, SA, 2018).

The practices related to labor flexibility date back to the early 1970s, when these practices began to be implemented in a more systematic way, mainly in companies located in Europe. In 1991, Milliman, von Glinow and Nathan defined flexibility as the ability to manage human resources to facilitate the organization's ability to adapt effectively to changes of external origin (Madero & Barboza, 2015).

The issue of organizational flexibility is particularly important in dynamic industries, where the type of services appropriate today may not closely resemble the services that will be required soon, given advances in knowledge and related technologies. On the other hand, flexibility may be less important for other types of projects, of a less dynamic and little changing nature, in fact, it is necessary that organizations are not only flexible, but also effective, in a balanced way (Ross, TW & Yan, J., 2015).

A flexible organizational culture is based on individual and group development, learning and innovation, to adapt to changing circumstances; this is possible thanks to the promotion of light rules, individuality, participation, innovation, empowerment, teamwork, change and learning (Núñez Ramírez, M.A., Mercado Salgado, P., Banegas Rivero, R.A., 2015).

A review of ten high quality articles revealed key aspects that if are cultivated by organizations, is possible to improve their human resources management and the flexibility of the organization. Some aspects are related to training, communication and leadership, typical topics in the human resources management; nevertheless, other ones are clearly related to flexibility, such as autonomy, strategic flexibility, and informal control mechanisms. The summary of these findings is shown in Table 1.

Table 1. Summary of suggestions for RHM improvement.

Author	Suggestion for RHM improvement
Shea-Tinn, Y. & Zhiping, W., 2016.	Senior management involvement; staff competence, education and training, interdepartmental communication
Brown, Kulik, Cregan & Metz, 2017.	RH as an agent of strategic change
Triguero-Sánchez, Peña-Vinces & Guillen, 2018.	Employee diversity, employee engagement
Ukil, & Akkas, 2017.	Involve mid-level managers
Komodromos, Halkias, & Harkiolakis, 2019.	Mutual trust and effective communication
Xiu, L., Liang, X., Chen, Z. & Xu, W., 2017.	Strategic flexibility (for example female leadership)
Maatman & Meijerink, 2017.	Informal control mechanisms
Burcharth, Knudsen & Søndergaard, 2017.	Time, freedom, and independence for employees (autonomy)
Meza-Ruiz et al, 2017.	Certifications, systematic training
Muthuveloo, Shanmugam & Ping Teoh, 2017.	Socialization and internalization of knowledge

Source: Authors own, 2020.

The results of a study published in 2017, shown that strategic flexibility is associated with employee productivity indirectly through innovative HR practices; the same study concludes that coordination flexibility of the firm and diversified organizational forms, also can affect the company performance. In this sense, its clear that flexibility is not a desirable characteristic in a company, but a necessity to be a sustainable firm. Company competitive advantage is possible through strategy, get flexibility in the strategic level and in the strategic decision making is a way to catch flexibility in the daily operation firm, that is strategic flexibility (Xiu, L., Liang, X., Chen, Z. & Xu, W., 2017).

IV. FLEXIBLE HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

Human resources flexibility is present in its three main components, the employee skills, the employee behavior, and the human resources practices. The three components can be adaptable, for example, an employee can use its skills in more than one way, an employee can be adapted to more than one job situation, and the human resources practices are adaptable to get the personnel motivation (Aibaghi-Esfahani, S., Rezaii, H., Koochmeshki, N. & Sharifi-Parsa, S. 2017).

The study conducted by Aibaghi-Esfahani, Rezaii, Koochmeshki, & Sharifi-Parsa (2017), presents interesting conclusions about the flexible human resources management, including the fact that human resources (staff) with self-confidence can do better in terms of skills and functional and behavior, this means that self-confidence people are more flexible. In the other hand, the results shown by Shea-Tinn, Y. & Zhiping, W. (2016), argue that staff user education and training, and managing staff user emotions are the most salient Critical Success Factors that determine the success of a project; Considering both points of view, is possible understand that people educated and trained can be more confidence and flexible, because have more and strong skills to do their job.

Xiu, Liang, Chen, & Xu (2017), find that innovative practices made by human resources management are effective mediating the relations between strategic flexibility and staff productivity, so, its visible that human resources practices can be a influence in company performance.

In the middle of a changing business environment, SMEs whose human structure is limited by number and obligated to do more than one task or function, have an advantage over big companies with a rigid human structure, because the agility and flexibility are an innate part of the SME experience. Companies with a rigid structure should learn to use local and proximate solutions by cultivate the organizational flexibility, as SMEs do (Stokes et al, 2015).

Organizational flexibility practices, led to labor flexibility, have been shown to impact organizational performance by providing the organization with a more productive and competitive workforce (Madero Gómez, S.M. & Barboza, G.A., 2015); this, because human capital is a key resource for the success of the organization, so its correct management is very significant for the company, in which the Human Resources area plays an important role (Diaz-Fernandez, M., Pasamar-Reyes, S. & Valle-Cabrera, R., 2017).

Flexible human resources practices and organizational flexibility are specially required for companies or projects related to innovation. A restrictive style of management will stop the creative use of knowledge and the interactions with internal and external actors in the innovation processes, limiting the experimentation; so, is necessary foment a flexible organization required by employees to work independently, creative, motivated, proactive, entrepreneurial and responsible for problems (Burcharth, Knudsen & Søndergaard, 2017).

In addition to innovation companies, industries related to services with high interactions with the customers in a changing and globalized environment, such as tourism, have special needs to be flexible. According with Nazarian, Atkinson, & Foroudi (2017), hotel industry requires flexible and innovative managers, and not only customer oriented. This kind of manager could promote an equilibrated organization and a flexible job environment able to satisfy changing customer's needs and get competitive advantage.

V. ANALYSIS RESULTS

According with reviewed literature, different size or sector companies all of them need manage human resources in a flexible way to be themselves flexible companies, because only human resources could be really flexible and bring real flexibility to the organizations through their skills, readiness and ability to face a variety of circumstances. Arguments, findings, and results shown in the reviewed articles were analyzed and categorized using the affinity diagram (also known as KJ Diagram) in order to identify relations between a) human resources practices and characteristics, b) flexible organization characteristics, and c) characteristics and necessities of high

performance organizations.

Affinity Diagram is a powerful tool used to express, make sense of, and coordinate large amounts of unstructured, log-range, and apparently dissimilar qualitative data. This technique is well known and used in Japan, mainly as a systematic approach to solve problems in research, invention, and education; and is easy to use through its four steps: a) Label making (define categories to identify main facts or problems), b) label grouping (grouping individuals notes according to topics affinity and take apart the notes that are not in a group), c) chart making (organize notes, give them a descriptive title to each notes group, and identify relations such as cause-effect, connections and so on), and, d) explanation with a verbal description of the chart (Lucero, A., 2015).

First main finding by using the Affinity diagram was the list of suggestions for human resources management improvement exposed in the Table 1, this useful result was obtained during the number two methodology step: label grouping. As a second and main result of this literature review, is the drafting of a conceptual proposal abstracting the virtuous relationship between of human resources management and high performance through flexibility, and was obtained when working the number three step of methodology: chart making. Figure below shows the graph obtained (see Fig. 1).

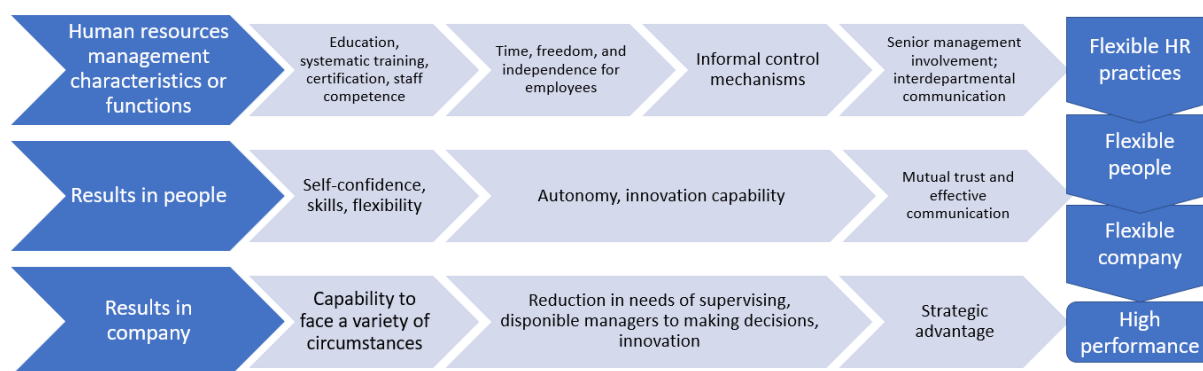


Figure 1 Relationship between human resources practices and company performance through flexibility. Source: Authors own, 2020.

VI. CONCLUSION

Public and private companies, across the world, in different sectors and indistinctly of their size or structure type, share the most important factor in common: human resources. Another fact in common, is the necessity to face changing circumstances in a globalized business environment. That is why all organizations could be more effective and sustainable through a flexible human resources management.

Human resources are capable to bring talent, effort and creativity to solve problems and accomplish purposes in many circumstances (Hernández-Pacheco, F. & Quezada Escamilla, D., 2016), through training and education, personnel get self-confidence and autonomy, both qualities empower their flexibility (Aibaghi-Esfahani, Rezaii, Koochmeshki, & Sharifi-Parsa, 2017). People is the more flexible resource in an organization because of their skills and behavior that, added the human resources practices get flexibility for the complete company (Aibaghi-Esfahani, S., Rezaii, H., Koochmeshki, N. & Sharifi-Parsa, S. 2017). Studies reveal that organizational flexibility is an attribute that make the difference for a company looking for competitive advantage and high performance, the same for SMEs, services, manufacturing, or innovation companies (Stokes et al, 2015; Ross, TW & Yan, J., 2015; Burcharth, Knudsen & Søndergaard, 2017).

Talking about the used methodology, is possible conclude that KJ Diagram is a versatile and powerful technique for qualitative and exploratory researches because bring to the researcher a tool that get attention researcher focused about the study topic and not in the technique employed, and give useful results during the execution and to the end of analysis.

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